ANGLO-AMERICAN RELATIONS AND THE RECOGNITION OF COMMUNIST CHINA.

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The candidate confirms that the work submitted is his own and that appropriate credit has been given where reference has been made to the work of others.
ABSTRACT.

The thesis contributes to the broad body of literature which examines the role of Great Britain in the origins of the Cold War. In particular it focuses on the Foreign Office attitude towards the course of the Chinese Civil War, and ultimately the establishment of a Communist government in China between 1945 and 1950. It is a revisionist interpretation of cold war history drawn from a study of Anglo-American relations with regard to Chinese politics during this period. Traditional interpretations have emphasised the unchallenged nature of American involvement in China after the war. The thesis argues that during this period Britain actively sought to compete for such a predominant position, and specifically that the Foreign Office sought to replace the United States with Britain as the preeminent Western influence in post-war Chinese politics.

To this end, Britain gradually moved its policy from one of cooperation with the United States to one of competition. Whilst originally seeking collaboration with Washington, the Foreign Office became increasingly frustrated with the problems within the American policy-making machinery, and ultimately pursued a unilateral position in China. This was most evident after 1948 when the rapid collapse of the Kuomintang position forced Western states to closely consider their relationship with the Chinese communists. Different views of Mao's communism, and different policy objectives in China, consequently led the British to move away from the American position. The thesis demonstrates such differences had actually existed since 1945, and charts the gradual breakdown of relations between that point and 1950. It specifically argues that unilateral recognition was as much an attempt to demonstrate to the Americans the error of their ways as it was to 'secure a convenience' of limited trade with the communists. Source material is drawn primarily from the Foreign Office 371 series, and Record Group 59 of the State Department Papers.
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### Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Chapter One</td>
<td>30</td>
</tr>
<tr>
<td>Anglo-American Relations in China, 1945-1946: An Entent Cordiale?</td>
<td></td>
</tr>
<tr>
<td>Chapter Two</td>
<td>78</td>
</tr>
<tr>
<td>The Civil War Intensifies: The British View of American Policy in 1947</td>
<td></td>
</tr>
<tr>
<td>Chapter Three</td>
<td>126</td>
</tr>
<tr>
<td>Decisions Approach: 1948</td>
<td></td>
</tr>
<tr>
<td>Chapter Four</td>
<td>186</td>
</tr>
<tr>
<td>The Collapse of the Kuomintang: January - June 1949</td>
<td></td>
</tr>
<tr>
<td>Chapter Five</td>
<td>223</td>
</tr>
<tr>
<td>The British Move Towards Recognition: July 1949 - January 1950</td>
<td></td>
</tr>
<tr>
<td>Conclusion</td>
<td>263</td>
</tr>
<tr>
<td>Bibliography</td>
<td>286</td>
</tr>
</tbody>
</table>
Introduction

This thesis contributes to the broad body of literature which examines the role of Great Britain in the origins of the Cold War. In particular it focuses on the Foreign Office attitude towards the course of the Chinese Civil War, and ultimately the establishment of a Communist government in China between 1945 and 1950. It is a revisionist interpretation of cold war history drawn from a study of Anglo-American relations with regard to Chinese politics during this period. Traditional interpretations have emphasised the unchallenged nature of American involvement in China after the war. The thesis argues that during this period Britain actively sought to compete for such a predominant position, and specifically that the Foreign Office sought to replace the United States with the United Kingdom as the pre-eminent Western influence in post-war Chinese politics.

By examining the concept of competition between the pillars of the transatlantic alliance, it becomes evident that the United States and Great Britain did not naturally collude over policy, and that they were indeed frequently in conflict. In China, the concept of a ‘Special Relationship’ between Britain and the United States did not apply. British policy, formulated principally by the Foreign Office, evolved from a practice of accommodating or counterbalancing an incohesive American approach. Britain’s unilateral recognition of the Chinese Communist Party’s victory in the Chinese Civil War in October 1949 came in the face of American opposition, yet represented the culmination of long-standing British worries over the coherency of American policy and was therefore an attempt to strike an independent course. Washington’s response to growing British assertiveness was often obstructive and competitive, with different views expressed by diplomats, military staff and
politicians. This confused and ill-defined reaction to British initiatives confirmed Foreign Office suspicions of dislocation and division within the American policy-making process. As such, recognition was as much an attempt bluntly to demonstrate the error of American ways in their continued support for Chiang Kai-shek's nationalists as it was an attempt to create a stronger regional position.

Chapter One focuses on the British perspective of Chinese affairs immediately after World War Two. This involves a consideration of American policy towards post-war China, the Foreign Office's interpretation of the American role, and the impact it had on subsequent British policy. Chapter Two examines the development of a clearer British policy during 1947 as separate issues emerged concerning the nature of Chinese communism and the strength of the Nationalist leader Chiang Kai-shek. Similarly it assesses in closer detail the British interpretation of the American position which had developed during and after the Marshall Mission in 1946. The third chapter highlights growing British dissatisfaction with the direction of American policy in China, and registers also a growing determination within the Foreign Office to offer alternative policies rather than simply following the American lead. Chapters Four and Five consider developments from January to June 1949, and from July to the British extension of 'de jure' recognition in January 1950. Chapter Four observes a clear reorientation of British policy away from the United States towards an acceptance of a communist victory, and the fifth chapter examines the execution of that policy and the final rift between Washington and London over the recognition issue. Through establishing what constituted British foreign policy goals in China, and comparing these with American policy, it will be possible to examine the extent and impact of competition between London and Washington over the formulation, direction and implementation of American policy. Whilst the Foreign Office perspective was pre-
occupied with a desire to trade with Communist China for as long as possible, American foreign policy was also shaped by a long-standing commitment to Chiang Kai-shek's Nationalists, and a consideration of the strategic implications of a Communist victory in China for Korea and Japan.

Through this narrative, a series of key questions are addressed. Whilst it is evident that recognition by Britain was a short term remedy to promote a limited period of trade with communist China, and hopefully in doing so preserve a longer term position for Britain in the Far East, to what extent was it intended as an attempt to direct American policy by demonstrating alternative, coherent policy options to Washington's? Did the Foreign Office seek to guide a United States which it perceived to be drifting and lacking in focus in the Far East? Did Britain seek to 'control' American policy in order to limit potential conflict in the region, and thereby safeguard its imperial position as its limited resources dwindled further? If it did, what policies did the Foreign Office pursue to this end - ultimately, did they aim to replace the United States with Britain as the pivotal Western power in China? The thesis assesses whether it is tenable to suggest that Britain was capable of exercising significant influence in regions where it had relatively little physical power. Was its presence and diplomatic ability in China ever an important factor in the formulation of American foreign policy, given strong Congressional support for Chiang's regime and growing anti-Communist popular sentiment?

In order to address these issues, British archival research centres upon the Foreign Office 371 series, lodged at the Public Records Office at Kew. This provides the details of Foreign Office opinion and policy recommendations from 1945 through to 1950, both at a general level and from within the China Department. Reference is also made to War and Cabinet Office material from 1945 to 1949, when in late December the policy of unilateral recognition of the Chinese Communist Government was officially countenanced. The thesis is primarily concerned with Foreign Office
interpretations and advice to Attlee's Labour administration, and therefore the private papers of Ernest Bevin, the Foreign Secretary of the time have also been consulted. From an American perspective, the primary aim is to understand the State Department view of British policy, and the reaction of American diplomacy to British initiatives. This becomes of special significance in 1949 when high-level meetings between Britain and America were convened to consider the China issue. Similarly, the Foreign Office reaction to American policy can also be measured by examining the information they received from Washington, most particularly with the details of the Marshall Mission in 1946. Archival research has centred on State Department papers contained in Record Group 59, and assorted NSC documents, all housed at National Archives II at College Park Maryland, and the published texts of the FRUS series, the Marshall Mission and the China White Paper. None of this material is recently released, and all of the American archival sources have been the subject of fierce debate within American academic circles, as will be outlined later in this chapter. The importance from the British perspective is that whilst this material has been available for a number of years, it has not been used to analyse Foreign Office perceptions of American action in China in this period, or to search for evidence of British attempts to compete with or to direct American policy in Great Britain's favour. Whether London's focus was primarily on maintaining a British trading position in the Far East and in China, or whether it held a wider strategic rationale, a consideration of British views of American foreign policy is necessary, as is the need to examine how the British sought to project and promote their own policy based on limited resources.

The need to reassess the origins of the Cold War in a European context has gained momentum and emphasis in the last ten years. John Lewis Gaddis's comments
on American revisionism in 1972, and his observations in 1983 on the emergence of a 'post-revisionist synthesis' were amongst the first to imply that both the 'traditional' and 'revisionist' historiographical schools were too deterministic in their attempts to portray one or other of the superpowers as the villain of the piece. Rather, it suggested that a wider range of forces were at play, and that these did not preclude the involvement of a combination of historiographical approaches. However, 'post-revisionism' in Gaddis's view is concerned primarily with reconciling certain aspects of a historiography that is predominantly American, and concerned first and foremost with American policy. The development of historical debate over American foreign policy towards China will be outlined later in this chapter. Certainly it has already moved through both a 'traditional' (or 'orthodox') and a 'revisionist' phase. Studies of British policy have not undergone the same process. D.C. Watt argued in 1978, in his 'Letter to a British Historian', that British historical re-appraisals should not fall into the American revisionist problem of being 'concerned essentially with guilt, not understanding'. Gaddis's post-revisionism is in part an attempt to redress that imbalance in American historical studies, and a re-appraisal of the role of the British in the origins of the cold war is part of that process. Scholars have been primarily concerned with examining the notion that the states of Western Europe played a far more vital role in securing a political division of the area than historical orthodoxy first ascribed to them. Yet whilst this is a key stage in developing a post-revisionist

perspective it is essentially an application of a revisionist critique when viewed from a British perspective.

This thesis tests the notion that Britain actively sought to exploit American policy in order that the superpower could underwrite Britain's security interests in China's post-war politics. Whilst both traditional and revisionist historiographical theories have focused primarily on the formulation of foreign policy from an American perspective, by examining a wider series of criteria it will be possible to establish what determined British action in China, focusing particularly on the Foreign Office assessment of American intentions in the formulation of their China policy.

British and American perspectives on China from 1945 to 1950 therefore need to be viewed in their historiographical context. Examining the present state of the debate over British and American interests in post-war China during that period, it is evident that the main emphasis has so far rested with scholars' examinations of American actions, and British assessments of London's policy objectives in the region. There is little literature examining British perceptions of American policy towards China and consequent attempts made by Great Britain to use American strength as a vehicle for its own regional agenda.

This chapter will focus first on an examination of the orientation and formulation of British foreign policy, identifying London's strategic concerns in the Far East and its attitude towards China during the Civil War. The same approach will be applied to American policy during the same period. An analysis of how British policies developed will then aim to highlight Foreign Office perceptions of inconsistencies in American attitudes and policy formulation, and the consequent opportunities these offered for manipulation by the British. This will concentrate
particularly on the rationale behind early British recognition of the Chinese Communist victory.

Chinese politics in 1945 and 1946 were dominated by two key processes; the final stages of the war against Japan, and following that victory the beginning of open conflict between Communist and Nationalist groups in China itself. Mao's Communists, with their headquarters at Yenan but spread throughout China, were helped in part by the late Soviet entry into the war, which facilitated an expansion of their political and military control in the north of the country. Similarly, the Nationalists held a strong position throughout southern China, which had been buoyed by American aid and the political support of Franklin D. Roosevelt, the wartime American President. From an international perspective, a key stage in this transitional process from a war against occupation to a civil war was the Ambassadorship of Patrick Hurley, America's representative in China in 1945. Hurley made continual efforts to shape post-war China by promoting a National government with both Nationalist and Communist representatives, yet encountered frequent and frustrating obstacles from both sides, which delayed and complicated his attempts to prevent China from sliding back into renewed civil war.4 Hurley's resignation in November 1945 was the result largely of his disenchantment with the Communists, and helped in part to promote an even stronger pro-nationalist view in the United States. The end of his attempts at mediation was followed by the outbreak of sustained fighting by both sides in China, and consequently a second period of active American involvement in attempts to resolve the country's problems. The appointment of General George C. Marshall in January 1946 as America's representative in China marked a second effort

by the United States to try and resolve the Communist-Kuomintang problem. Throughout that year the Marshall Mission attempted to broker a ceasefire between the two protagonists, yet again the United States was frequently confronted by obstinancy and intransigence from both sides. Attempts at mediation proved to be ultimately unsuccessful, and civil war raged through to the Communist victory in 1949.⁵

From a British perspective there was an almost total lack of physical involvement in this process, although their interests in renewed trade with China inevitably dictated that they closely monitored American progress in negotiations. Significantly, the Americans held pre-eminence in this region after 1945 because of their victory in the Pacific War and the defeat of Japan, and also due to their military involvement in China through both Chennault's volunteer 'Flying Tigers' and General Stilwell's appointment as Chiang's Chief of Staff from 1941 to his recall in 1944. The difficulties faced by the British Government in both domestic and foreign policy in 1945 were many and are well-documented.⁶ The focus of British foreign policy was to be Western Europe, the Empire and Commonwealth, and transatlantic relations. When the British gaze did wander, it was invariably no further than the problems of Palestine and the issue of control in the Middle East. The Chinese Civil War featured only as a factor in the Anglo-American relationship itself from 1945 to 1949. Britain was economically too weakened, and lacked any physical strength to assert a powerful presence in the region. Indeed, the primary focus of military activity beyond a military presence in Hong Kong was the campaign against the Malayan insurgency after 1948. As Henry Butterfield Ryan has noted, the British were content to see an extended and almost open-ended American involvement in China, since it seemed to preclude an


⁶See, for example, D.Dilks., Retreat from Power: Studies in Britain's Foreign Policy of the Twentieth Century (London: Macmillan, 1981).
American return to isolationism that the British government most feared. The British role was therefore limited by its restricted capabilities, and as a consequence concentrated on support for American initiatives in the region. For Britain as much as the United States, the principal concern was the control of the civil war and the rapid establishment of a capable Chinese government.

This was to remain the background to British foreign policy through to 1949. as policy was formulated on the acknowledgement of an American supremacy in the Far East. As D.C.Watt observes, Britain had accepted that its primacy in the region was very much 'a thing of the past', that America had more power to influence political development in China and was not burdened by potential territorial disputes over, for example, India, Hong Kong and Tibet. Similarly, British military strength was severely weakened to the extent that it was 'measured by battalions rather than by Army Corps' in the region, and foreign policy options were further limited by the desire of the Labour Government to sustain some form of Commonwealth policy towards the area.

The British decision unilaterally to recognise the People's Republic of China on January 6th 1950, following a Communist victory in the Civil War and the transferral of the Nationalist base from southern China to Formosa, stemmed from

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what are accepted as the three foremost considerations. First, the need to foster trade with China and protect established British commercial concerns were the most important and pragmatic policies. Secondly, if early recognition could foster friendly relations on the commercial front, it would also then become easier to protect and preserve Hong Kong as an imperial outpost, and therefore retain a degree of British influence in the region. The third element was the need to prevent an escalation of conflict in the region. This concern was focused primarily on American foreign policy towards China and its support for the anti-communist Kuomintang regime, which under the command of Chiang Kai-shek contested a protracted civil war up to 1949. Promoting peaceful relations and peaceful solutions to problems in the Far East underpinned the two central British priorities mentioned above, and further enhanced the possibility of Britain surviving as a Far Eastern power into the second half of the twentieth century. As such, foreign policy towards China was formulated in the short-term, although the rationale behind this thinking held a longer term perspective. Significantly, seeking an accommodation with the CCP, promoting peace or promoting trade would require the support of the United States; a reconciliation with a powerful communist force could damage the transatlantic relationship if it was not mutually recognised as expedient. Yet as the Civil War progressed it was evident that America was reluctant to support the re-establishing of British trade, or any deal with Mao’s forces. If the British were to retain influence in the region it was increasingly obvious that they might have to forge a solitary course, in isolation and even in competition with the Americans. There has been considerable discussion of this issue. Ritchie Ovendale’s article on the recognition issue highlights the tension which emerged

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between the British and Americans in 1949. Similarly, David Wolf's article 'To Secure a Convenience' depicts the British desire to maintain a toehold in Communist China. Wolf argues that the British were preoccupied primarily with the need to continue trade with China, with the longer term view that British economic interests could also be used as a potential wedge between the Chinese and the Soviets.

Edwin Martin's work 'Divided Counsel' focuses on the intent of Britain 'in keeping a foot in the door' in its relations with the Chinese Communist Party, particularly in order to probe the possibilities of lucrative trade with China once the Kuomintang had been defeated. Whilst he goes on to contrast British and American perspectives, and concludes that the two states shared the same aim but had different methods, his research never seeks to reappraise or redefine the Anglo-American relationship beyond an orthodox Cold War interpretation. The primary concern of London in recognising Communist China was therefore, in Martin's opinion, to sustain a British position in order to exploit future economic opportunities. This stemmed from a Foreign Office belief that a policy of threats and coercion could only undermine capabilities and greatly reduce the prospect of mutually beneficial trade. Foreign policy was intended to position the United Kingdom in order to benefit from an expected 'period of grace' following a Communist victory (which was viewed as inevitable) when trade would flourish, and hopefully prompt a Communist China to recognise the importance of cordial relations with the West. This serves to


12 E.Martin., op.cit.

13 E.Martin., op.cit. p.4.
demonstrate the British perspective that recognition would foster friendly relations, and also underlines the poverty of policy options, in that recognition in the hope of renewed trade was the only foundation upon which an independent foreign policy towards China could be built or sustained.

However, recognition can also be seen as a measure to force a reorientation in American foreign policy by offering an explicit acceptance of Communist success, and therefore a new series of considerations emerge that need to be assessed. Whilst Britain acknowledged American superiority in the region, did that necessarily mean that Britain followed the American line? Indeed, was the acknowledgement a reluctant move which prompted Britain to seek influence through a more discreet policy towards China from 1945 onward? Did it believe that it would be easier to follow an American initiative in the region, or that American foreign policy was open to manipulation through political advice and through direct action? These notions emerged in the British foreign policy process, and it is evident that such a trend continued in the post-war period from 1945-1950.

An assessment of the evolution of the British view of events in China would not be complete without an examination of American foreign policy in the region during the same period. The debate over the nature of American intentions in the area focuses on attitudes towards the KMT in the latter half of the 1940's, and in a wider sense on whether the United States ever believed in the possibility of a Sino-Soviet split if nationalist resistance failed. Gordon Chang doubts whether Truman ever believed China could be wooed away from the Soviet Union through conciliatory gestures, and Robert Messer goes further in suggesting that the American President
was 'bent on establishing American hegemony in East Asia'. Similarly, June Grasso suggests that a negotiated recognition of a Communist victory was not a policy option; the People’s Republic was not viewed as a 'fit' member of the international community, and American policy focused on sustaining the Chinese nationalists and keeping Formosa out of Communist hands. David Mayers adopts a contrary stance, suggesting that Truman had inherited a policy of support for the Kuomintang from Roosevelt, and sought to disengage himself from the nationalists in order to negotiate with Communist China and hopefully drive a wedge between the Soviets and Mao.

During World War Two Roosevelt aimed to build up Chiang Kai-shek's image abroad as a world leader, and support his fight against the Japanese with military aid in order to build a strong ally in the region. Despite Chiang's invitation to a four power summit in Cairo in 1943, by 1945 it was clear that China was not yet ready to adopt a role as a major power. China even became a focus for great power rivalry as Soviet activities roused American suspicions, particularly following Stalin's intervention in Manchuria at the end of the war, and the Chinese communists consolidated their own position. Chang suggests that the United States was encouraged to seek a Titoist division as Yugoslavia's secession suggested that the Communist world was far from

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17Chang., op.cit., pp.6-9.
Encouraging signs were searched for on both a diplomatic and an ideological level, with Major General Patrick Hurley, Ambassador to China in 1944-45, emphasising that Chinese communists were independent from Moscow and were little more than 'margarine communists' or idealistic agrarian reformers. The Marshall Mission in 1946-47 found similar evidence that the CCP stood relatively alone, although it was slightly less dismissive of the ideological force behind the Chinese communist methods. PPS 38, a Policy Planning Staff Review paper prepared by George Kennan at the State Department in September 1948, was less confident that American support for Chiang's nationalists could succeed in defeating the CCP forces unless such aid was open-ended, and Kennan was firmly opposed to such a move. Yet the fact that in the same paper Kennan went on to argue for continued recognition of the Nationalist regime, and a prolonged attempt to prevent the expansion of Soviet power suggests that 'the PPS was unreconciled to its own cold analysis'. Indeed, as Chang goes on to observe:

The P.P.S assumed that the Chinese revolution was inimicable to American interests, that the future relations with revolutionary China would not be friendly, that the United States might still manipulate China's future, and perhaps most important, that the Chinese needed the goodwill of the United States more than the United States needed China's.

What is clear is the depth of division within American foreign policy-making over the China issue. Truman, his Secretary of State for Foreign Affairs, Dean Acheson, the National Security Council (NSC), the Joint Chiefs of Staff and Congress

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18 Ibid., p.9.
19 Ibid., p.10.
20 Ibid., p.11.
21 Ibid., p.15.
all held different interpretations of the role and importance of China. To the NSC, the central American aim had to be 'to prevent China from becoming an adjunct of Soviet power'. This policy would emphasise 'flexibility', seek to avoid ‘irrevocable commitments’, and was underwritten significantly by an understanding that China was ‘of lower priority than efforts in other areas where the benefits to US security are more immediately commensurate with the expenditure of resources’. Similarly, trade with China was important only in terms of the need for Japan to trade in order to reduce its dependence on the United States.

Peter Lowe, in his work *Conflict and Amity in Asia* also identifies an American linkage between a Maoist victory and the threat of Soviet expansion. He describes American foreign policy in this period as ‘conditioned by the hatred of Communism which had grown swiftly in 1947-1948 and by the Republican Party's use of China as a means of castigating the Truman administration’. As a consequence, when the Office of Intelligence Research at the State Department reported ‘evidence of a Kremlin-directed conspiracy.....in virtually all countries [in the region] except Vietnam’, this was demonstrative of a ‘stereotypical preoccupation’ about the Soviet Union's apparently universal presence. The view of Communist China as an ‘adjunct of Soviet power’ was most popular within Congress, and inevitably influenced Truman's policy formulation. Whilst he had had little interest in China before 1948 and had been happy to allow Marshall to oversee events, he became more interventionist as a

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23Ibid.
24Ibid., p.826-834.
26Ibid., p.144.
27Yano Toru., 'Who set the stage for the Cold War in Asia: A new look' in Nagai and Iriye, op.cit.
Communist victory loomed larger. Indeed, Waldo Heinrichs observes that Truman had a tendency to take ‘an undifferentiated view towards communism’ which was to be a central difficulty in his relationship with Dean Acheson, his Secretary of State.  

Truman was determined that the United States should end economic assistance to CCP-controlled areas. The Presidential perspective was certainly influenced by Chiang Kai-shek's popularity amongst Americans, and the presence of a strong pro-nationalist 'China Lobby' amongst Republican politicians and within the JCS.

Yet interestingly, this position was often contrary to the policy being pursued by Acheson. This demonstrated that American foreign policy was not simply directed by the State Department, but was rather a trade-off between competing factions. Indeed, the Secretary of State viewed the KMT with a greater degree of disdain than the President: he had been influenced by Marshall's despair at Chiang's resistance to reform and his impression that limited military assistance could not help preserve a weakened nationalist position on the mainland. Acheson perceived the KMT as corrupt, and observed a lack of loyalty by the Chinese in general to Chiang's regime.  

As the Communists forced a series of military successes in 1948, it was clear that Roosevelt's and Truman's favoured policy of 'containment by proxy' would struggle to succeed. Acheson did not view China itself as inherently important, particularly since he saw a Communist victory as inevitable in 1949. China was important in terms of its position in a balance of power with the Soviet Union, and therefore Acheson's priority

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29 Ibid.
was the need to establish relations with the CCP in order to pursue a Titoist division between the two. 

Acheson therefore wanted the option of recognition as a policy tool in his negotiations with the Communists, envisaging the normalisation of relations (albeit without a specific timetable) in order to provide a platform on which to promote some form of Sino-Soviet division. As George Kennan observed in a Policy Planning Staff paper, the Soviet Union had played a minor role in Mao's victory, and Tito had recently split from the Soviet Union in Eastern Europe. Yet a normalisation of relations through recognition would not be possible until the Nationalists had been destroyed, or the United States had renounced its support for Chiang. As Heinrichs observes, 'it was a tenuous policy Acheson pursued so doggedly, potentially constructive but burdened by contingencies and liabilities of the past'. Acheson resisted attempts to be tied to a policy supporting the Kuomintang, even though there was popular and political pressure for him to do so, and this led to conflict with Truman over the direction of policy. The President was in no hurry to recognise the People's Republic, and sought a revision of NSC-41 which precluded the use of economic warfare. He had also indicated strongly that the State Department should not attempt to subvert the KMT blockade of mainland China. This problem lends credence to Cohen's observation that 'Acheson's failure to respond to the Chinese interest in recognition was less remarkable than his success in restraining his

30 W. Heinrichs., 'The Presidential Perspective' in Borg and Heinrichs., op.cit., p.5.
32 W. Heinrichs., 'America's China Policy' op.cit., p.287.
33 W. I. Cohen., op.cit, p.39.
colleagues and the President from more aggressive action'. By late 1948 the State Department had identified the possibility of a Titoist split, accommodation with the PRC was therefore preferred, and 'Acheson sought desperately to tie the President to this policy'.

There is some evidence of division and a lack of focus in American foreign policy towards China at this time, a problem Steel identifies as 'indecisiveness about the leftover China rather than decisiveness about the new China'. This is reflected by the stance the State Department took in negotiations with the British in late 1949. Whilst Acheson may have preferred to pursue a practical policy similar to that proposed by the British, he was tied by domestic considerations and bureaucratic in-fighting to a harder line. Robert Blum has also suggested that Acheson's policy was far from fixed and was largely 'experimental', moving from examining the possibility of a Sino-Soviet split right through to preparing for a long term dislocation in relations between America and China in 1950. There are two main areas of policy to be examined. Firstly, the nature and content of American support for the KMT, and secondly the need to clearly define American policy towards the CCP. There is considerable academic debate over the orientation of American foreign policy, yet it is interesting that it focuses on the difficulties encountered between the JCS, the State Department, Congress, Truman and Acheson. Within this scholarly debate, and amongst present literature, there is little examination of the British role in influencing American foreign policy, and small consideration of the important role Britain played in determining the Anglo-American relationship in this period.

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34 Ibid.
36 Ibid., [Steel], p.55.
37 Ibid., [Blum], p.56.
It is therefore necessary to examine the 'Special Relationship' in the light of these issues. D.C. Watt, for example, has characterised Anglo-American interaction as a relationship which rested on 'a mythology of shared ideals'. There was clearly a difference in perspectives on policy towards China between the United States and Great Britain: the notion that policy was formulated on a basis of shared assumptions is erroneous, particularly given the very different nature and extent of involvement in China that the wartime allies experienced. For example, Watt notes that 'a constant element on the British side was...the contempt displayed in private for American naivety, ignorance and sheer professional incompetence'. Certainly, there were different interpretations of Chinese politics within British and American foreign policy-making groups. The Foreign Office did not believe that China would ever have a government based on democratic principles, and foresaw 'increasing American disillusionment' as they came into contact with Chinese 'individualism, business avarice and official corruption'. There was further concern regarding America's 'dogmatic naivety' towards the phenomenon of Communism, which seemed to stem from a British belief that the United States did not 'understand' China in a way that the more experienced British did. Advisors commented on the 'hamhandedness and excitability of Americans' as likely to restrict the possibility of formulating a coherent, long term foreign policy towards dealing with Communist China, and particularly towards the vexed issue of recognition.


40 Ibid., p.102.

41 Ibid., p.112.

42 Ibid.
Edwin Martin's study of the issue of recognition, which depends largely on American and British diplomatic sources, concludes that whilst both sought ultimately to drive a wedge between the Soviet Union and Communist China, they disagreed over short term policies to achieve that aim. Britain focused on the need to retain contact through trade and diplomatic links (ultimately including recognition of the Communist state) whilst the United States sought economic pressure and support for the KMT in order to persuade the Communists to accept the potency of America's regional presence. Given the division within American foreign policy-making elements and British disdain for some aspects of American proposal, this analysis seems too all-embracing. Bevin, for example, was certain about the need to retain contact, observing that 'by being too obdurate we will drive the Chinese into Russia's hands, but by playing a careful role we can weaken Russia's grip'. America's ambassador in London, Lewis Douglas, also observed the British view that 'the Chinese Communists were first and foremost Chinese and that they were not capable of becoming Russians overnight'. Bevin's aim was therefore 'to avoid having to withdraw or being pushed out'. The aim of recognition was consequently to highlight that a definite, focused policy would best serve British and American interests in China. Britain hoped to move the United States away from pre-occupation with the fate of the KMT and the issue of Formosa, and tie them to formal contacts with the PRC. Once involved in such an explicit framework, it would be easier for the Foreign Office to influence and direct American foreign policy in order to protect British interests in the region, which would otherwise be exposed.

43 E. Martin, op. cit., p. 4.
44 Ibid., p. 68.
46 Ibid., p. 65.
This highlights the belief amongst British foreign policy makers that American foreign policy had no real direction. Whilst acknowledging that the CCP had won control, that there was no feasible anti-communist opposition on the mainland, and that opposition to Mao had to be Chinese, the United States had no clear policy regarding how to deal with China. Their focus on avoiding the disruption of the KMT blockade and vacillating over the fate of Chiang Kai Shek seemed to confirm the Foreign Office view that ‘the State Department will conceive ill-advised and hasty ad hoc measures to deal with certain aspects of the China situation’ without ever constructing a coherent perspective.47 British policy makers therefore sought to keep American policy focused by advocating a joint line, although they were frequently frustrated. For example, whilst both Britain and America agreed that trade controls could help Chinese orientation, the United States considered the ultimate objective of such measures to be ‘to modify the political alignment of the Chinese communist regime’, leading them to support the KMT blockade which was dislocating Britain's economic position within China.48 State Department suggestions were also increasingly aggressive as they reflected growing frustration. Dean Rusk's 47 point plan advocated ‘a declaration of non-recognition’, and in August 1949 Kennan, Davies and Jessup in the P.P.S produced a 21 point programme including a call for a programme of ‘frank hostility to the Chinese Communists’.49 Failure to secure the release of the American diplomats detained at Mukden during 1949 actually prompted Davies to advocate bombing Manchurian installations to demonstrate that the United States would not tolerate the PRC acting like ‘bandits and blackmailers’.50

47 Ibid., p.23.

48 Ibid., p.65.

49 W.I.Cohen., op.cit, p.37.

50 Ibid., p.38.
Four key texts have recently emerged to consider the issues surrounding Anglo-American relations in closer detail. Both James Tang’s and Qiang Zhai’s work begin with a consideration of British policy in 1949.\textsuperscript{51} It is not surprising, given that these books take 1949 as their starting point, that they contribute little that is new to the debate over recognition which has not been covered by Wolf and Ovendale. An attempt to construct theories of inter-state relations in Tang’s work, and a preoccupation with observing decision-making trends in Zhai’s study, leaves little room for an accurate reassessment of Anglo-American interaction. Indeed, Zhai’s conclusions over the special relationship are largely similar to D.C.Watt’s. Feng’s recently published PhD thesis attempts to address the difficulties that perhaps restrict work focusing purely on events in 1949.\textsuperscript{52} His argument that British policy evolved over the longer period from 1945 is supported here. His work highlights economic interests as a fundamental element of British policy - significantly this thesis argues that whilst there is a British policy which needs to be outlined and examined, it needs to be understood in a broader Anglo-American context. Similarly, Lanxin Xiang’s work attempts to address this issue, but emphasises an American rather than a British perspective.\textsuperscript{53}


As D.C. Watt notes, the apparent clarity of British foreign policy in its commitment to a policy of recognition of Communist China was based firmly in Foreign Office assessments of the nature of Chinese politics.\textsuperscript{54} Ernest Bevin's priorities as Foreign Secretary lay primarily in Europe and the Middle East, with the Far East remaining less urgent even in 1949, when a Communist victory was assured in China.\textsuperscript{55} Whereas European policy was driven by a stronger sense of vision by Bevin himself, it is notable how much more policy in China was guided by the professional advisors in the Foreign Office and the diplomats in China themselves.\textsuperscript{56} Indeed, from 1945 to 1948 Bevin was rarely involved in the day-to-day management of China policy, and there was a clear link between the views of the China Desk and official policy itself. In Watt's view, the Foreign Office believed notions of creating a western style democracy in China were 'palpable nonsense'.\textsuperscript{57} Consequently there was a much clearer, although not necessarily more accurate perception of the Chinese Communist Party (CCP) as a communist party which was primarily a nationalist organisation that sought to rival the Kuomintang. This was at odds with the American perspective that the CCP was a communist party first and foremost, with a subsequent driving force of class war and revolution. This in turn suggests a fundamental difference in perspective between Britain and the United States. Gordon Chang, in his study of American-Chinese-Soviet relations from 1948 to 1972, has argued persuasively that the United States never viewed Sino-Soviet communism as a monolithic bloc, and a predominant concern and consistent theme in this period was a desire to prevent China becoming

\textsuperscript{54}Watt., op.cit.

\textsuperscript{55}Watt., op.cit.

\textsuperscript{56}There is a large body of literature on this subject. See, particularly A. Bullock, \textit{Ernest Bevin, Foreign Secretary 1945-1951} (London: Heinemann, 1983).

\textsuperscript{57}Ibid., p.93.
simply a Soviet satellite. The British view, whilst sharing a similar concern about the regional balance of power, had not evolved along a similarly fundamentalist strategic line. Its pragmatic origins and intentions were directly imperilled by American unease over the nature of Chinese communism, and British policy-makers could find little reassurance in a post-war American perspective that was heavily influenced by strong domestic pro-nationalist opinion (including the potent China Lobby) and deep American suspicion of communism amongst senior foreign policy officials.

The question needs to be considered, therefore, as to whether British foreign policy held a long term philosophy aimed towards forging a Sino-Soviet split, or whether it viewed China as a state whose importance lay in its attitude towards trade, Hong Kong and the position of Britain and its Commonwealth supporters in the Far East. In essence, was British foreign policy towards China in 1949-1950 an attempt to position itself to counter the perceived threat of Communism, or was recognition a short-term, ameliorative policy intended to promote a limited economic position within a Commonwealth foreign policy framework, with the reorientation of American policy a longer term goal?

Consequently, the thesis will examine the extent to which British foreign policy towards China from 1945 to 1950 was based upon assumptions about the direction of American foreign policy at that time. Was there, similarly, an explicit Foreign Office focus on implementing a policy which would manipulate American divisions over the fate of the Chinese nationalists in order to underwrite a stronger British presence in the region? This thesis argues that the policy of recognition of the Chinese Communist Party success was the result of such a focus, even though following recognition in 1950 the CCP took measures against British interests in China, concluded a formal treaty with the Soviet Union, and infringed and limited the

58 G.Chang., op.cit.
diplomatic rights Britain had previously enjoyed. As a consequence of these actions, recognition as a policy attempting to maintain British influence in China did not work. However, this thesis will argue that the process of recognition was intended not only to secure the convenience of potential trade, but also to act as a short-term approach to focus American foreign policy on the possibilities of better relations with the Chinese through diplomacy. Any subsequent positive developments could then build on the Foreign Office lead in order to maintain British influence, but would crucially be underwritten by American strength. The thesis is therefore intended as a contribution to the current historiographical debate over British relations with and perceptions of the United States, specifically during the origins of the Cold War. Was British policy in China from 1945 to 1950 purely a pragmatic response to internal developments, or was it developed in the broader sense to engage the United States in a broader debate, and potentially a re-examination of an American-led western foreign policy in China? By examining the period from 1945 to 1950 from an Anglo-American perspective, it becomes evident that British policy aimed to keep ‘a foot in the door’ in China, but it also aimed to direct American thinking towards areas of British concern, and ultimately competed with the United States for the control of Western policy in China.

The central difference in American and British perceptions of the Communist victory in China lay in their perceptions of the Cold War. Britain operated on the assumption that a series of norms existed which were observed by all, in that major powers recognised and accepted each other’s interests and that negotiations could be used to resolve clashes. In this sense, diplomatic recognition was a central policy tool governing relations with China. However, for the United States, with foreign policy driven by a series of diverse domestic elements, the formulation of policy towards China was a much more complicated task. As Edwin Martin suggests, whilst the United Kingdom viewed recognition as a possible source of influence over another
state, the United States had a much higher series of moral criteria which they felt compelled to observe.59

Peter Lowe has suggested that the United States severed its links with mainland China in 1949 with the withdrawal of diplomatic personnel and Chiang Kai-shek's escape to Formosa.60 Certainly their only diplomatic link with the Communist Chinese after this period was through the British presence in the area. Significantly, London's aim was to remain in contact with the People's Republic in the hope of restoring British trade and influence in the region. Trade was the more important factor in a relatively straightforward foreign policy: this was based on the belief that China's economic deficiencies would place Britain in a strong political bargaining position, and that Britain would be well placed to exploit trade in an anticipated 'NEP' economy in the early years of Communist Chinese rule. The United States however, were more willing to apply economic pressure as a policy tool. Hubert Graves, Counsellor at the British Embassy in Washington at the time, suggested that the true policy difference lay 'in that we timed our counter-measures at a later date'.61 Broad objectives were perhaps similar, in that both the United States and Great Britain hoped for a Sino-Soviet split, but as Martin observes, the importance of Hong Kong to the United Kingdom and Formosa to the United States 'pulled in opposite directions as far as recognition was concerned'.62

The development of a 'China policy' by both London and the Washington will examine the evolution of a series of key relationships. Most important was the

59 Martin, op.cit, p.5.
60 Lowe., op.cit, p.148.
61 E. Martin, op.cit, p.19.
62 Ibid., p.70.
perception of the Far Eastern Department at the Foreign Office, which included the China Desk and handled China policy throughout the period. Their assessment of Mao's communism, and their understanding of the developments within Chinese politics was directly expressed in British policy. Significantly, their views of American policy did much to influence their own attitudes and agendas. The evolution of the perceptions and opinions over American foreign policy by British policy makers is therefore central to the application of a revisionist historiography. Did Britain come to perceive failings in Washington's policy during this period, which convinced it to attempt in turn to influence American policy orientation, and if it did, was this best represented by the policy of recognition of the Chinese Communists in 1950?

It is evident that the emphasis on recognition as the key policy tool was a weak position for Great Britain; anxious to trade, and concerned about its Far Eastern position, recognising the Communist victory was an act of realpolitik which it hoped would provide a focus for a joint Anglo-American policy. Yet it seems that frustration on the British side was paralleled by dislocation within American policy making. The British had not necessarily chosen the wrong foundation on which to try and tie down the United States to its policy goals, but rather it had simply underestimated the difficulty in influencing a foreign policy contrived by disparate elements when Britain itself was in a fundamentally weak position. Recognition was the only feasible course for the British in 1949 and 1950, yet it was not sufficient in itself to ensure American co-operation. Far from restoring a strong British influence in the Far East, the failure of a recognition policy in Britain's relations with both the United States and China perversely demonstrated how exposed and fragile Britain's post-imperial position in the region had become. The Communist victory in China underlined the emerging global dimension to the Cold War, and emphasised Britain's collapse as a great power given its inability to influence its wartime partners policy in an area of common interest.
It is difficult to place China in the context of the continuing historiographical debate over the origins of the Cold War. The revisionist view of America's role in China is separate from the debate over America's role in Europe from 1945 to 1950, principally because the Soviet Union does not play the same pivotal role. The difficulties of American policy orientation in China rested with how to resolve a damaging civil war, and how to evaluate the nature of Chinese communism and its relationship with Moscow. Revisionism in China's context was not therefore about apportioning blame, but in re-evaluating policy, although still from an almost exclusively American perspective.

An evaluation of Britain's role in China, particularly with regard to United States policy, is revisionist in British terms, yet is in a broader aspect a contribution to post-revisionist studies. Traditional views of British policy-making suggest Britain was interested primarily in restoring favourable trading rights and protecting its Far Eastern position. The revisionist view, to which this thesis is intended to contribute, suggests that Britain had a broader focus in manipulating American foreign policy for its own strategic and political interests. Furthermore, this perspective is involved in American post-revisionism since it also argues that American policy was far from coherent, and open to manipulation from other states which was not always in America's interests. As Chapter One argues, as early as 1945 Britain had recognised the need to compete with the United States in China rather than follow a path of cooperation. This view is contradictory both to a traditional view of British foreign policy and to traditional and revisionist perspectives of American policy, and as such reinforces the post-revisionist concept that a wider range of considerations were involved than any of the earlier historiographical schools had considered. This is the contribution of the thesis to the academic debate.
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Chapter One

Anglo-American Relations in China, 1945-1946: An Entente Cordiale?

This chapter provides an examination of British perspectives of China in 1945. It focuses on two related issues; the Foreign Office perception of the political situation in China, and its view of the American position in Chinese internal affairs. By drawing these two approaches together, it is possible to consider the broader issues that lay behind the formulation of British foreign policy towards China after the war. These were particularly focused on a need to balance an expansion of American influence in China by maintaining a viable British presence in the country in the post-war period. The chief British concern was to see a rapid resolution to the conflict between the warring Nationalist and Communist factions, and the return of China to some degree of normality. Whilst America’s predominance dictated Britain would pursue a secondary role, throughout 1945 they sought opportunities to develop potential sources of influence. Two clear differences already existed between the British and American perspectives - the Foreign Office still viewed the Chinese communists as a possible source of influence if good relations could be established, and the more concentrated and long-standing tenet of British involvement in China provided a sound economic base on which influence could be built, provided it could be adequately protected until the Civil War had ended.

Nonetheless, in 1945 Britain was in a position of weakness compared to America's stature in Chinese affairs, principally because of America’s closer involvement in the Chinese theatre during the Second World War. President Roosevelt and Generalissimo Chiang Kai-shek had enjoyed a productive partnership, and whilst
tensions had emerged between General J. Stilwell and Chiang during Stilwell’s tenure as Chief of Staff of the Chinese Kuomintang army, America and the Chinese nationalists had fostered close military ties. Chiang Kai-shek’s popularity in the United States was in itself a formidable political tool for the Kuomintang, since it predisposed the Americans to support the Nationalist cause. Indeed following the defeat of Japan the United States continued to offer military advice and equipment to the Nationalist forces. There was strong Congressional pressure for a pro-KMT stance as Nationalist-Communist tensions developed through 1945, expressed particularly in the need to provide the KMT with increasing military and political support, and as a consequence the United States found itself heavily involved in the Chinese domestic political situation. A tradition of wartime support for Chiang, confirmed by the activities of both Chennault and Stilwell, was further reinforced by the despatch of the pro-nationalist General Patrick J. Hurley to China as Ambassador in early 1945, in what was originally intended as an attempt to promote reconciliation between the varying factions which had formed an uneasy coalition against the Japanese invasion.

Yet despite its comparative weakness, Britain too had a strong tradition of involvement in China, in both diplomatic and economic terms. In 1945, both the wartime government and the incoming Labour administration were anxious to restore trading practices with China which would help economic recovery in the United Kingdom following the end of the war. This would come through the promotion of exports and the generation of revenue through British-owned companies in China. Because of these concerns, they were broadly supportive of American initiatives to reconcile the warring sides into a form of national government. However, this did not mean that they accepted American ascendancy as a matter of course. Unlike its State Department counterparts, the Foreign Office constructed policy based on a clearer interpretation of Chinese domestic policies which remained unclouded by political competition in the United Kingdom. Similarly, British views were driven by a belief
that greater experience in dealing with China would place them in a strong position to compete for influence against the United States, despite the latters’ far superior material strength.

Given America's material support for the Central government, and their close involvement in the administration and execution of its military affairs, it would perhaps have been simpler to allow the United States to seek a negotiated settlement to China’s problems with little guidance or input from London. Yet important strategic considerations were at stake for the British, not least regarding the post-war future of Hong Kong, India and Tibet. In 1945 it was difficult to conceive of an imperial policy which did not maintain a wary eye on China's future political stability. As such, America's political involvement and material largesse did not deter Britain from attempting to maintain an independent policy towards China, even if such a policy directly followed the American line towards seeking a political solution to the civil war which had begun. The Foreign Office still sought opportunities to influence China's political and economic machinery, and were determined not to be excluded from China's potentially lucrative markets simply because the United States had adopted a dominant role.

British perspectives on the various factions in the fight against Japan were based not only on immediate political reports, but also on a longer-term understanding of the nature of Chinese politics. Their assessments were not constrained by domestic political obligations to support one group, nor was policy formulated in the difficult atmosphere such as that created by Ambassador Hurley, which will be examined later in this chapter. Reports from China, and from Washington, led London's assessment of Kuomintang capabilities to be curt, if not openly dismissive.
In military terms, despite substantial American support, doubts were raised over the Nationalists' abilities to successfully defeat Communist forces if civil war re-emerged after the defeat of Japan. Michael Lindsay (an independent economist and political scientist who lived in China during the war) was present at the fall of Hengyang to Communist troops in early 1945, and in a letter to his father described the Nationalist defence of the city as 'largely pure muddle.....They [the KMT] don't have popular support and can't rely on their soldiers, who desert as soon as they get an opportunity'.¹ The main problem with the KMT focused not on its military capabilities however, which with continued American aid could conceivably develop into a considerable force, but on the nature of the political and military leadership of Chiang Kai-shek, the Nationalist Generalissimo. George Hudson, the China expert at the Foreign Office Research Department, minuted a comment in early 1945 on the nature of Chiang's public utterances, observing that he consistently avoided taking any blame for the reversals suffered at the hands of the Japanese during 1944, and preferred instead to focus on the inability of China's allies to offer sufficient support.² Chiang increasingly was portrayed in London as a political leader with little integrity, whose main concern was to secure open-ended Western support to shore up a debilitating regime. This unflattering view of one of America's most celebrated allies was based on reports from China itself about the nature of political life under the rule of Chiang's Chungking-based nationalist government. In March 1945, whilst commenting on Communist propaganda against the Kuomintang government, Hudson wryly observed that this task was made relatively easy 'by the defeatism, corruption

¹Foreign Office Papers, Series 371 (hereafter FO 371) File 46164 F35/35/10 22/10/44.
²Ibid., 18/1/45.
demoralisation which have been notoriously present in the Chungking camp over the last two years'.

Britain was therefore anxious to ensure any aid it offered to the KMT would be effectively and properly deployed, and that Britain would receive due credit for its actions. The United Kingdom's economic exhaustion at the end of World War Two inevitably dictated that attempts to secure influence overseas had to be based on guile rather than material largesse. Aid had to be allocated effectively in order to secure objectives; there could be no inefficient wastage of materials or funds. An inability to match American material support was exacerbated by hesitations over Chiang's capabilities both as a leader and as an administrator. Chiang's regime was ready to accept any form of western support, but Britain was competing for influence with very little to offer. This was especially the case in comparison to the United States, which could guarantee larger trade credits and, in 1945, apparently limitless military aid.

Whilst Britain tried to secure influence with Chiang, Sir Horace Seymour, Britain's Ambassador to Chungking in 1945, observed 'The Generalissimo is almost impervious to economic arguments' and therefore that any aid should be properly supervised in order that it be spent properly. Seymour stressed the need to restore mutually beneficial trade as soon as possible, but Chiang wanted British aid immediately, and 'merely said he was certain that the United Kingdom would recover very quickly and that help to China.....would be of great value to Sino-British relations'.

It was increasingly obvious to the Foreign Office that Kuomintang loyalties were to be sold to the highest bidder. In September, T.V.Soong, President of China's Executive Yuan, visited Washington at the same time as the Keynes mission arrived to

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3 FO 371 46167 F2251/35/10 30/4/45.
4 FO 371 46212 F6241/186/10 3/9/45.
re-negotiate the Lend-Lease agreement. Edward Hall-Patch, the Treasury Representative to the Foreign Office, reported a conversation with Soong in which the President pointed out the need to stress that Great Britain and China were ‘at the mercy of the Russians’ in order to secure further American aid ‘without a squabble’.  

He went on to observe that Soong's assessment of America's understanding of the situation in China was almost derisory, observing that the United States had no policy, and were ‘relying on General Macarthur to make one up as he went along’.6 Certainly Britain's Ambassador to the United States, Lord Balfour, held a view of Soong that ‘he has been inclined to take the line that if he cannot get help from the United States he will get it elsewhere’.7 As George Kitson minuted on Balfour’s comments, ‘The Chinese are back at their old game of playing off one country against another’.8

Britain's view of the Chinese communists in 1945 was, as Brian Porter observes, more 'sympathetic' than their view of the Kuomintang.9 As such, they were more predisposed towards the CCP than the Americans. British unwillingness to denounce the Communists was largely due to a lack of knowledge about the nature of Chinese communism itself. In 1945 the Chinese Communist Party was viewed as being different to Moscow in that it was a peasant movement with no obvious connection to the Kremlin. As the Times observed when a reporter finally reached the Communist headquarters in Yenan, 'The Yenan system is not Communism; it

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5 FO 371 46213 F7143/186/10 11/9/45.
6 Ibid.
7 FO 371 46212 F5663/186/10 Balfour to Bevin Tel:5801 2/9/45.
8 Ibid.
resembles an agrarian democracy'. However, the CCP agenda certainly held a Marxist-Leninist perspective, and there was therefore confusion in London over the true nature of communism in China, and no clearly defined relationship between the Soviet Union and the CCP was established in this period. A Foreign Office file entitled 'The Communist Problem in China' observed that 'The Communists are not Communists in the usual sense of the word, nor are they a political party in the usual sense'. That somewhat confused observation was made in March, and by September the Foreign Office was clearer regarding the Communists political capabilities, noting that they were 'an autonomous faction capable of developing into a rival government in China'. George Hudson's notes to a Joint-Intelligence sub-committee stressed that Mao wasn't simply an agrarian reformer, and that whilst the CCP held no large towns this was only 'a modified, temporary programme' which had proved to be 'tactically suitable'.

Whilst relations with the Soviet Union over the future of Europe had not seriously deteriorated in late 1945, the role of the Chinese communists was also considered in relation to Moscow's ambitions. Yet as Sir Horace Seymour reported to Bevin in October 1945:

The Communists in China may therefore be classified in the light of an opposition or rebel element in the internal life of China, than as a subordinate or associated group in a wider field under the captaincy of a nominee from Moscow.

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10 The Times, 25/1/45.
11 FO 371 46213 F7471/186/10 12/9/45.
12 FO 371 46213 F7471/186/10 September 1946.
13 FO 371 46215 F10436/186/10 2/1/46.
14 FO 371 46216 F12049/186/10 25/10/45.
George Kitson at the Foreign Office further supported this view, suggesting that the CCP were 'first and foremost nationalist, and by no means the tool of any foreign imperialism, though willing to use Soviet support for their own ends if it suited them'. 15 The Foreign Office was not obsessed by the threat of expanded Soviet influence in the region. Whilst I.G. Donnelly noted 'it would be unwise to proceed on the assumption that we can avoid trouble [with the Soviet Union]', he also observed that

...the difficulty in the case of China surely is not so much whether or not Russia should be called into consultation (for clearly her view must be taken into account) as to how best to lay the foundations for a strong and domestic China which will be really independent. 16

In April Frank Roberts reported from Moscow that the Soviet press was paying greater attention to China and was increasingly critical of the KMT, but Thyne-Henderson, Head of the China Department in 1945, did not see that necessarily as being directly linked to CCP activities. 17 Rather, he described such comments as part of 'a softening-up process' by the Soviet Union prior to taking greater interest in Manchuria, or even as a 'smokescreen' to hide Soviet interests in Sinkiang. 18

The focus was therefore on Soviet territorial ambitions, rather than fear of a linkage between Moscow and the CCP as a tool of Soviet foreign policy. The Soviet role in China was viewed as being largely separate to the CCP, and was seen in similar

15 FO 371 46216 F12361/186/10G 29/12/45.
16 FO 371 46172 F5012/36/10 20/12/45.
17 See, for example FO 371 46227 F2582/320/10 Roberts to Bevin Tel: 1589 27/4/45.
18 FO 371 46226 F2582/320/10 30/4/45.
terms to those of Great Britain and the United States as each group competed for influence as war drew to a close. As Scott suggested in May, 'Perhaps the Soviet government are just feeling their way to see how the United States government and ourselves react'?. However, the British government did not entirely disregard the opportunity for Soviet-Chinese linkage, and Thyne-Henderson again remarked in late May that greater support for the Central government at Chungking would drive Yenan-based CCP closer to Moscow. The Foreign Office therefore recommended Britain should keep its options as open as possible, and supported the notion that the best approach would be 'to counsel moderation and compromise to both'. Indeed, what is most evident from the Foreign Office views of both the KMT and the CCP is that they were seen primarily as rival parties contesting power within China. The British interpretation of this situation was that both sides were prepared to exploit any opportunity, and particularly foreign aid, if it presented the opportunity for ascendancy over the rival group. In terms of establishing British influence therefore, the focus was not on supporting the Kuomintang to counter the Communist threat, but on choosing the best group to promote a strong British position in China.

The post-war situation disintegrated rapidly as the defeat of Japan created a power vacuum which the CCP and the KMT contested aggressively, particularly in northern China. The United States adopted a pivotal role in the search for reconciliation between the two parties, firstly through Partrick Hurley as Ambassador, and then in 1946 through a more deliberate initiative which became known as the Marshall Mission. Again, the Foreign Office interpretation of Chinese politics was far from optimistic, as the United States searched for a negotiated settlement of

19 Ibid., 15/5/45.
20 FO 371 46227 F2582/325/10 16/5/45.
differences under the tutelage of General George Marshall. Essentially, whilst prepared to support the American role in mediation, the Foreign Office viewed each side as incapable of adequately resolving their differences. In July 1945 George Hudson had suggested that the only democratic opportunity in China was 'Hobson's choice voting', given that the country was divided into spheres of influence under political control which denied 'genuine political practices'.

Hudson's assessment, 'that it is hard to see how China can “choose” her Government except through civil war' was echoed by a policy document highlighting the danger of civil war after Japan's defeat. The paper noted that 'Free China is divided into two armed camps, and when once the pressure from Japan is removed, the danger of an outbreak of civil war will be a real one'.

The difficulties posed by China were not restricted to the nature of the domestic situation, where each party had organised armed forces with clear areas of administrative, political and military control. The British did not think that the American negotiations could achieve much beyond ending the war, and that there would still be powerful competition between the CCP and the Kuomintang for political control. There were also international implications which necessitated a clear and focused policy. A memo on British policy towards China suggested that a United States 'monopoly' on attempts to resolve conflict could lead to a collision with the Soviet Union, particularly since Stalin had concluded a treaty with the Central government in early Autumn. Whilst the Foreign Office accepted that Soviet foreign policy was 'a matter of speculation', it also noted that the 'emergence of a strong China owing everything to the United States.......could not be favourably regarded by the

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21 FO 371 46164 F312/35/10G 7/2/45.

22 FO 371 46211 F4171/186/10 21/7/45.
Soviet Union'. As noted above, this uncertainty over the role of the Soviets (particularly after the conclusion of a treaty laden with provisions for Soviet encroachments if China did not meet its obligations) created problems for British policy-making, since there was a real possibility that Britain could be 'squeezed out' of China through superpower competition. These fears were justifiable. Stalin's brief involvement in the defeat of Japan saw Red Army troops occupy considerable areas of Manchuria, and as the Soviets gradually withdrew control was handed over more readily to Communist troops which were encouraged to swarm into the military vacuum. They similarly benefited from stockpiles of Japanese weaponry and ammunition which the Soviets left behind. It seemed to London that even if the CCP operated with political independence from Moscow, they were to receive beneficial treatment off the Soviet Union whenever tangible, which could support their search for political power. Soviet interest in China, and descriptions of America's role as monopolistic were however only part of the problem. As Hudson noted in September 1945 the Kuomintang

...dare not challenge either the Soviet Union or the USA, and will, therefore, tend to take the least dangerous nationalist line, which is the anti-British one; the Communists are pro-Soviet and need to divert China's attention from Soviet encroachments, but cannot afford on economic grounds to offend the USA too much, therefore would also concentrate on anti-British grievances.

British policy was being formed on the basis that competition for influence in China was intensifying on both a domestic and an international level, and that Britain was in danger of being forced out of this process as political developments assumed

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23 FO 371 46232 F1331/409/10.

24 FO 371 46215 F10436/186/10 September 1945.
increasingly partisan characteristics. Whilst Britain wanted to remain on good terms with both the communists and the nationalists, the conflict between the two, and American predisposition towards Chiang, increasingly was forcing a polarisation of the issue.

The Foreign Office was most susceptible to Chinese criticism of Britain's present role, and its historical involvement in political processes in China. Yet whilst anxious to avoid criticism from both the CCP and the KMT, analysts and diplomats paid particular attention to American criticisms, and America's view of Britain's role. The focus of British policy in China in 1945 was not on seeking greater influence amongst the Chinese protagonists, but rather on ensuring that American policy did not become anti-British in the region. In essence, the vehicle upon which Britain would promote its influence in China (given the economic restrictions it faced in 1945) was not either of the domestic political groups, since victory was guaranteed for neither and a protracted civil war seemed a looming certainty. Instead, it concentrated on competing with the United States in an attempt to direct American policy in their favour. This was not an attempt to reconcile two separate policies, but was intended to establish a strong British position based on American involvement in China. If America could conjure up some form of political settlement with a commitment from both sides to work together, Britain would be well-placed to exploit its broad base of trade relations and contacts. Yet physical involvement in this process could drag Britain into expensive and open-ended commitments it could not afford to maintain. Particularly, it could conceivably drag Britain into supporting an American policy which disproportionately favoured the KMT. In this sense, it would be far better to allow the United States to pursue this initiative, and work instead to ensure that in doing so America's actions would not 'compete' Britain out of influence within China's domestic political framework.
Attempts to create a position from which Britain could compete for influence with the United States were not restricted by Chinese events alone. The Foreign Office was anxious to reduce American criticism of Britain from within the State Department, and more importantly in the press and America's legislative machinery. John Keswick, Counsellor at the British Embassy in Washington, sent to the Foreign Office details of a conversation between himself and John Carter Vincent (Head of the Division of Chinese Affairs at the State Department) held in Washington in January 1945. Keswick highlighted the 'persistent rumours' in the United States that the British wanted a weak and disunited China, and were therefore involved in Machiavellian schemes typical of traditional imperialists. Vincent countered this criticism, and demonstrated the extent of the divide between Washington and London by suggesting that the British were not co-operating in the American effort to bring Chiang and the CCP together in a political settlement.25 The notion of British diffidence was a popularly held sentiment in the United States. The Foreign Office paid particular attention to a reported speech by Democrat Congressman Mike Mansfield, who argued that 'we [the United States] alone among the great powers want China to be a world power'.26 This anti-imperialist stance had been exacerbated by comments made by Ambassador Hurley from Chungking in January 1945 in which he had attacked British and Dutch 'imperialism' for failing to help promote a speedy resolution to China's political problems.27 The Foreign Office was clearly susceptible to this criticism, and was anxious to counter it before it seriously soured Anglo-American relations. Noting comments in the journals 'Amerasia' and 'Transatlantic', I.G.Donnelly suggested the need for a Far Eastern specialist to meet members of the American press in order to

25 FO 371 46165 F685/35/10 25/1/45.
26 FO 371 46165 F682/35/10 16/1/45.
27 FO 371 46170 F482/36/10 January 1945.
'make it clear that we have a point of view and that it is a reasonable and well-intentioned one'. He also stressed the need to 'isolate' American liberal opinion which could be anti-British from the rest of the American press, citing as examples the New York Post, Nation, New Republic and Amerasia.\(^{28}\) Scott similarly highlighted the 'deep-rooted' American notions of British imperialism and misconstrued motives, suggesting that some American consuls in China were 'half-convinced' that retaining possessions or influence abroad was 'actuated by purely selfish and reactionary motives'.\(^{29}\)

It was, however, understandable that British interest in China after 1945 was almost entirely economic, and therefore the Foreign Office was particularly wary of exclusion from potential markets as the United States adopted an expanded role in China. This came about not only through American support for Chiang Kai-shek's Central government, but also in America's search for a broader political solution in the country. Sir Horace Seymour reported from Chungking following the surrender of Japan that 'American policies in China may affect our interests, directly or indirectly, very materially; there is certainly very little sign so far that they are paying much heed to them'.\(^{30}\) Indeed, as George Sansom, the British Minister at Washington had reported from the Embassy earlier in the year, America's economic interest in China's markets seemed certain to sweep all before it. It appeared that there was a groundswell of opinion amongst American businessmen that China would become an area of investment 'which they [the United States] will dominate and from which they hope, by sheer weight of financial and industrial strength, to expel British and other

\(^{28}\)FO 371 46171 F4971/36/10 26/6/45.

\(^{29}\)FO 371 46171 F4971/36/10 5/7/45.

\(^{30}\)FO 371 46171 F6682/36/10 Memoranda, Seymour to Bevin 21/8/45.
competition'. As Trevelyan had reported from the United States as early as May 1945, 'some officials even talk as if they regard a monopoly of the Far Eastern trade as a suitable reward for victory'. He too offered confirmation of the American view that Britain could be excluded from China by the sheer weight of the United States' financial and industrial strength. As the defeat of Japan became a certainty, and the question of a political framework for post-war China rose to the fore, it was increasingly obvious that both Britain and the United States viewed the area as one where competition was almost inevitable. Both states had vested interests in the region which were at this stage primarily economic. America was anxious to adopt a position where a further extension of trade and influence was possible, whereas Britain was competing simply to maintain a foundation upon which future policy could be built.

The United States was clearly in a far superior position. It held long-standing contacts with both the higher echelons and the inner elite of the Kuomintang, and had a vibrant economy on which to base further economic expansion. An aggressively successful role in the defeat of Japan compared favourably in Chinese eyes with Britain's equally important but less dynamic participation in the attempted defence of Burma. Similarly, the American presence was not tarred with the imperialist brush so readily wielded by the Chinese (which was also popular as a criticism of Britain in America's domestic politics). Yet despite these problems the Foreign Office still found room for optimism, engendered by the difficulties the United States faced as it became increasingly embroiled in the search for a political solution to China's internal problems, and an awareness that American policy itself was far from cohesive. A cypher from Washington to London by the Earl of Halifax in August 1945 gave an

31 FO 371 46178 F222/57/10 29/12/44.
32 FO 371 46170 F3063/36/10 23/5/45.
33 Ibid.
indication of British perceptions of dislocation in the American policy formulation process. Halifax highlighted the notion that there was a lack of cohesion, observing 'a flood of comment on the lack of any adequate higher-co-ordination'. Similarly, Seymour reported from Chungking that the State Department seemed 'very uneasy about present American policy in China'. This was a reference in particular to the Ambassadorship of Patrick J. Hurley, who had arrived as one of President Roosevelt's foreign policy 'trouble-shooters' in August 1944. His original role had been to resolve pronounced differences between Stilwell and Chiang Kai-shek, which he did by advising the replacement of Stilwell with the anti-Communist General Wedemeyer. Hurley himself was made Ambassador to China in December 1944. However, as William Stueck notes, Hurley's 'vanity and crusading temperament blinded him to his own ignorance', particularly towards Chinese politics, of which he had no experience. Stueck goes on to observe 'the astute Generalissimo soon held Hurley in his pocket'. The appointment of an ambassador with little experience of China did not help the prospects for a peaceful settlement at such a convoluted time in the country's politics. This was exacerbated by the fact that Hurley in particular had little tolerance of the Communists, and gradually installed anti-communist foreign service and intelligence officers as advisors in Yenan. There was also close control of American reporting out of China, and at this time an expansion of American aid to the Nationalist government. Yet Hurley's failure to secure clear American support for the Kuomintang against the Chinese Communist Party prompted his resignation in

34 FO 371 46171 F1127/36/10 Halifax to Bevin Tel:8052 1/8/45.
35 FO 371 46171 F6682/36/10 21/8/45.
37 Ibid.
November 1945, and with it he launched a vitriolic attack on the State Department, which he saw as being wholeheartedly pro-communist. Hurley's letter of resignation was forthright in its criticism, observing that

> It is no secret that American policy in China [ie support for the Central Government] did not have the support of all the career men in the State Department........A considerable section of our State Department is endeavouring to support Communism generally as well as specifically in China.\(^{38}\)

Certainly there had been tensions between advisors in the State Department and Hurley himself, and the Foreign Office clearly recognised the problems this posed for American policy. This came alongside a recognition of the difficulties of foreign involvement in attempts to seek a political settlement. A Foreign Office document entitled 'The Communist Problem in China' discouraged a more active British role, citing American failure to resolve inter-factional problems, and noting that 'the only affect of their [the United States] intervention seemed to be to encourage the Communists to raise their demands'.\(^{39}\) This was written with particular regard to attempts to create a unified 'national' army after the defeat of Japan. The Foreign Office was in favour therefore of avoiding British intervention, not only because of the fear of raising the 'imperialist' spectre, but also because 'an internal Chinese affair might thereby become an international problem with members of the Big Three on opposite sides'.\(^{40}\) The British attitude was not to follow an American lead, but to compete for influence without provoking an obvious division. Britain would not

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\(^{38}\) State Department Publication., *United States Relations with China (1944-1949)* pp.581-584 (Dept. of State publication 3573).

\(^{39}\) FO 371 46213 F7471/186/10 (Undated).

\(^{40}\) Ibid.
oppose American attempts at reconciliation, but would stand clear in order to avoid embroilment, and take opportunities when they presented themselves. In essence. Britain would let America seek a political solution retaining a sufficient presence and input to ensure Britain could not be excluded if a peaceful agreement was reached. If the United States were to fail, Britain would be free to promote its own policy without the handicap of a legacy of failure, and perhaps even accusations of partisanism, in the confusing environment of China's domestic politics.

If Britain was to maintain such a role, it first needed to counter damaging American perceptions of British aims in China. In particular there was the view echoed by both Hurley and Mansfield, that essentially Britain was a traditionally imperialist nation with expansionist and aggressive policies. It was clear that if Britain was to maintain any position of influence, either within Chinese politics (which the Foreign Office had almost entirely precluded) or concerning the direction of American initiatives, it had first to ensure British interests were portrayed in a favourable light. A.L.Scott of the China desk continued this theme, arguing that the only way to counter American criticism was to 'take up the cudgels at every convenient opportunity'.41 Similarly, John Sterndale-Bennett, Head of the Far Eastern Department in early 1945, wrote in forceful terms of the need 'to kill this idea that we do not want to see a strong and prosperous China'.42 In June 1945 Ian Donnelly reiterated the need to emphasise a firm British commitment to a strong China, in order to remove any doubt of British subterfuge or 'hidden agendas'. If Britain was perceived as a state offering a constructive role, then its influence would increase correspondingly; hence the desire to avoid any 'Big Three' confrontation, and to seek good relations with the United

41 FO 371 46232 F792/409/10 8/2/45.
42 FO 371 46232 F409/409/10 19/1/45.
States without being excluded from China. George Kitson similarly urged a restatement of support for the Central government and encouraged attempts to underline that Britain had no desire to interfere in China's domestic politics. Whilst Donnelly was certainly aware of American misconceptions about Britain's role, particularly amongst American consuls whilst Hurley was ambassador, Kitson went further in describing both the American and the Nationalist press as being 'woefully ignorant' and 'far too prejudiced to want to learn'.

Hurley was the chief protagonist amongst American personnel in the promotion of an anti-British view. In April 1945 he had advised Esler Dening (who was at the time Chief Political Advisor to the Supreme Allied Commander in the Far East) that many Americans felt strongly that American assistance should not be made available for the recovery of British imperial possessions in the Far East. He was also critical of the British role in only supplying their own forces in China with food, inquiring if this was intended for use against the Japanese or for Britain's own 'interests'. The reality was actually quite different; Britain was shipping in 2.5 tonnes of supplies per day to China whilst the United States was transporting 30000 tonnes per month over 'the Hump' (the air route into China over the Southern Himalayan range). As Scott noted, 'Hurley must want to beat us badly, when he picks up a slender cane like this to beat us with!'. Hurley's anti-British and anti-Communist stance was not conducive towards a strong Anglo-American link in China. Horace Seymour had commented at the beginning of the year that the Americans had no sympathy for Britain's Far Eastern interests, and were only co-operating in order to destroy the

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43 FO 371 46171 F4971/36/10 7/7/45.


45 Ibid.

Japanese. He highlighted General Wedemeyer as a similar obstacle to co-operation, observing an American readiness 'to suspect sinister British designs in the most unexpected places'. In a telegram to Dening in February he had commented

Some day some better man than I may find time to convince General Wedermeyer that we are not as sinister as he thinks we are. It will be a difficult but a worthwhile task.

There was clearly a need to counterbalance such negative American attitudes, and whilst Hurley left the Ambassador’s post in November 1945, the attitudes he had expressed were cause for deep concern for the Foreign Office. There was no guarantee of a joint policy with the United States, nor, given the volatility of America's domestic political opinion, did such an agreement seem politically welcome or wise for the American Ambassador who would replace Hurley, John Leighton Stuart.

In July 1945 the Foreign Office produced a document assessing British and American policies in China. Whilst noting America's economic forebearance, the paper also highlighted the continuous stream of criticism from both the United States and China over Britain's ambivalent role both in the defence of China against Japan and in the search for post-war political stability. This was certainly unfair, particularly given America's accepted predominance in the Pacific theatre, and the difficulties encountered by the British campaign in Burma. Whilst accepting the need to continually counter unfavourable American criticism, the paper also asserted that 'the reality of our interest will always be judged not by our statements but by our practical

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47 FO 371 46325 F234/127/10 11/1/45.

48 FO 371 46325 F1565/127/10 Seymour to Bevin Tel:67 21/2/45.

49 FO 371 46211 F4171/186/10 'Situation in China: British and U.S Policies' 21/7/45.
activities in relation to China'. Foreign policy therefore needed to be focused on greater co-operation and increased support for national unity, but again Britain's aims were hampered by a lack of economic resources. Britain could not contribute to a rebuilding programme or support for the Central government unless it could offer long-term trade credits, yet the British economy had been crippled by a six-year war and was about to be plunged into further disarray by the the sudden end of American Lend-Lease (which in itself led to deep British unease about American reliability). Similarly, assessments of Kuomintang capabilities were pessimistic about their ability to either appreciate or effectively deploy British aid. Countenance warned against supporting either side, which could feasibly promote an insurmountable internal division and even great power confrontation. British policy had to focus on supporting American initiatives, both to counter 'imperialist' allegations and to promote British interests in China.

As the Second World War in the Far East ended it had become increasingly clear in London that a programme intended to support the United States whilst maintaining an independent position could have considerable problems, not least because the United States was in a far superior position which it was under pressure to exploit. Both the United States and the United Kingdom began to draft new commercial treaties with China in the summer of 1945, and closer American links with the Central government ensured that their details were rapidly agreed upon. Britain, in anxious need of renewed trade on favourable conditions, sought to consult with the United States in order to establish a similar footing for trade in China, in order to 'get the right kind of treaty from the Chinese', before Nationalist experience of American

50 Ibid.
largesse prompted their views of the West to 'crystallise'.

However, the United States refused to reveal their draft treaty until a British draft had been prepared, arguing that otherwise they would be 'ganging up' on the Chinese. This aroused considerable consternation in the Foreign Office, not least because of the imperialist connotations that the American response alluded to. Similarly, the statement also seemed to confirm an American intention to 'monopolise' trade with China. As Scott noted angrily in August 1945, 'American officials are great advocates of co-operation in talks with our people.....but when it comes to deeds there is very little sign of co-operation'.

However, it was accepted that the United States commanded a dominating position in Chinese affairs. Whilst in March 1945 the Foreign Office had considered approaching China as 'a United Nations interest' in order to ensure equitable treatment, by July it was clear that a strong, united China would best serve Britain's imperial assets (most notably India and Hong Kong), and that this would best be guaranteed by an active British policy. As a memo observed as early as April 1945, 'To all intents and purposes, our role in China for a long time now has been that of a passive spectator'.

Sterndale-Bennett concurred, arguing the need 'to pursue a more active policy designed to re-establish our influence by a display of greater interest in China and of increased assistance to her'.

Transferring this rhetoric into criteria was almost impossible. Reports from Chungking as early as 1944 had suggested the Kuomintang simply accepted that large scale aid from the Western allies would continue after the war. John Hutchinson, the Chungking Embassy's Commercial Counsellor, stressed the need for the KMT

51 FO 371 46221 F3879/235/10 28/6/45.
52 FO 371 46221 F5053/235/10 13/8/45.
53 FO 371 46232 F1331/409/10.
54 Ibid.
politicians and businessmen to be made to realise Britain could not possibly extend unlimited aid.\textsuperscript{55} Comments from the Board of Trade and the Treasury at the same time were urging the Foreign Office to enlighten the Chinese 'as early as possible' that no large scale loans would be made after the war.\textsuperscript{56} This had clear implications for British policy in China. A Far Eastern Economic sub-committee report, 'Commercial Policy in China', concluded that if post-war trade had to be conducted only on a cash or a commercial credit (ie barter) basis, 'we shall certainly not be able to compete with the Americans, who, it is conceivable, may be ready to provide China with long-term credits on a lavish scale'.\textsuperscript{57} Recommendations on supporting a programme for reconstruction and modernisation demonstrated the quandary British policy faced. The report noted Britain could not hope 'to play a prominent part in it [reconstruction] if purely economic and financial conditions are to prevail. On the other hand, it would almost certainly be a mistake to wash our hands of the Chinese market'. As a Foreign Office note pithily observed, 'If we cannot offer credits to China, the question of collaboration or competition with the United States scarcely arises'.\textsuperscript{58}

The focus of British policy towards China in 1945 was determined to a large extent by the Far Eastern Economic sub-Committee report, and was reinforced in July by a further document on British and American policies in China.\textsuperscript{59} Both emphasised the predominance America enjoyed with China, yet both also outlined options through which Britain could continue to exercise influence. Most importantly, British policy

\textsuperscript{55}FO 371 46178 F492/57/10 2/11/44.

\textsuperscript{56}Ibid.

\textsuperscript{57}FO 371 46179 F588/57/10 'Commercial Policy in China' 17/1/45.

\textsuperscript{58}FO 371 46178 F492/57/10 p.6.

\textsuperscript{59}FO 371 46211 F4171/186/10 'Situation in China: British and U.S Policies' 21/7/45.
towards China in 1945 did not simply accept the superiority of the United States, but sought ways in which the Foreign Office could place conditions upon American policy which would in turn benefit British interests. As the Commercial Policy report stated, the most important element of policy was

the political necessity that we should recover as much as possible of our previous influence in China. The part we play in China conditions our whole position in the Far East.  

The plea was effectively for credits to be extended by the Board of Trade and the Exchequer, for political gain if not sound economic reasons. A War Cabinet Office Communique had offered similar sentiments in March, identifying American advances in establishing strong influence in China, and the problems that Britain would face in trying to 'catch up'. There was an awareness that the British position would alter once trade with China began to flow more freely, but this was conditional upon some form of political settlement with China, and it was increasingly evident that this would be some time in coming. Whilst anxious to restore British trade and influence, at the same time the memo warned against a degeneration of the situation into one of 'selfish rivalry' with the United States.  

There was a clear understanding of Britain's situation within the Foreign Office. It could not hope to compete with the United States in terms of either political influence or economic credits, yet investment in China to restore a degree of parity would be useless if China should collapse into prolonged civil war. The focus had to be on maintaining links at all levels on all sides, and that this had to be intended to foster collaboration and co-operation since any closer contact would benefit British interests.

60 FO 371 46179 F588/57/10 p.4.

61 FO 371 46180 FE(45)14.
These views were reaffirmed by a policy document assessing British and American policies towards China in July 1945. Its objective was clear

...to ventilate the need for greater interest in China and in a more active policy there, designed to recover something of our pre-war influence, in closer contact than at present with the Americans. 62

It explained American ascendancy in China in terms of British commitments elsewhere during the war and immediately after in imperial defence. It also highlighted the fact that British contributions to post-war reconstruction and a political settlement in China were 'relatively insignificant' when compared to the 'spectacular assistance' of the United States, and explained this loss of influence in terms of the psychological disadvantage Britain suffered from its' not being able to afford similar largesse. 63 Yet the paper was also notably upbeat about British prospects in China, particularly in the context of Anglo-American relations. Whilst accepting that the United States had a 'long start' ahead of British commercial interests in rebuilding a trading position in post-war China, the paper suggested the possibility of a Congressional backlash against 'lavish' American commitments to China. In balance, it must be observed that British assessment of Chinese capabilities, particularly regarding the Kuomintang, were much more pessimistic and much less restricted by domestic politicking. They were therefore more likely to see these factors as disabling effective policy than the United States would. Perhaps more realistically, the Foreign Office identified one certain area where it was felt that British influence could be brought to bear, and that was in Britain’s vested interests in the old treaty ports, where greater experience of dealing with the Chinese offered an opportunity to counter-balance the strength of

62 FO 371 46211 F4171/186/10 op.cit.
63 Ibid.
America's economic and political presence. The aim was to seek a combination of America's financial and industrial potential with Britain's established and experienced interests. This would promote a 'friendly, stable and united China' whilst avoiding a disintegration into great power competition which could ultimately threaten Britain's Far Eastern possessions.

The short-term need was therefore to promote co-operation and collaboration on all fronts. The paper observed that 'American interests and our own in China have been closely identified in the past and are likely to be so in the future'. That there may be some commercial rivalry was accepted, but there was also an urgent need for co-operation 'without identifying totally with American actions in China'. There were certainly opportunities to increase co-operation with the Chinese Central government, and the Foreign Office again argued:

> it should be our object to convince them of our interest in China and to take advantage of opportunities as they occur to show this interest in a practical way.

In particular, it highlighted the possibility of continuing wartime supplies and lend-lease, greater collaboration between the RAF and the Kuomintang air force, collaboration over civil aviation and customs services, and most particularly the desirability of a commercial mission to boost trade. A commercial treaty was most important, and it was increasingly clear, as noted above, that American co-operation on the issue could not be taken for granted. Indeed, as a memo highlighted in mid-June, there was an air of confidence amongst Americans in China that America could

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64 Ibid.
65 Ibid.
deal with developments in China in a manner best described as 'single-handed'. The Foreign Office was particularly aware that unilateral American action would always yield greater gains than Great Britain could manage on its own, and therefore stressed the need for a more active approach based on the crucial axiom that policy between America and Britain towards China should proceed on 'parallel lines, rather than jointly'. British policy aimed to maximise benefit from American economic strength, without accepting the political conditions of involvement such action seemed to imply.

Whilst the need for unity in the war against Japan had to a large extent halted nationalist-communist confrontation in China, proof that it had not removed confrontation outright was rapidly confirmed by a renewal of competition in the late stages of 1945. As Japanese forces were disarmed, demobilised and repatriated in the autumn, both nationalist and communist forces moved to fill the military vacuum they left behind, particularly in northern China. Government forces were able to consolidate their positions in central and southern China and began to compete for influence with the expanding communist presence in Manchuria. The CCP had been aided in this infiltration by the tacit support of the Soviet Union. As Stalin's forces slowly withdrew from territory they had occupied in August 1945 control invariably passed to the CCP, despite the Soviets having signed a Treaty of Co-operation with Chungking. As the KMT sought to counter-balance this development the country lurched unerringly towards a renewal of civil war. It was against this background that the American President, Harry Truman, asked General George Marshall to go to China as his special representative to attempt to mediate a solution to the dispute.

\[\text{footnote}{66}\text{FO 371 46232 F1331/409/10 16/6/45.}\]

\[\text{footnote}{67}\text{Ibid.}\]
In his introduction to Marshall’s official report, filed on the General’s return to the United States in 1947, Lyman P. Van Slyke highlights the contradictory nature of the so-called Marshall Mission. Marshall attempted to supervise negotiations between the nationalist and communist blocs as an intermediary, while at the same time the United States government recognised Chiang Kai-shek’s nationalist regime as the sole legitimate government in China. This had important effects on both the CCP and the KMT’s attitude towards the United States. The nationalists believed the Americans would not abandon their cause, whilst the communists found it difficult to regard the United States emissary as a neutral third party. Similarly, the problems inevitably posed by such an enforced duality were not lost on the staff at the Foreign Office - they believed it would clearly be difficult for the United States to establish a co-ordinated policy or an influential position in post-war China whilst seeking to cater for two apparently disparate outcomes.

Despite this, Marshall had an almost immediate effect on attempts to resolve the civil war. A long-discussed Political Consultative Conference was finally convened in Chunking and ran from the 10th to the 31st of January 1946. It was responsible for adopting rules and procedures for a broadening and reorganisation of the Central government in order that it could incorporate representatives from all aspects of the political spectrum. On January 7th the Committee of Three met, consisting of Marshall as Chairman, and General Chang Chun and General Chou Enlai as Nationalist and Communist representatives respectively. This body worked toward the creation of a ceasefire, which came into effect on January 13th, and also the


69 The Political Consultative Conference comprised parties from across the political spectrum, including the KMT, the CCP, the Liberal Democratic League and also the Youth Party.
formation of an Executive Headquarters in Peiping with responsibility to implement and monitor any ceasefire agreement. Despite a final agreement being reached on a plan to reorganise and integrate communist forces into a national army in February, Marshall found it increasingly difficult to implement decisions, particularly in the face of Nationalist obstruction. Whilst he had been angered by the Communist occupation of Changchun during April, Marshall was increasingly frustrated by the nationalists persistent refusal to include Manchuria in any ceasefire. Clearly, the KMT believed they had to enter negotiations to placate the United States, but that a military solution to the communist problem was within their means and remained their primary objective. Therefore, throughout 1946 truces continually failed and were patched together again. The KMT remained confident of military success, and the CCP, perceiving this, were increasingly stubborn and unyielding on key issues. By September Marshall was giving serious consideration to requesting his recall, and whilst the latter part of 1946 saw a number of attempts to resolve the Civil War, including the Five Man Conference, the Committee of Three and Third Party Mediation, all failed to secure a lasting peace. Marshall, under increasingly vicious personal attacks from both the CCP and the KMT, and frustrated by Chiang’s refusal to accept any responsibility for failed negotiations, abandoned his personal attempt at negotiation in January 1947, 'pronouncing a pox on both houses'.

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70 The Five Man Conference was intended to supervise a lasting truce agreed in June, and comprised Dr Wang Shih Chieh, the Nationalist Minister for Foreign Affairs, the Kuomintang Chief of Staff General Chen Cheng, PCC member Shao Li-tze and Generals Chou En-lai and Tung Pi-wu as CCP representatives. Both this body and attempts at third party mediation through a political consortium drawn from the PCC failed to resolve any issues, largely due to the nature of terms and conditions set by each side as a prelude to ceasefire agreements.

71 Lyman P. Van Slyke, op.cit, introduction p.xxiv.
Given that this was the political background to events in China throughout 1946, British policy was focused on three central issues. Firstly, the outcome of the Marshall Mission was of utmost importance. A quickly negotiated settlement to Communist-Kuomintang problems would restore both confidence and trade in China, and would therefore provide potentially lucrative opportunities for Britain to re-establish and expand its influence in the region. Whilst this would also be possible during a civil war, peaceful stability obviously would allow a greater flexibility and wider options for British policy makers. The second issue was the need to define and protect British interests in China, both to defend priorities in the event of a full-scale war, and to create a foundation from which peace could be exploited in London's favour. Finally, and perhaps separate to the two issues above, was the question of the fate of Hong Kong. In this thesis, the role of Hong Kong will not be considered in the light of general British policy towards Imperial possessions or Commonwealth states, but rather in terms of the problems Hong Kong posed for Anglo-American and Anglo-Chinese relations within China itself. The issue remained of how Britain would respond to events in China, or even seek greater involvement and influence there, if Hong Kong remained an increasingly sore and obtrusive bone of contention.

Given the uncertainties of 1945 discussed earlier, the replacement of General Hurley, and Marshall's subsequent arrival in China in December 1945, was greeted with enthusiasm by the Foreign Office. George Wallinger, the British Chargé d'Affaires, reported from Chungking that Marshall's 'quiet, dispassionate approach' was a welcome innovation following the 'flambouyant' Hurley, who had done much to confuse the nature of Anglo-American relations in post-war China.72 Sir Horace

72 FO 371 53561 F25/25/10 Seymour to Bevin Tel:568 29/12/45.
Seymour reported to Bevin that there was a growing confidence within Chinese politics since Hurley's removal, most notably on the CCP side, and he observed in early January a 'growing conviction that [a] settlement cannot long now be delayed'.

British relief that Hurley had been replaced was clearly manifested in early reports, with Seymour again noting '...there can be no doubt that General Marshall is far better qualified than General Hurley - himself rather fond of generalities - to see that any agreement is properly tied up'.

Marshall brought an air of strength to the negotiations, and both sides initially responded to his presence, agreeing to implement a ceasefire and convening the Committee of Three to supervise proceedings under Marshall's chairmanship. However, the Foreign Office's view of events was still conditioned by caution, as the staff within the Far Eastern Department continually identified a wider series of problems. These ranged from the difficulties of absorbing CCP troops into the proposed National army to supervising ceasefires, and were complicated by the implications of a continued Soviet presence in northern China.

Reports from Chungking also continued to highlight difficulties in dealing with the Kuomintang, believing they were to a large extent 'playing along' with Marshall to secure American aid, whilst still believing that they could 'settle the Communists without conferences'.

Similarly, Scott remained sceptical about Chiang Kai-shek's commitment to introduce political reform, particularly with a reorganisation of political machinery and the Constitution suggested by the People's Political Council when it met in March and April. Here again, British concerns over the ability of the KMT sensibly to negotiate...

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73 FO 371 53561 F 25/25/10 Seymour to Bevin Tel: 24 6/1/46.
74 FO 371 53670 F1364/384/10 Seymour to Bevin Tel: 25 6/1/46.
75 See FO371 53670 F 470/384/10 Sitrep 24/1/46, Sitrep 20/3/46, and also FO371 53561 F 686/25/10 Seymour to Bevin Tel: 24 12/1/46.
76 Ibid., WO Cipher 3/1/46.
rose to the fore, as Scott commented that the party and Chiang 'have no intention of
surrendering their power except to the National Assembly, and then only nominally'.

Even Ambassador Seymour's originally optimistic reports had lost their
enthusiastic edge within three months of Marshall's arrival, continually noting
Chiang's aggressive attacks on the CCP. He also reported a conversation with Chou
En-lai when the Communist general had commented 'no-one should expect a quick
solution of a quarrel which has lasted twenty years'. Observing the distrust evident on
both sides, Seymour summarised 'I was unable to derive from this talk any hope of an
early settlement - at any rate of a lasting one'. Such assessments were eventually to
prove correct. Despite constant cajoling from Marshall, both sides were unable to
create any sustainable common ground. Political machinery and brokered deals proved
ineffective against a historical background of deep suspicion between both parties and
against the United States. The difficulty of Marshall's role was an emphatic reminder
of the problems American policy faced, and London again readily perceived a duality
between a public desire and political intent in the United States - at every level it
seemed a policy lacking co-ordination, coherency, and the effective application of
material support. It was these factors which encouraged the British to continue to seek
influence in China independent of the United States, whose initial post-war policy in
China appeared to have ended with the return of Marshall to the United States in early
1947.

Yet despite this perception of American policy difficulties, it was clear that
Britain was very much the poor relation in the search for influence in post-war China.
The ending of the concept of extra-territoriality during the war had inevitably curbed

77 FO371 53670 F6308/384/10 4/5/46.
78 FO371 53670 F10311/384/10 12/4/46.
the ability of foreign powers to intervene in domestic Chinese politics, yet the move by the Chinese to reclaim foreign settlements and concessions was viewed with unease by the British, particularly due to its unilateral and apparently arbitrary execution. Chinese reclamation of British property without consent or co-ordination prompted the Foreign Office to approach the State Department in an attempt to create a joint policy with which to negotiate with the Central government. 79 Again, this was a reminder of the need for American support, and again the event emphasised a lack of co-ordination in Anglo-American affairs. The State Department was unwilling to intervene, and reports grew in September of American military police standing by as British citizens in China were subjected to armed searches. It appeared that whilst the United States had been informed of such action, and police provided to ensure no Americans were searched, the State Department 'did not see fit to give prior warning to the British authorities of what was planned'. 80 This frustrating lack of communication was exacerbated by a growing number of issues upon which the Chinese and the British disagreed, particularly regarding Tibetan and Indian frontiers and the future of Hong Kong. Increasing criticism of the British in China's national press prompted Seymour to stress to Bevin in March

...the keynote of China's national policy: no hostile criticism of the USSR or the US lest they retaliate by political or economic sanctions, or the withholding of financial facilities, but no such immunity need be accorded to Britain and her coveted possessions. 81

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79 FO371 53561 F1709/25/10 Seymour to Bevin Tel: 668 11/3/46.

80 FO371 53569 F13832/25/10 21/9/46.

81 FO371 53562 F4121/25/10 20/3/46.
The most coveted possession for China was Hong Kong, a vibrant port and economy, and a telling symbol of a history of foreign involvement in China. Throughout 1946 the Chinese government was increasingly vocal in its protests over the development of a new airfield and transmitting station in Hong Kong. This was backed by continuous student agitation, particularly in southern China, for the return of both Hong Kong and Macao to China. By the end of the year, Sir Ralph Stevenson (who had moved from the Yugoslav Embassy to replace Sir Horace Seymour as Ambassador in April) was continually reporting increasingly provocative propaganda against Hong Kong, focusing on 'feeble' incidents in order to call for Hong Kong's retrocession. There was certainly debate over the future of Hong Kong within the Foreign Office, but it focused not on the issue of retrocession, but on how to portray British determination to retain the colony in the face of Chinese opposition. The debate accepted as a fundamental point the need to retain a British position in the Far East without antagonising China, whilst also promoting further opportunities for the extension of British influence in the region. Certainly Foreign Office staff were uncertain that the Colonial Office would be sympathetic to the difficulty of general relations with China, and wanted to see a new governor of the colony (when military control was returned to civilian authorities) who would be

...free from preconceived notions about the maintenance of the status quo, and an attitude divorced from traditional sympathy with vested interests in the colony. He would above all need to be in sympathy and understanding with the Chinese mentality and outlook. 

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82 FO371 53571 F17605/25/10 7/12/46.

83 FO371 53631 F2134/113/10 13/2/46.
A further problem for British thinking on China, beyond portraying a favourable stance to the Chinese, was the need to ensure the United States did not become involved in the issue. Already concerned by Hurley's anti-British comments in 1945, Kitson noted in February 1946 that 'There is no doubt...that the American public as a whole are sympathetic to the return of Hong Kong to China', continuing '...it is fairly certain that any Chinese demand for the rendition of Hong Kong would have the support of the United States government and of American public opinion'. The Foreign Office's favoured policy was therefore to avoid emphasising a return to the status quo, whilst retaining a firm hold on Hong Kong with a policy 'to demonstrate to our critics in China, America and elsewhere that our intentions are good'. The desire to placate China and avoid debate with the United States helped shape the Hong Kong issue within Foreign Office policy towards China. Whenever problems arose, London sought to play down the issue and therefore minimise debate, particularly within Anglo-American affairs. Whilst it was an important issue for the more general Far Eastern policy for Britain, the Foreign Office did not intend to allow it to impinge on the closer focus of China policy, and certainly not its relationship with the United States. British policy in China therefore needed to restore influence partly in order to preserve an imperial position, and also to exercise some direction over American policy to ensure it remained aloof from a potentially debilitating debate over Hong Kong.

84 FO371 53632 F3237/113/10 28/2/46.
85 FO371 53632 F5107/113/10 'The Future of Hong Kong' Para 42 4/4/46.
Whilst the Marshall Mission continued to seek a negotiated settlement to the
Civil War throughout 1946, the Foreign Office became increasingly aware that
American interest in China was also concerned directly with a need to counterbalance
any extension of Soviet influence in the region. An informal meeting between the
American Secretary of State for Foreign Affairs, James Byrnes and his Soviet
counterpart Molotov at the Moscow Council of Foreign Ministers in December 1945
saw Molotov attempt to secure a time limit for the withdrawal of American troops
from China.\textsuperscript{87} Byrnes argued that the Americans would remain in China until all
Japanese troops had been disarmed and returned to Japan.\textsuperscript{88} Kitson observed that this
retort demonstrated the Americans 'are as much interested in preventing any increase
of communist influence in China, as in disarming the Japanese'. Scott similarly
suggested that an American withdrawal would isolate Central government forces in
northern China and allow an extension of Communist control, concluding that this
would translate into an extension of Soviet influence in northern China.\textsuperscript{89} Scott's own
views on the nature of Chinese communism were reflected in a debate within
American policy-making at the time. In June 1946 George Kennan, the American
Ambassador in Moscow, had produced a memo summarising Soviet aims and tactics
in China, and Soviet relations with the CCP. In this he suggested that the Soviet
Union sought 'predominant influence' in China, yet argued 'our files contain no evidence
either proving or disproving that Yenan now receives and acts on Moscows orders'.
Indeed, the CCP grew 'not because of, but despite relations with Moscow', and had
evolved as a mature communist party with its own interpretation of Marxism, its own

\textsuperscript{87}FO371 53576 F37/33/10 1/1/46.

\textsuperscript{88}Estimated at the time to be in the region of 300,000 troops.

\textsuperscript{89}FO371 53576 F37/33/10 4/1/46.
army and a political administration. As Kennan suggested, they were 'no fugitive band of conspirators'.90

During 1946 there were an increasing number of reports to the Foreign Office of an open schism in American policy-making. The British Embassy at Moscow noted that Marshall, whilst on a visit to the Soviet capital, avoided the US embassy and reported directly to the President and the State-Army-Navy Co-ordinating Committee 'possibly, we imagine, because he is concerned about State Department leakages'.91 A further letter from Alan Watson at the Moscow embassy to Peter Westlake in the Foreign Office's China Department suggested the State Department favoured a moderate policy towards Yenan 'as and when they regain the say-so about American policy in China'.92 A.G.N.Ogden from the Shanghai consulate made similar comments to Wallinger, who had moved with the Embassy and the Central government to Nanking in April 1946. He suggested American-Soviet competition for influence was an unequal struggle because while the latter side [the S.U] have a clear idea of what they want, an organisation through which to work, and a united and well-drilled official staff, the former do not appear to have any clearly defined objective, have to work with and through the party now in power in China...and must operate through a number of agencies...so that there is little co-ordination of effort and frequent breaks in continuity of policy.93

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90 See Kennan's report in FRUS 1946 vol IX, p.119 10/1/46. Whilst Van Slyke suggests that there is no evidence that Marshall ever saw this despatch, there is similarly none to the contrary. Certainly, Marshall's approach to the CCP was centralist and even-handed, particularly in the early stages of the negotiations.

91 FO371 53688 F8041/757/10 31/5/46.

92 FO371 53619 F14426/109/10 Watson to Westlake 26/9/46.

93 FO371 53575 F11481/35/10 12/7/46.
George Kitson was quick to note the paradox of an American decision to remove troops from China, apparently to force the KMT to negotiate with the CCP, at a time when the nationalists were enjoying considerable military success. Whilst John Vincent, Head of the Far Eastern Office at the State Department, had claimed American troops were needed to maintain American policy in China, rumours of the removal of 50,000 marines demonstrated a readiness by the American military to withdraw. The lack of clarification prompted London to consider 'whether the State Department are kept fully informed of the plans and intentions of the US military authorities in China'.

Given these apparent contradictions in the formulation of American foreign policy, British attempts to restore a strong independent position in China fell primarily on the organisation of a trade mission to tour the country. It was also seen as important as an attempt to counterbalance the expansion of Soviet as well as American influence in China. George Kitson wrily noted the wholesale stripping of Manchuria's assets by the Soviets, observing they 'seem to have well-compensated themselves for their eight day war against the Japanese'. Kitson was clear that Soviet intentions focused primarily on Manchuria, seeking a subservient political administration and economic domination over the area, reinforced by a potent military presence. Scott was unsurprisingly more forthright:

There has never been any doubt in my mind but that the Chinese communists are closely connected with Moscow, and that, while they have been encouraged to come to terms with the Kuomintang in China proper.

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94 FO371 53568 F13357/25/10 September 1946; see also FO371 53619 F14182/109/10 28/9/46.

95 FO371 53685 F4225/757/10 26/3/46.
the main interest of the Soviet Union has lain, and still lies, in Mongolia and Manchuria. 96

The decision to send a trade mission was approved in April 1946, with the Foreign Office noting 'Apart from any other consideration, it is considered unwise to leave the field too long to other interests'. 97 Members of the China Association, comprised of industries involved in trade with China, were relieved. They had appealed for a mission in early January, arguing the need for a counterpoise to the 'great weight of American pressure and propaganda' in China. 98 Horace Seymour had been similarly vocal before his departure, arguing for greater urgency since 'the Americans may otherwise become firmly installed'. 99 There were inevitable limitations on any such mission. The Chancellor of the Exchequer stressed the Trade Mission could not offer any trade credits at all, at a time when America was in the process of sending four experts to supervise post-war reconstruction with a further 50,000 technicians due to leave America by the end of 1947. 100 It was therefore demonstrative of the limitations placed on British foreign policy that the Trade Mission's purpose was not to search for orders but to seek a general discussion of problems. There was some encouragement to be gleaned from this. Wang Shih-chieh, the Central government's Minister for Foreign Affairs made several favourable comments on the missions' declared intent not to seek orders but to aim for a general discussion of issues, suggesting in Stevenson's words 'the USA might be militarily somewhat stronger, but that the U.K's moral prestige

96FO371 53735 F5393/5393/10 10/4/46.
97FO371 53643 F6443/116/10 April 1946.
98FO371 53641 F1124/116/10 18/1/46.
99FO371 53642 F2614/116/10 20/2/46.
100See FO371 53644 F7181/116/10.
stood very high'. Indeed 'the Chinese had compared the missions attitude with that of American economic missions who were so frequently composed of carpet baggers on joyrides'.

Whilst the trade mission offered a welcome counter-balance to problems over Hong Kong and territorial concessions, the need to re-establish influence was focused as much on Soviet encroachments as it was on American largesse. In 1946, both emerging superpowers seemed well-placed to compete for influence, and Britain had no choice but to participate in what would become a three-way race, or be excluded. The Foreign Office solution was to seize any opportunity for greater co-operation with the United States rather than be outcompeted by both. In February 1946 the Far Eastern department considered how best to respond to renewed Soviet interest in Manchuria, eschewing a direct appeal to either the Soviets or the Chinese for clarification in favour of approaching the United States government to seek a joint policy. The decision was not to press ahead of the United States, but rather to support American policy and welcome consultation. As John Sterndale-Bennett, the Head of the Foreign Office Far Eastern Department until early 1946, noted

I doubt it would be wise of us to appear entirely indifferent to this development. On the other hand, of course, we do not want to get involved prematurely; nor do we want to get involved independently of the United States.

A recognition of the need for a degree of co-operation with the United States was tempered by an awareness of divisions within American policy making and an evident lack of overall direction. Whilst Britain constantly sought clarification of

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101 FO371 53648 F16436/116/10 11/10/46.
102 FO371 53684 F2954/757/10 25/2/46.
American policy throughout 1946, and supported the Marshall Mission in its search for reconciliation, America's reluctance to approach or collude with Britain over China increasingly was prompting the Foreign Office to pursue, where possible, an independent line. The pessimism felt by London over American deficiencies was well-reflected in Kitson's draft brief to the Trade Mission in August, two months before its planned departure.

The reality of American competition and predominant American influence in China at the present time is a thing the mission should bear in mind, with the consideration however that there is room in China for us all...the mission should perhaps be aware confidentially...of the unfortunate suspicion and lack of co-operation shown by the Americans in post-war trading matters...as exemplified by the fact that they have refused to let us see, or get any real idea of their own draft commercial treaty, on the pretext that consultation in such matters would amount to ganging up on China.  

Whilst the British were critical of the way in which American policy in China was made, it is evident that there were occasional problems within the Foreign Office, with differences emerging in determining the nature of the CCP 'threat'. Whilst not as vehemently anti-Soviet as the United States, London responded fretfully to news of any communist encroachment of foreign possessions. Unable and unwilling to back any side in the Civil War, Britain was uncertain how Chinese communism would express itself should it seize power. Whilst Lamb, the Minister at the British Embassy in Nanking, equated CCP anti-foreignism with that of the Boxer movement, Wallinger, the British Minister there, reported the CCP were most concerned to avoid America establishing an exclusive interest. His conversations

\[103\] FO371 53645 F12139/116/10 26/8/46.

\[104\] FO371 53670 F9328/384/10 24/8/46.
with Chou En-lai led him to believe that Britain and France would be welcome to expand their influence in the south, and he also suggested that communist proposals for settling the Manchurian issue were pro-USSR and anti-KMT rather than avowedly anti-imperialist. Yet Scott in London was unconvinced, arguing Britain should not consider closer collusion with the CCP 'until it is definite beyond a shadow of a doubt that Yenan is not acting in collusion with Moscow', continuing 'I cannot see how we can gain...by our bringing pressure to bear on Chiang Kai-shek to admit communist, alias Russian, participation in their government'.

Further discussions centred on whether the CCP was a united entity, and whether Communists based in Manchuria were more pro-Soviet than Mao's Yenan group. Britain's military attaché, Brigadier Field suggested not, and also believed Moscow's influence was not as considerable as expected. He reported in November that 'at present...they [the communists] are doing quite nicely by themselves, and are playing the Russian game at the same time'. However, in October after Kalgan had fallen to the nationalists (thus opening the route into Manchuria for the KMT), and ceasefire talks subsequently collapsed, Kitson suggested the communists had been 'asking for the moon' under Moscow's instruction, and had now been forced to accept they had missed the chance to establish a coalition government. Indeed, he went further following a CCP refusal of further negotiations under Marshall's mediation in December, suggesting 'the communists have burned their boats and have gone over, for better or for worse, to the Russians'.

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105 FO371 53671 F10956/384/10 29/7/46, see also Ibid., F10721/384/10.
107 FO371 53673 F16432/384/10 14/11/46.
108 Ibid., F16525/384/10 19/11/46.
109 Ibid., F17425/384/10 12/12/46.
This fluctuation in estimations regarding Communist intent was matched by an uncertainty over the future of the KMT. Frank Roberts reported a conversation with Chiang in Moscow in April, when the Generalissimo had spoken of the need to draw nearer to Britain. Scott argued that these comments should be ignored, and cited a stream of obstacles which were a barrier to any co-operation, not least the questions regarding Hong Kong, India and Tibet. As negotiations failed again in December, the British accepted the need to reassess whether to support further searches for political solutions, back the KMT, or 'whether we should leave the government to fight its battles unaided'. Certainly, late 1946 brought a flood of derisory comments on Chiang's Kuomintang forces, with Stevenson suggesting Chiang's October ceasefire proposals (following the capture of Kalgan) were 'a mere smokescreen of the public eye'. He went on

It is hard to see in the continuous harping on semi-defunct agreements anything but an attempt to avoid assuming direct responsibility for a breakdown while in fact pursuing a policy designed to maintain the political and economic chaos in China.

Chou's rejection of Chiang's ceasefire terms were seen by Stevenson as 'a play for time' by the Communists, as rumours mounted of an imminent attack on Yenan. As the economic situation continued to deteriorate, successful mediation by Marshall and Stuart (the American ambassador) was seen by Nanking as 'remote', with

111 Ibid., 8/5/46.
112 FO371 53571 F17620/25/10 10/12/46.
113 FO371 53569 F15267/25/10 21/10/46.
114 FO371 53570 F16299/25/10 9/11/46.
negotiations facing 'a complete deadlock', although the British did not believe Marshall would withdraw completely since Chiang could not hope to carry relations with the United States 'to the point of an infinite break'. Yet by December the broad consensus was that negotiations had failed, and that Chiang Kai-shek would prosecute a military solution to the CCP 'problem'. Stevenson's assessment of the political situation in China therefore seemed to be the most accurate, suggesting the CCP favoured a fluid situation in China as opposed to an American-organised government, and Chiang's policy was to wait and see, hoping that the United States (and to a lesser extent Great Britain) would shore up the government position. Most tellingly, Stevenson observed 'American policy toward China itself has not yet definitely crystallised. It has suffered from a duality that was perhaps unavoidable'.

In September 1946 the China desk of the Foreign Office began preparing a policy document on Anglo-American relations with China, highlighting and considering the various problems that such an approach faced. As George Kitson observed to Esler Dening, the Assistant Under-Secretary of State for Far Eastern Affairs at the Foreign Office and Chair of the Far Eastern Committee advising Cabinet,

Just as Mr Wallace is nervous about the United States being dragged on the coat tails of British imperialist policy in the Middle East, so we want

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115 FO371 53569 F15071/25/10 18/10/46.
116 Chiang Kai-shek estimated he needed 8-10 months to crush the CCP. See FO371 53673 F17604/384/10.
117 FO371 53571 F17620/25/10 'The Political Situation in China' December 1946.
118 FO371 53672 F13295/384/10 'Policy Document' September 1946.
to know where American imperialist policy in the Far East is going to lead us.\textsuperscript{119}

The Foreign Office memo unsurprisingly cited a negotiated settlement producing a stable government as the best outcome for Great Britain and the United States, observing

The United States have, by virtue of their influence and resources, assumed the role of leadership in promoting a settlement between the two Chinese factions. For the reasons outlined above, what America does in China is of vital importance to us in relation to the future. While we may not be able to contribute effectively to the promotion of a settlement, it is important to us to know where American policy is going to lead us. It is particularly important that we should know of any contemplated change in the present direction of American policy in China which might involve, for example, a discontinuance of the present efforts at mediation and a withdrawal of American armed forces from China.\textsuperscript{120}

The consequent policy recommendations made to the Secretary of State in October were therefore derived from these views.\textsuperscript{121} Great Britain should aim to keep in step with the United States policy insofar as it offered support to the Central government, should resist attempts to discriminate against British influence in China, and strengthen cultural ties. Significantly, the document also stressed the need to avoid attacking or criticising American policy, seeking resolution of any problems through diplomatic channels and the implementation of policy in a similar way. It further suggested that despite the fall of Kalgan, attempts by the KMT to defeat the CCP

\textsuperscript{119}ibid., 13/9/46.

\textsuperscript{120}ibid.

\textsuperscript{121}FO 371 53672 F1535/384/109 18/10/46.
militarily would be 'like chasing a ball of mercury'. It seemed that the Foreign Office had little faith in Chiang's ability to conjure up a speedy and overwhelming military success. The document produced evidence of a Foreign Office 'line' regarding the CCP's relations with the Soviet Union, observing 'There is no reason at present to suppose that Soviet policy in the Far East is motivated by aggressive as opposed to defensive designs', and concluded by highlighting skills the British possessed that others lacked, namely in shipping, banking, insurance and distribution in China. In an upbeat conclusion, the report suggested that once Britain recovered a position in world trade, it would be able to reassert an influential role in Chinese politics.

Less than one year after the end of the Second World War, the Foreign Office was expressing clear doubts over American aims in China. The United States had to some extent been dragged into a commitment to Chiang by domestic pressure and a fear of communist expansion which held broad-based popular roots, yet this had also been exacerbated and manipulated by the operation and preconceptions of certain key staff. The State Department's position as a key instrument of American foreign policy was not clear, particularly given Hurley's attacks and Marshall's apparent distrust of his advisors. The policy imperative was also towards a rapid withdrawal of American troops, without ceding further ground to communist expansion, whilst also maintaining a degree of influence over China's internal affairs. Torn by a series of contradictory objectives, with a divided and confused policy process, American foreign policy offered little prospect of the coherence which Britain sought in China's affairs.

\[122\text{Ibid.}\]

\[123\text{Ibid.}\]
As a result, the Foreign Office moved to isolate British interests from American scrutiny (for example over the issue of Hong Kong), and to promote British interests independently. Yet the sending of a trade mission to China in late 1946 was indicative of the reality of Britain's position. It could not despatch high-powered, high-profile statesmen - China was simply not an urgent priority on the foreign policy agenda. Nor could vast resources be made available to promote British influence, since they simply did not exist. Similarly, the political situation was in a state of flux - the Nationalists appeared to have the upper hand, yet had not conducted their military campaign with competence or clear organisation. The Foreign Office was wary of openly supporting Chiang, but broadly supported moves towards a lasting peace. Unable and unwilling to commit limited resources to an as yet inconclusive struggle, Britain was prepared to broadly (and therefore vaguely) support American initiatives in an act of both realpolitik and good grace under the 'transatlantic alliance'. However, the Foreign Office also moved to develop and pursue separate policies whenever British interests were more clearly identifiable and more readily secured.

In effect, the Foreign Office viewed both the CCP and the KMT with evident disdain. Having perceived the problems encountered by the United States, it felt strongly committed to the need to avoid backing one side against the other. A position of influence could be created independently once post-war trade had sufficiently improved, and in the meantime closer co-operation with the United States was to be preferred. This would counterbalance Soviet and Chinese hostility to British interests, and also help neutralise American opposition to its perceptions of Britain’s activities in China at both a commercial and political level. Closer co-operation allowed greater consultation and afforded considerable benefits to the Foreign Office’s policy in China. Britain, a weak and vulnerable imperial power, would preserve and strengthen its Far Eastern position through collaboration with American strength. Duality and dislocation within American foreign policy-making afforded opportunities to
manipulate American policy in Britain's favour. In 1946 Great Britain's post-war position in China was to be built on American strength, with the ultimate aim of competing in that country as a considerable Far Eastern power.
Chapter Two


Whilst in early 1947 the Foreign Office remained concerned with the question of communist aims in China, British policy still had to address a wider series of issues. A proliferation of policy papers encompassed issues as extreme as the possible disintegration of China. It was clear that policy was being formulated in the broadest terms, responding to a wide series of possible developments. This approach was largely a reflection of the chaotic state of China's internal affairs. Who would win the Civil War? To what extent was a victory for Mao a victory for Stalin? Could Chiang remain as an effective leader of the Nationalists? What would follow the Marshall Mission? The lack of effective co-ordination with the United States, emphasised by a lack of consultation and frequent demonstrations of policy dislocation in Washington, enforced a British policy based upon a flexible and fluctuating series of priorities. These will be examined in this chapter. This was not a disadvantage for the British of course, since they had few specific large-scale interests in China. More importantly, it allowed the Foreign Office to observe the notion of Anglo-American co-operation without becoming politically committed to a joint policy. It could support actions by the United States without any commitment to any policy outcome. The intention was therefore that Britain would not become inextricably linked to any of the specifics of American policy.

Inevitably, political events within the United Kingdom and across Europe were to exert considerable influence over British policy in the Far East. This was expressed
particularly in terms of economic and physical involvement, and the British attitude towards any extension of communist power. The wartime victory over Germany and Japan had resulted in an over-extension of British resources, and the tightening Soviet control over the newly-liberated Eastern European states appeared to be forcing a political division of the continent between East and West. As Britain moved to accommodate these realities in Europe, it was increasingly forced to adjust its foreign policy aims and objectives globally.

Between 1945 and 1947 Britain's relationship with the Soviet Union gradually worsened, a problem focused particularly on the failure to negotiate an acceptable series of peace treaties specifically for Eastern Europe, and Soviet behaviour in Eastern Europe in general. In September 1945 the London Conference of the Council of Foreign Ministers which involved Britain, the United States, the Soviet Union, France and China, had met to consider the settlement of a series of peace treaties dealing with Finland, Hungary, Romania and Bulgaria. Molotov, the Soviet Foreign Minister, called for the exclusion of France and China from these meetings, an action which seemed to indicate to the Foreign Office that problems within the victorious allies were increasing. The Russians also requested an end to American control of Japan, a Soviet role in the control of the Dardanelles, and also the mandate for Tripolitania on the Mediterranean coast. The Soviet Union's failure to respect or effectively to implement the Declaration on Liberated Europe agreed at Yalta was also seen by Western governments as an indication of Stalin's intention to dominate Eastern Europe as a series of satellite states, even if the cost was a division of Germany. The Soviet challenge to Britain's Middle Eastern position, the maintenance of which was seen as essential to its strategic security, was further emphasised by the Soviet occupation of parts of Iran in 1946, and the British perception of Soviet support
for the communist group in the civil war being fought in Greece. Whilst Britain struggled to accommodate or counter-balance Moscow's interest in the Middle East and the Eastern Mediterranean, it also came under Soviet attack at the newly-formed United Nations, within the Soviet press, and at later CFM meetings in Moscow and Paris.

Alongside the problems of the deterioration in Anglo-Soviet relations lay the issue of American interest in Europe. Byrnes's conduct at the December 1945 Conference of Foreign Ministers (when the Joint-Declaration on China was signed) was viewed by the British as problematic. The American Secretary of State for Foreign Affairs's unilateral initiatives, frequently without any consultation with America's firmest ally, gave cause for concern at a time when the British position in the Middle East, Greece and Turkey seemed under threat from Moscow. This lack of co-ordination between the United States and Great Britain frustrated the Foreign Office's attempts to clarify American policy, particularly regarding any future US role in Europe. As events in Greece and Turkey emphasised that Britain could not sustain its great power role, security issues were confused by uncertainty over American intentions and the threat of reconstructed Soviet power.

These problems were exacerbated for the Foreign Office by worsening economic conditions within the domestic economy. Rationing had continued beyond the end of the war, and Britain found itself responsible for post-war administrative roles in European and Far Eastern territories, including significant involvement in Germany and Japan. Not only did these commitments require the large-scale deployment of manpower at a time when Attlee's government was anxiously attempting to reduce or at least limit defence expenditure, it was also a burden on Britain's depleted resources. Having sold off the majority of its foreign assets in order
to pay for the war, there was now no money left in the Treasury coffers to pay for food or the raw materials necessary to rejuvenate the economy, or to fulfil Britain's commitments to its empire or to the new members of the Commonwealth. Certainly, as Ritchie Ovendale suggests, if Britain had hoped to maintain or pursue an independent foreign policy after the war, it had to be grounded in firm if not unshakeable economic foundations.¹ Yet having been thrown into confusion by the sudden end of Lend-Lease in the autumn of 1945, a harsh winter in 1946-47 plunged the British economy into further crisis which was to result in the suspension of the convertability of the pound.

As a consequence, between 1945 and 1947 the priority for British foreign policy had been with Western Europe and the Middle East, with political preoccupation focused primarily on the search for domestic economic stability. The central issues had been the need to ensure a continued American presence in Europe, yet to guarantee British security without antagonising the Soviet Union.² By 1947 British strategic planning was focusing on the need for explicit Western European security structures which could accommodate the United States, and whilst being ostensibly anti-German would operate principally as a mechanism to counter the perceived Soviet threat. As Britain battled through one of its fiercest winters ever, the Foreign Office was more relaxed over American involvement in Europe, and had been reassured by Byrnes's speech made in Stuttgart in September 1946, which had emphasised an American intention to remain in Europe. However, the Paris CFM

²D.C.Watt., ibid., Chapter Two p.57.
meeting in July 1946 failed to resolve issues over the fate of Germany and its wartime allies, and there appeared to be an increase in Soviet support for communist groups agitating within France and Italy. In early 1947 the conduct of British foreign policy became almost entirely impossible due to the economic crisis, and by May the United States had taken over British responsibilities in Greece. As the United States became increasingly involved in guaranteeing Europe's political future, Britain focused on strengthening its own Western European position. In February 1947 the Dunkirk Treaty was signed between Britain and France in the first steps towards a formal political division of Europe which would pit the resources of the United States and Western Europe against the might of the Soviet Union and the wider communist bloc.  

In early 1947, given this deterioration in Anglo-Soviet relations over European issues at the Moscow Conference, the Foreign Office was compelled to review its attitude towards both the Chinese Communist Party and the implications for Britain of a CCP victory in the Chinese Civil War. Although British foreign policy in China had traditionally been conducted by treating that country as a unique entity in international affairs, the schism between east and west in Europe and the rise of an apparently monolithic communist bloc gave cause for concern, and potentially for a reorientation of policy within China. This could have readily realigned Britain firmly alongside the

United States in its opposition to the spread of communism. Indeed, the crucial element of British foreign policy in China after 1945 was that policy could not be conducted in isolation. The Soviet threat to Western Europe was seemingly reproduced in Asia with renewed Russian interest in Manchuria. If Soviet communism threatened the peaceful stability of Western Europe's democratic traditions, the nature of Chinese communism had also to be clearly evaluated.

In 1947 there was a division of opinion within the Far Eastern Department of the Foreign Office, sparked primarily by the difficulty in defining the Soviet role in the Far East and specifically the aims of the Chinese Communist Party. The Foreign Office had taken note of Soviet readiness to hand over arms and equipment to the CCP as it withdrew from the Chinese territory it had occupied in 1945, and certain Foreign Office officials, A.L.Scott at the China Desk in particular, actively sought to identify the operation of a Moscow-Yenan axis. Clearly, British policy in China was not conducted in a Far Eastern vacuum of traditional British approaches, and events in Europe throughout 1947 and 1948 influenced opinions and policy orientation. Crucially however, debate within British policy-making centred principally on the Far Eastern Department in 1947, particularly between the analysts A.L.Scott and G.Kitson. Opinion and analysis which was passed on to Esler Dening, Orme Sargent and ultimately Ernest Bevin was largely uniform, and no evidence of Foreign Office division emerged within any final policy. Whilst there was considerable discussion of the nature of Chinese communism, and rifts between China Desk officials occasionally emerged, the differences did not translate into a divided policy. This was in clear contrast to the American foreign policy-making machinery, which had demonstrated open differences with Hurley's resignation in 1945, had been conducted under the
glare of public scrutiny, and involved a well-documented struggle between the State Department, Congress, the military establishment and Truman's administration.\footnote{Again, American foreign policy towards China in this period has been widely documented. For a general review of the debates see Borg and Heinrichs (eds.), \textit{Uncertain Years. Chinese-American relations 1947-1950} (New York: Columbia University Press, 1980).}

The debate within the Foreign Office over the nature of Chinese communism was intense during 1947, and stemmed primarily from an inability clearly to delineate Mao and Yenan's relationship with Moscow. The Foreign Office had to decide whether, in being prepared to deal with the Communists, or at least to accommodate their views, they were not simply dealing with an extension of Soviet power. The policy issues as perceived in London were principally concerned with whether a CCP victory would lead to an increase in Soviet power in the Far East, the implications of a CCP victory for the British position in China, and consequently whether or not Great Britain should offer Chiang Kai-shek closer support to stave off potential defeat. These latter questions will be considered later in this chapter, but the most important issue for the Foreign Office in the winter of 1946/47, given the failure of the Marshall Mission to mediate peace, was whether the Chinese Communist Party was actually representative of a broader extra-national communist movement. This was not an issue which could be readily resolved, and primary sources suggest that this stemmed principally from Scott's vehemently anti-Communist stance.\footnote{Scott's contribution to the debate was steeped in a deep mistrust of Marxist-Leninism. Whilst this was occasionally taken beyond the realms of objectivity, his continued pessimism contributed to the Foreign Office's analysis in prompting frequent reviews of communist conduct and intentions.}
Certainly, the information sent by Ambassador Ralph Stevenson from the British Embassy now based at Nanking was without political bias. Despite a distrust of Chiang Kai-shek's administration and its supposed readiness to reform, the government's publication of the record of Communist-Central government negotiations since 1944 was seen as 'studiously moderate', and its principle points to resume peace talks and to pursue government reorganisation in early 1947 were described as 'most reasonable'. At the same time, Stevenson observed in January that the Chinese Communist Party was hoping for a discussion of Chinese issues at the Moscow Conference of Foreign Ministers. This suggested without confirming that the CCP held out the prospect of Russian support for their position, if not outright Soviet interference in an issue which had hitherto been dominated by the United States. Whilst the Soviet Union had not displayed great interest in Chinese affairs beyond Manchurian issues, it now seemed possible that Moscow would seek to rival Washington for primacy in China. The Embassy was also clearly aware of the nature of the Nationalist Administration, particularly in its use of 'a mixture of veiled threats and cajolery' in arguing for American aid, and in warning of the 'implications' of a Nationalist collapse. It was precisely the issue of the instability of the Central government, and the lack of knowledge of Chinese communist practices which proved most vexing for the Foreign Office. As Leo Lamb, a member of the British Embassy

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6 FO 371 63317 F823/76/10 Stevenson to Bevin Tel:60 21/1/47. Chiang Kai-shek's National Government offered to reconvene negotiations at either Yenan or Nanking, introduce a ceasefire, pursue a reorganisation of the national army along the principles set out by the Three Man Committee, and resolve the problems of regional administration.

7 FO 371 63327 F10249/76/10 11/7/47.
Staff at Nanking, was later to report, ‘...the trouble is that there is little to choose between the two sides, whose slogans equally echo chauvinism and xenophobia and whose spirit is one of repression’.  

A further problem for analysts of China's domestic politics was the role that communism played within the country’s political structure. Following reports of a government clampdown on civil disturbances and demonstrations, particularly those organised by students, Lamb was prompted to report that whilst there could be little doubt of communist involvement in anti-government agitation, that should not necessarily mean that popular opinion was dominated or effectively manipulated by pro-communist bodies. He suggested that well-synchronised opposition to government policies was ‘in fact a manifestation....of the nearest approach to public opinion which can exist in this country against Kuomintang fascism’. Scott felt obliged to minute after this document that he personally had little doubt that the communists played a central role in manipulating opinion. The Foreign Office view was that communist propaganda would disseminate into public politics, and as such Scott’s views were diluted when translated into an official interpretation of the role of public protests. There was to be no hard-line stance against communism in China - following reports of communist action in newly captured areas, particularly the liquidation of landlords property and the forced conscription of propertied classes, the Foreign Office stressed that this was less the action of CCP regulars and more to do with exuberant and uncontrollable Political Commissars and the associated ‘riff-raff’ which followed in the wake of communist advances.

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8 FO 371 63327 F13215/76/10 29/9/47.

9 FO 371 63324 F7753/76/10 27/5/47.
Yet following CCP attacks on British and American 'imperialism' in China, Kitson noted that Yenan's readiness to swallow Moscow's propaganda 'hook, line and sinker' was both 'significant and disturbing'.

If the Foreign Office had to resolve the question of linkage between Moscow and Yenan, a question complicated by the presence of Li Li-san's openly pro-Moscow communist forces in Manchuria and Mao's more independent forces controlled from Yenan, Scott did little to contribute a meaningful analysis. Whilst the China desk of the Far Eastern Department noted the possibility of an intra-CCP split between the Yenan and Manchuria groups, Scott happily continued with his general theme of the 'tissues of distortions and untruths' contained within communist propaganda, and lamented the CCP's readiness to be 'prisoners within a gilded cage'. In February 1947 the Nanking embassy sent a copy of an article in the Shanghai newspaper Wen Hui Pao, which attacked 'slanders' by members of the American Republican party against China. Whilst it was intended to indicate the depth of feeling aroused by America's China policy in some influential areas of the Chinese community, Scott noted 'I differ from Chancery and hardly think it worthwhile to have sent home this sample of communistic propaganda'. In January he had commented on Marshall's frank and public note of exasperation following the failure of the Marshall Mission. Scott shared Marshall's frustrations, yet also observed 'Why should one want to compromise with extra-national Communism?'. Scott's firm belief in the direct link between Yenan and Moscow was emphasised in December

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10 FO 371 63318 F1520/76/10 18/2/47.
11 Ibid., A.L. Scott.
12 FO 371 63331 F2457/85/10 28/2/47.
1947, when he outlined explicitly his own estimation of the role of the communist group

It would seem to be in the interests of His Majesty's Government that the Central Government of Chiang Kai-shek should not collapse since the only viable alternative is a Communist - and subsequently a Russian dominated government. 13

Unfalteringly willing to perceive a Soviet hand behind every CCP move, particularly in the Communist rejection of the Central government's negotiation proposals, Scott had emphasised his anti-communist stance, and was unmitigating in drawing a link between the Soviets and Mao, and in pursuing the notion of a clear monolithic communist bloc. In May he had observed in his usual wry tone 'The Chinese communist party as elsewhere follows the gospel according to St Marx', and readily dismissed the concept of Chinese communists under Mao as politicised agrarian reformers as 'a pathetic fallacy'. 14 Similarly, Scott's dismissive assessment of the role of the CCP predisposed him towards wholehearted support for Chiang Kai-shek's regime, despite almost daily reports of the Generalissimo's corruption and mismanagement from the British Embassy. Whilst Lamb had suggested that the CCP and the KMT were each as bad as each other, Scott was more clear in his view that

The present government of China, like the present government of Greece, may not be all that it should be, but it is at least preferable to a communist

13 FO 371 63273 F16504/13/10 23/12/47.
14 FO 371 63388 F6544/376/10 17/5/47.
government which would deny the blessings of 'democracy' to all who did not subscribe to communist political theories and practice.  

In July 1947 a briefing paper entitled 'Will China Disintegrate' was prepared by the War Office to assess military developments within the country. Whilst a separate team of analysts now identified the CCP as being clearly Marxist-Leninist (citing the persecution of the landlords and the suppression of Christianity in CCP-held areas), they did not believe the CCP to be a strong enough unifying force, nor did they conclude that there was a decisive Soviet link. Noting that only ‘anti-foreignism’ had ever united China, the War Office suggested that CCP attempts to dominate the country might indeed precipitate popular revolt, assuming that the CCP had not already disintegrated under the pressure of inter-necine splits such as that apparently threatened by Li Li-san.  

Scott was again openly dismissive of these conclusions, assuming that the hard-line pro-Soviet element would succeed to power and then discard ‘the threadbare garments of agrarian reformers’, and that any popular revolt would be ‘doomed to failure against a cohesive and strongly directed force’. Having laden his analysis with this series of assumptions, Scott went on to conclude ‘One cannot apply Chinese principles to China where communism is concerned, only communist principles, which are the same all over the world’.

It was at this point, in August 1947, that divisions finally emerged and Kitson felt obliged to balance the Foreign Office debate. He noted on 13th August that

15 FO 371 63328 F14473/76/10 11/11/47.
16 FO 371 63325 F9509/76/10 Briefing Paper 'Will China Disintegrate?' 22/7/47.
17 FO 371 63326 F10513/76/10 12/8/47.
18 Ibid.
‘Chinese people reacted pretty effectively to the ‘cohesive and strongly directed’ force of Japanese aggression’. When an embassy report suggested Chiang Kai-shek's downfall would not necessarily lead to a communist government, Scott criticised the reporter, Lamb, for being fooled by a statement ‘drafted...by some clever communist propagandist’. Kitson immediately retorted ‘I think we must be aware of the assumption, implied in Mr Scott’s minute, that because a man is anti-government he must necessarily be a communist or a communist tool’. When Scott suggested that a communist 'bogey' did exist to challenge any replacement of Chiang, Kitson again argued forcibly against any such assumption. On August 11th he noted ‘For goodness sake let us face the facts in this dispute, and recognise the KMT are rotten to the core, not rush to their support every time the Embassy, who after all should know best, venture to criticise them’. Whilst the debate about Yenan's Moscow links continued through 1947, the strength of Mao's position within the CCP and the question of the CCP's ability to overthrow the Central government, policy was still formulated in a level-headed way. Scott's transferral to the Home Civil Service in 1948 after a prolonged period of leave would suggest he was not supported in his unerringly anti-communist views, and that the Foreign Office gave particular importance to the balanced and informed reports sent by Stevenson and the Embassy staff in Nanking.

Indeed, Stevenson's views of political developments which reached London in March 1947 were the epitome of fairness, and did not particularly focus on the issue of

\[19\text{FO 371 63326 F11410/76/10 22/8/47.}\
\[20\text{Ibid., Kitson.}\
\[21\text{FO 371 63326 F10249/76/10 11/8/47.}\

a 'communist menace' which had so bedevilled American foreign policy. Early 1946 had seen a period of 'artificial detente' if anything, argued Stevenson. The Marshall Mission, the Moscow Declaration on Non-Interference and Mao's visit to Chungking had all offered positive indicators for a peaceful solution. Indeed, the prospects for peace had been encouraging, with an agreement reached in early January for a cessation of hostilities between the warring factions. Whilst the Political Consultative Conference had encountered difficulties fulfilling its role, largely due to the deep mistrust felt between the CCP and the Nationalist forces, obstacles to negotiations were not simply Communist-inspired, as Scott would have it. Rather, it seemed 'horse-trading rather than intransigence was the order of the day' in Stevenson's eyes.

The CCP were aware that a Central government army organised along American lines would be far more potent than in its present form, and the Nationalists were equally aware that any American aid would be conditional upon 'a genuine bid for political compromise'. This had been a central reason behind the British decision to support the Marshall Mission and to play a marginal role in Chinese politics in 1946. Even though General Marshall had left in despair at the end of the year, he had left behind a series of agreements which were proof that negotiations could succeed. Agreement had been reached in January 1946 on the need to re-organise the government, the army and also the National Assembly and a draft constitution. Minority parties were to be admitted into the Executive Yuan and a National Assembly was to be convened with membership representative of the political

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22 FO 371 63326 F4491/76/10 China Survey for 1946 from R.S. Stevenson 14/3/47.

23 Ibid.

24 Ibid.
situation in 1936 and changes since that date. Most significantly for the CCP, not only was there to be a re-organisation of the Legislative Yuan to incorporate broader political representation, there was also to be a revision of a draft constitution by a committee representing all the components of the Political Consultative Committee, and the role of the CCP armies was to be considered by a three man committee under the Chairmanship of General Marshall himself.25

However, early optimism had soon been quashed. The Three Man Committee reached ‘a less hopeful achievement than had first seemed possible’, and the committee set up specifically to consider the constitution was ‘floundering in a morass of sterile argument’. Again however, Stevenson identified reactionary cliques within the Kuomintang as being a serious obstacle to peace, particularly due to their intransigence over progressive constitutional issues. The 'communist bogey' had however risen to the fore in Manchuria. Moscow announced a decision to complete a withdrawal of their forces by April, the CCP rushed to fill the vacuum in Shantung and Kiangsu, whilst the Nationalist troops flew armies into the city of Mukden. This competition for territory renewed hostility, and the fragile negotiations again broke down over a direct physical issue. The 'race for Manchuria' ensured the collapse of constitutional negotiations and the indefinite postponement of the National Assembly as the CCP and the minority Democratic League refused to appoint candidates. Chiang Kai-shek also seemed to focus on the battlefield rather than political negotiations as a means of seeking a settlement through the application of explicit force, and this in turn inevitably led to a stiffening of attitudes on both sides.

25 Ibid.
Serving notice that it had run out of patience, in June 1946 the United States Government stopped military aid to the Central government and withheld a $500m loan to China unless negotiations were restarted properly. Despite having made considerable gains throughout August, Chiang Kai-shek bowed to pressure from the Americans, and the CCP similarly held back. Politically, Chiang's action helped to wean away a number of minority parties from the pro-CCP line, enabling him to convene a National Assembly without the CCP which readily passed a new Constitution. Again, Stevenson's reports of these developments were studiously balanced, noting Chiang's resistance to proposed constitutional amendments by Kuomintang reactionaries and suggesting 'it appeared that he was honestly desirous of going down in history not as the man who suppressed a revolution, but as the man who brought democracy to China'. Of the Marshall Mission, the British Ambassador observed that its intervention in China's internal dispute had brought 'a special quality of uneasy intimacy to that relationship', and that through Marshall's efforts 'Washington had been “learning the hard way” about the cares and pitfalls of worldwide responsibility'. With regard to Britain's relations with China, Stevenson also included in his report brief details of anticipated difficulties, particularly that 'latent cause of friction', Hong Kong. Whilst suggesting that the KMT did not want to raise the matter in an 'acute form', he stressed the need to be wary of 'hot heads' within the right of the KMT group, particularly those who 'do not allow considerations of the

26 Ibid.
27 Ibid.
national interest to interfere with their traditional rights to stir up the mud beneath this particular piece of water.\textsuperscript{28}

Stevenson's report succinctly encapsulated the emerging policy issues for Britain during 1947, as well as reinforcing the lessons learnt from events during 1946. Principally, Marshall's attempted intervention in the Chinese Civil War had encountered short-term success but failed over the twelve month period, largely due to the intransigence and suspicion of both warring sides. In doing so, it had exposed the United States to wider criticism and greater embroilment in a difficult political environment. This confirmed for the British the essential correctness of a policy of non-intervention for themselves: since they were far too weak to directly seek to influence events, it seemed preferable to seek manipulation rather than direct involvement. Despite a policy of non-intervention in the Civil War, British foreign policy had to be geared towards a short term relationship with whichever group held power, and a longer term preparedness to accommodate an eventual winner. This issue was clouded by difficulties both within the Central government and in the Communists' political orientation. However, President Chiang Kai-shek was the principal difficulty in maintaining a British position in China, given his evasiveness over serious political matters, and his unwillingness to accept the need for reform. The Foreign Office was constantly preparing itself for the fall of Chiang either through popular opposition or American pressure, but there remained little certainty as to who would take over his mantle.

Essentially, this quandary centred around the nature and capability of Chinese communism as a political force. Could a deal be struck with the Chinese communists

\textsuperscript{28}Ibid.
should they come to power, or would they simply be, as the United States political establishment largely accepted, 'an adjunct of soviet power'? Would a split emerge in the CCP, either before or after a military victory, and could Britain be certain that the CCP could hold on to power if it were to defeat the Nationalist forces? The crucial difference between American and British foreign policy at this stage was the flexibility available to the Foreign Office in dealing with whichever side proved victorious in the civil war. Whilst dealing with Chiang's regime, their policy was not, unlike the Americans, inextricably linked with the success of the Nationalist Government. Nor had they committed themselves to any interpretation of the nature of Chinese communism beyond a recognition of its orthodox Marxist-Leninist content and Scott's occasional outburst. Despite the overwhelming material presence of the United States, the British retained the opportunity to finesse any American policy decision following the conclusion of the Civil War by virtue of the very weakness of their own position. It was therefore evident that a policy based on pragmatism could also operate as a lever of influence.

Yet the British position in China was not a hostage to the fortune of American intent. Rather, their direct involvement in the conflict was restricted to a support of American policy within given parameters. Britain had a series of outstanding issues which clearly gave it different priorities to American policy in China, most notably over the nature of British trade in China and the issue of Hong Kong. In a note prepared specifically for Conservative Party headquarters in January 1947, the aims of British foreign policy in China were explained:

During and since the war we have, of necessity, played 'second fiddle' to the Americans, but the Americans have to some extent overplayed their
own hand and there is a good deal of antipathy for them among the Chinese people, who dislike the suggestion of patronage implicit in the behaviour of many of the American troops and in a good deal of American policy. The British position is that we are old commercial friends of the Chinese, that we have no territorial ambitions there, and are concerned only with the development of a healthy two-way commerce between the two countries. On this basis, Britain can develop a healthy and friendly relationship with China without involving herself in the very complex internal political disputes and adjustments, in the settlement of which no foreigner is, or ever will be, welcome.  

This was a very clear statement of policy underlining British views of both China and the United States. It essentially reasserted a long-standing maxim, that years of experience in Chinese affairs made British policy more attuned than relative newcomers such as the United States. Similarly, whilst the Foreign Office viewed their policy as in touch with Chinese realities, they saw American policy as an application of a broader foreign policy based on vast resources rather than a more sophisticated understanding of China’s particular intricacies.

However, whilst aware that the commitment of the United States to China's internal problems had exposed the Americans to criticism, the Foreign Office, given its unwillingness to pursue a more active role, was equally unwilling to see an American withdrawal. When this suggestion was mooted towards the end of January with the failure of the Marshall Mission, the Foreign Office noted with some alarm that adequate protection of British nationals and their property in China could be 'jeopardised by any state of disorder or chaos resulting from the American withdrawal'. An American presence was seen as vital to the stability and continued

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29 FO 371 63317 F76/76/10 Notes for Conservative Party Headquarters 3/1/47.

30 FO 371 63318 F1209/76/10 20/1/47.
operation of physical British interests in China, which could not be more effectively protected or guaranteed. Whilst Britain was competing for influence with the United States on one level, its presence within China was conditional on the continuance of the very involvement Britain hoped ultimately to rival. However, this essentially parasitic relationship was also conditioned by wider security issues beyond the safety of British nationals. In the same minute concerning the possible withdrawal of American forces, the Foreign Office was also quick to note that such a move ‘would produce a void which the Soviet Union would no doubt do its best to fill, to the potential detriment of British interests, not only in China but perhaps further afield’.31

A vital issue for Britain in 1947 was therefore the viability of Chiang’s regime, both in terms of the need to assess Chiang's ability to resolve the civil war effectively, and what forces would fill the power vacuum that would be left should he fall. In March, Scott went as far as to suggest that the disintegration of China should Chiang’s position collapse could only benefit the Soviet Union, and that the CCP in power could be disastrous for the British position in China.32 Whilst accepting the Embassy’s many criticisms of Chiang's regime, the British could still 'speak the same language' as the Central government, and they were infinitely preferable as the administration with which the British would have to negotiate. Scott argued that

We must carry on as before, and while supporting American efforts to persuade the Chinese government to introduce democratic ways and methods, generally to preserve an attitude of non-interference and see that others do the same.33

31Ibid.

32FO 371 63321 F4120/76/10 27/3/47.

33Ibid.
It seemed that the accepted view at the Foreign Office was that American involvement in China was necessary and acceptable during the Civil War, that Britain should continue to support a policy of non-intervention, and that this should be continued unless a third power sought influence through involvement either directly or by proxy. The issue for the Foreign Office was therefore whether the Chinese communists were simply an extension of Soviet power, and how they should be dealt with.

Whilst this was a longer term policy, Bevin met with Orme Sargent, the Permanent Under-Secretary at the Foreign Office, and Esler Dening in February 1947 to discuss the immediate issues concerning China. The key policy concerns revolved principally around the grave political and economic situation in China, and the repercussions for foreign powers should Chiang resign or be deposed. In Britain's case, the political instability within China emphasised a need to preserve their position in Hong Kong, and to remain resolute in this decision if any political crisis in Nanking had consequences for the British presence in the territory. For economic reasons, emphasis was placed on the need to conclude a Sino-British commercial treaty following the trade mission, in an attempt to generate revenue for the British economy, and to continue the process of recovering British properties seized by the Japanese or either warring faction during the Second World War. It was indicative of the British frame of mind that Dening's minute concluded that they should 'Otherwise try to hold our ground until better times'.

34 FO 371 63547 F1969/1969/10 8/2/47.
The relationship between Moscow and the Chinese Communist party was given a broader consideration at the Moscow Council of Foreign Ministers meeting in March 1947. Here, the problems that China faced were considered under the auspices of an international conference for the first time since 1945. It was unsurprising given Soviet actions in Manchuria and the coolness of relations between the Soviet Union and the Western allies that Britain and the United States were suspicious of Stalin’s interests and motives in China. Tensions over a post-war settlement in Europe were now clearly evident, but the central problem for Britain now was not simply a lack of clarity and support in American policy, but also renewed interest in China by the Soviets.

British policy-makers reconsidered the role of China within the CFM following Stevenson's telegram from Nanking in January 1947. He observed that the CCP were hoping for a discussion of China's internal difficulties at the summit, hopefully with the prospect of Soviet support for CCP aims, if not open and direct Soviet interference in the negotiation process. It is significant of the wariness of the British about any such Soviet initiative that Dening was made aware of the telegram on the same day that it reached London, and he commented instantly on the need for the Nationalist government to be involved in any considerations of the Chinese situation. Tellingly, he observed ‘Our attitude must therefore continue to be against any interference, and particularly against interference in which Russia has a hand’.

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35 FO 371 63317 F1019/76/10 Stevenson to Bevin Tel:77 25/1/47.

36 FO 371 63317 F1018/76/10 27/1/47.
The question of the political situation in China inevitably arose at the Conference in Moscow in March. Yet it was as much an expression of cold war tensions generally as it was an indication of close links between Moscow and the CCP. The Foreign Office made stringent and continuous attempts to keep China off the agenda at Moscow, particularly after Molotov requested a discussion of the issues without China being present. Here Britain and the United States were resolute: any discussion had to include the Chinese government. Again the response was a clear indication of the British and American determination to prevent any extension of direct Soviet influence within Chinese affairs. They were of course supported in this by the Central government, which had an obvious interest in restricting any possible support for the Chinese communists. On March 11th, the first time Molotov called for discussions on China, Stevenson telegraphed from Nanking confirming the Chinese government's decision that even if China were to be represented at the Conference it would not permit any discussion of its internal affairs.37 Dr Wang Shih-chieh, the Chinese Minister for Foreign Affairs, was prompted to make a public declaration to restate this position, emphasising 'It cannot be overstressed that the internal problems of any state represented in the Council of Foreign Ministers do not lie within the Council....The Chinese government will not in any manner agree to the inclusion of such problems in the agenda of the conference'.38

Yet whilst the Western allies had been united in resisting Soviet attempts formally to discuss Chinese affairs, this belied the growing problem of American-British co-operation within the country. Whilst it had been in both country's interests

37 FO 371 63547 F1969/1969/10 18/2/47.
38 FO 371 63547 F3390/1969/10 13/3/47.
to attempt to prevent an expansion of Soviet influence, it also re-emphasised the extent to which both Britain and the United States pursued separate policies with little consultation. Indeed, in a Foreign Office meeting which included Bevin, Sargent and Dening held in February to discuss the forthcoming summit, the minutes noted 'China - Everything will depend upon future American policy, which General Marshall might be moved in Moscow to expound'. 39 Whilst the United States and Britain worked together in Moscow, with Marshall finally forcing Molotov to agree to 'a strictly limited exchange of information' regarding the Chinese political situation, he crucially did not provide a clearer insight into American policy for the British. 40 Subsequently, as the British position in China became critical in 1947, with a series of domestic crises in Britain, severe economic problems and apparently renewed Soviet interest in Chinese affairs, co-ordination with the United States beyond basic measures disappeared almost entirely. Indeed, after Marshall had ended attempts at negotiation and mediation in China in December 1946, the Foreign Office were left with little indication of what official American policy would be, and the issue was not really clarified at the Moscow Conference. As Scott remarked in February on the Americans' withdrawal of the Marshall Mission, 'All this amounts to is letting the Chinese stew in their own juice. The danger is that for American relish there may be substituted Russian seasoning'. 41 Yet for British policy in China in 1947, the central issue was how to maintain even a seat at the dinner table.


40 FO 371 63320 F3569/76/10 17/3/47. This 'exchange of information' finally resulted in an exchange of letters limited to reviewing advances since the 1945 Moscow Declaration of Non-Interference.

41 FO 371 63318 F2089/76/10 18/2/47.
If Britain were to maintain or build upon a position of influence with China, sound economic foundations were an obvious precondition. A strong tradition of Sino-British trade had ensured a pre-war position of influence for Britain, but as has already been demonstrated, this had been massively overshadowed by the presence of the United States, particularly since 1942 following America’s entrance into World War Two. With firmly established strengths in its banking, shipping and insurance enterprises in China, Britain however seemed well-placed to exploit its vast experience and innumerable contacts after the end of the Second World War. Yet a dislocation of this policy stemmed not only from Britain's domestic economic weakness, but also the prolonged Civil War. Obviously there would be a greatly restricted scope for economic regeneration as long as the war continued, but British trade with China was also further frustrated by the operation of an arms embargo on both sides in the civil war, which had been agreed by Bevin and Byrnes at the Paris Conference of Foreign Ministers in July 1946. For the Foreign Office, anxious to reassert an independent British policy in China but restricted by the need to maintain a broader Anglo-American front, it was frustrating to possess a surfeit of armaments which could not be easily sold to a ready buyer, offering financial reward and potentially political influence. Again it was evident that the problem was not purely one of domestic British attitudes, but confused and unclear American policy-making with what constituted detrimental implications for British interests.

The State Department had operated a de facto arms embargo against Chinese interests since August 1946, although this had not been made public knowledge in the United States. It had been unwilling to sanction the sale of armaments unless there was a radical reform of Chiang’s political organisation, and further proof of military
competence by the Nationalist forces. The China Desk unsurprisingly believed that Chiang would be unwilling to negotiate with the CCP if he could readily secure a supply of American armaments. The level of support for Chiang within American politics was such that the State Department was at first reluctant to reveal the operation of such an embargo, which was indicative of the fierce debate and political pressure regarding American policy towards China during this period. This also meant that in order to maintain any degree of co-ordination or co-operation with the United States, however feeble, certain potential British sales and transactions had to be referred to the State Department before the Foreign Office could offer an opinion on whether an export licence could be granted.

This level of consultation from London to Washington was not reciprocated by the United States. Having sold the manufacturing rights for jet aircraft engines to China in 1946, the Foreign Office was presented with the opportunity to approve an order for Gloster jet air-frames.\textsuperscript{42} This would have been a lucrative source of finance, but under the terms of the embargo the application for an export licence was refused. It was demonstrative of the Foreign Office attitude that the State Department aide-memoire requesting a denial of an export licence was used to repudiate allegations raised in Hong Kong that Britain was circumventing the embargo. Indeed the Foreign Office was frequently champing at the bit to supply the Central government in China. A request for 100 Lancaster bombers, worth £500,000 to the British balance of trade was viewed as a borderline case by the Foreign Office under embargo definitions, since the Chinese government avowedly only planned to use them as 'military

\textsuperscript{42}FO 371 63271 F375/13/10 January 1947.
It was only once the War Office pointed out the ease with which bomb racks could be fitted that the Foreign Office decided not to support the application.

Despite occasional efforts to avoid the strict terms of the embargo, the Foreign Office appeared to honour the terms of the ban. In January 1947 it was agreed that manufacturing rights for jet aircraft would be sold to China, but that the supply of materials and particularly ammunition could not be countenanced. In May, Britain sold basic radar equipment to the Central government only after close consultation with the State Department, and also sought American advice on supplying training material to the Chinese Air Force. Indeed, in February 1947 a stern rebuke was administered to the Governor of Hong Kong, Sir Mark Young, for his stated support to continue exporting small arms and ammunition from Hong Kong to Southern Chinese municipalities and police forces. However, in May 1947 the State Department bowed to political pressure following the withdrawal of the Marshall Mission and announced its decision not to continue refusing requests for export licences for defence material. This sparked considerable debate within the Foreign Office as to whether its own ban should be continued. Kitson noted the potential criticism the government could receive in the House of Commons if they were to go back on a declared policy, and in doing

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43 FO 371 63272 F8865/13/10 May 1947.

44 A large proportion of the files concerned with the application of the arms embargo have been withheld for 50,70, and up to 100 years, so it is difficult to gauge Foreign Office adherence to the embargo.

45 FO 371 63271 F445/13/10 14/1/47.

46 FO 371 63271 F6427/13/10 12/5/47.

47 FO 371 63271 F2299/13/10 21/2/47.
so appear tamely to be following the American line." In the unlikely event that Chiang seriously pursued a genuine and sustainable peace settlement and the communists refused, it seemed to the China Desk that the ban could legitimately be lifted. Otherwise, the United Kingdom would be denied the economic benefits of resupplying armaments whilst the United States continued the exports of arms and munitions. It was accepted that Chinese interest in British arms had probably only resulted from the original American embargo, but it was with reluctance that the Foreign Office China staff accepted Bevin's decision not to lift the embargo. Scott continued to argue forcefully that the policy of non-interference declared at Moscow in December 1945 had clearly failed, and given the lifting of American and Canadian embargoes it made little sense to continue in an isolated position. Yet it was not until December 1947, when the CCP broke into the Yangtse basin and had virtually captured Mukden that the embargo policy came under review, and allowed export licences to be considered 'on their merits'. Britain had foregone a further six months of opportunity to restore influence and expand its commercial role in China.

Wider economic indicators, however, suggested that in reality little could have been gained from an early end to the embargo, not least because of the much closer links between the Kuomintang and the United States. The Trade Mission report on China concluded that the majority of Chinese cities were in a state of 'considerable disruption and disrepair', a view that could equally be applied to the Chinese economy.

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48 FO 371 63271 F7185/13/10 May 1947.
49 Ibid., Kitson commented on May 30th 'It is not as if our embargo were holding up a great flood of arms shipments from this country to China'.
50 FO 371 63273 F16504/13/10 December 1947.
in its entirety. In balance, the report also observed that since 80% of the economy was based on agricultural production, the possibility of recovery or rehabilitation was not to be abandoned, and that Britain would be unwise to turn its back on an acceptedly disrupted but potentially huge market such as China.\textsuperscript{51} Leo Lamb's reports on the prospects for British trade had been similarly pessimistic about short-term opportunities for British economic interests in China, noting the report presented 'a rather gloomy picture of discrimination and incompetence on the part of the authorities and frustration on the part of the public. The combination of these factors is inevitably stifling individual enterprise and consequently retarding trade recovery'.\textsuperscript{52} The most telling observations came from A.S. Gilbert, at the Exchequers' Export Promotion Department, who wrote to the Foreign Office in September requesting clarification of whether the Trade Mission report was intended as a forecast of future opportunities or as a statement of the present situation. In a note which reinforced notions of the global financial predicament Britain faced in 1947, Gilbert warned 'We cannot afford to encourage exports to China until our hard currency position is better, and we may have to actively discourage them'.\textsuperscript{53} In effect, economic opportunities for Britain in China might not exist at all.

Such economic difficulties made the position of Hong Kong of crucial importance to the Foreign Office in terms of establishing interests in China. The British role in Hong Kong was frequently attacked by a wide variety of Chinese politicians (although rarely government ministers themselves), and made the Foreign

\textsuperscript{51} FO 371 63304 F3584/37/10 'Trade Mission report on China' September 1947.

\textsuperscript{52} FO 371 63305 F4982/37/10 24/3/47.

\textsuperscript{53} FO 371 63308 F12378/37/10 September 1947.
Office increasingly sensitive towards a broader British role in China. The massive spate of protests following the death of a Chinese peanut vendor at the hands of Hong Kong police in January 1947 was demonstrative of the volatility of the political situation there, and the ease with which such incidents could be manipulated by ambitious politicians or mischievous agents provocateurs. Following the outburst of opposition to the British position, Kitson minuted ‘unless or until we are in a position to take a strong line over Hong Kong these pin pricks will doubtless continue, and we shall have to deal with them as best we can’. This comment highlights the sense of weakness Britain felt over its position in Hong Kong and more widely in China, yet is also demonstrative of policy working on two separate levels. One operated within Hong Kong establishing a strong position of potential influence, with the second arguably more important position viewing Hong Kong simply as a factor within wider policy decisions. It was at this level, and specifically within Anglo-American relations, that the Foreign Office worked successfully to keep Hong Kong off any broader political agenda.

It was the presence of such wider considerations which led the Foreign Office into difficulties with the Colonial Office, whose direct concern was the day to day functioning of the British Territory. The Colonial Office was in favour of firm action regarding a series of issues with implications beyond the colony, notably over the role of Chinese government troops awaiting transportation in Hong Kong, the role of Japanese POW’s in the colony, and the question of the jurisdiction which Chinese might have whilst in the Territory. The Foreign Office, for example, was against

54 FO 371 63386 F453/37/10 29/1/47.
55 Ibid.
offering any kind of voting rights to Chinese residents in Hong Kong which differed from qualifications placed on British residents in China, and it is clear that they had a wider series of issues to consider. This most typically led to confrontation with the Colonial Office over political issues, particularly when in May the C.O and the Hong Kong Government wanted to expel the KMT from Hong Kong since they were perceived to be installing a rival government. In June, the Colonial Office also advocated the expulsion of General Li Chai-Sum, a CCP 'fellow-traveller' who had been agitating against the British presence in Hong Kong. Whilst Scott noted that political control had to be maintained, such issues could easily ‘... embroil us with the Chinese Government, who would gladly divert on to a foreign scapegoat public dissatisfaction’. He further noted in late August ‘...it would be unwise to force the issue [generally over the future of Hong Kong] at a time when there are so many uncertain factors in China’.

In a political sense, discussion of Hong Kong's role in China was to be kept to an absolute minimum, without directly avoiding sensitive political issues. Hong Kong's political future was to be dealt with whenever possible in a 'low key' way. Yet economically, as Sir Lesley Boyce's Trade Mission had reported

Hong Kong's economic future is so closely linked with economic developments in China, and particularly in South and West China, that in most respects the two must be considered together. To exaggerate the

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56 FO 371 63788 F5527/376/10 24/4/47.
57 FO 371 63389 F8392/376/10 23/6/47.
58 FO 371 63380 F1171/340/10 29/8/47.
separateness of Hong Kong from China in economic matters is to ignore danger.  

Whilst Hong Kong was a crucial part of Britain's economic position in China, Britain's position was so weak and so sensitive over Hong Kong that the Foreign Office was determined to keep discussions over the Territory's future to an absolute minimum. If handled correctly, Hong Kong could continue to provide a position of potential if not actual strength for Britain in Chinese affairs.

In China itself, Chiang's political situation remained dire. The parlous state of China's economy was subject to almost daily confirmation. In January 1947 monthly inflation in China had risen from an average of 12% in September 1946 to a projected 70% for February 1947. By October that year the Far Eastern Economic Review was predicting the Central government's expenditure on 'defence' would amount to between 70% and 80% of its total budget for the year, against a government forecast of 36%. There had inevitably been a rise in expenditure given the Kuomintang's determination to hold on to Southern Manchuria and Tientsin, areas which had been placed under great pressure by the communist armies, but the Review also noted that the major problem for trade was the passage of goods through China's hinterland, which was controlled largely by Communist or pro-communist guerilla forces.

In February 1947 Stevenson informed the Foreign Office that he had been approached by the Nationalist Foreign Secretary T.V. Soong, firstly with a request for British economic aid, and secondly to request that any inflation figures that the

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60 FO 371 63310 F15410/37/10 Far Eastern Economic Review 27/10/47.
Embassy received be kept secret. Since Britain was undergoing severe economic strains in the winter of 1946/47, it was clear that it would be unable to proffer any large-scale assistance. This was a view which had continually been re-affirmed by the Treasury. Equally important however was Stevenson's perception of Soong's anxiety to introduce economic reform compared with Chiang Kai-shek's relative inertia. Whilst London was already aware of the corruption and inefficiency within the Central government, a vital feature of 1947 was the growing awareness that Chiang was in a sense the central obstacle to progress in reform. British trade would only be rejuvenated if the civil war were brought to a rapid conclusion and far-reaching economic reforms were quickly introduced. Kitson was moved to describe Chiang's hope of a solution to the economic problems by pressing for a rapid military victory as 'pathetic', and was in favour of revealing Soong's approach for help to the United States. This he believed would improve co-ordination with the Americans, yet Scott was opposed to such an initiative. He suggested that Soong’s act was representative of 'an atmosphere of near-panic', and perhaps rightly, that China was capable of weathering a series of economic crises given its predominantly agricultural base.

Certainly, analysts within the Foreign Office were agreed that Chiang was an obstacle to successful reform, and were not predisposed to view Chiang's continued control as an essential tenet of British foreign policy. As news was received of Chiang's reluctance to sell the remainder of China's gold holdings, Kitson described the political situation as a gloomy picture, 'not the least depressing part of which is

61 FO 371 63302 F1675/37/10 6/2/47.
62 FO 371 63302 F1807/37/10 12/2/47.
63 Ibid.
Chiang Kai-shek's reluctance to accept the advice of his experts and face up to the remedies needed to stave off collapse. Scott, unsurprisingly, was slightly more predisposed to support Chiang's position. He suggested that whilst the United States would inevitably have qualms about supporting the Chinese government with a large injection of financial support until its finances were more adequately arranged, the continuing civil war made this virtually impossible and consequently trapped the Central government in an elementary viscous circle. Stevenson was to confirm this view in his March report, noting Chiang was unshaken in his determination to pursue a military solution to the political problems that he faced, and that as long as this philosophy remained the governments' essential weaknesses would remain.

Growing concerns over Chiang's effectiveness as an administrator were further reinforced by the American ambassador, Leighton Stuart, who described him as appearing increasingly tired and harassed. There was equally a mixed response to Chiang's decision to take responsibility for economic and financial matters within the Executive Yuan. Whilst it may indeed have served to make him more aware of the harshness of China's economic reality, there was no guarantee that the extra workload and bureaucracy would not further impede urgently needed reform. Indeed, throughout 1947 Chiang was seen as becoming increasingly desperate as the United States withheld massive economic aid and the all-embracing comprehensive military victory continued to prove an elusive goal. By December, the Embassy believed Chiang to be

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64 FO 371 63302 F2007/37/10 15/2/47.
65 FO 371 63309 F13467/37/10 6/10/47.
66 FO 371 63319 F2860/76/10 Stevenson to Bevin Tel:217 2/3/47.
67 FO 37163319 F3035/76/10 Stevenson to Bevin Tel:231 5/3/47.
on the verge of losing control, particularly as he had appointed his own son Chiang Ching-Kuo to lead operations to curb the rampant black market operating in Shanghai. As Stevenson argued, 'He would hardly expose his son to the loss of reputation that would follow his inevitable failure unless he were practically at the end of his tether'.

George Kitson had reached this conclusion earlier in the year following Chiang's failure to observe his promise to re-organise the Central government, and the State Council's decision to mobilise all resources for an all-out effort against the Communists. In July he observed 'I think it is now true to say that Chiang Kai-shek is himself the main obstacle to peace in China'.

In November Stevenson reported the alarming rapidity with which both the political and military situation was deteriorating for the Central government. Crucially, he observed Stuart to be increasingly pessimistic, since Marshall was preoccupied with events in Europe. The American Ambassador was further irritated by Chiang's reluctance to pursue real reform, and was uncertain regarding the future substance of American policy towards China. The lack of any evident coherency from the United States, which will be examined in the concluding section of this chapter, strengthened the British sense of helplessness emphasised by Chiang's decision to ban the Democratic League in November. Far from opening up his government to encourage a political settlement, Chiang seemed more determined than ever to pursue a military victory without regard to the economic consequences of such action. Stevenson

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68 FO 371 63330 F16980/76/10 15/12/47.

69 FO 371 63325 F9179/76/10 10/7/47.

70 FO 371 63329 F15888/76/10 18/11/47.
believed Chiang's 'optimism' to be shared by few other Chinese, whilst accepting also that 'equally few people have any confidence in the readiness of the communists to negotiate. The atmosphere is therefore one of growing pessimism'.71 Certainly Chiang's military position had frequently appeared to be on the verge of collapse. The Generalissimo had described the government position in Manchuria as 'desperate' in mid-June, and by the end of the summer Ssupinghia was besieged by communist forces, Antung had been evacuated and Yingzhou was under imminent threat. As the Embassy reported, 'the government is everywhere short of troops and on the defensive'.72 Indeed, the British Military Attaché, Brigadier Field, had been requested to prepare a report on the Chinese army's capabilities in 1946.73 It described the government forces as 'notoriously deficient' in basic organisation, administration, supply, training and fighting capabilities, and given its involvement in a prolonged civil war 'its steady deterioration in fighting efficiency was therefore almost a foregone conclusion'. The report struggled to find any enthusiastic comments regarding the Central Government’s military position since it had been involved in a race for territory throughout 1946, had suffered from the western arms embargo until late 1947, and given the poor maintenance and consequent deterioration of equipment. It concluded thus, '...the army is, and for many years must remain, incapable without very considerable outside assistance of offering much more than token resistance to the forces of any modern power'.74

71 FO 371 63324 F7646/76/10 Stevenson to Bevin Tel:567 5/6/47.

72 FO 371 63324 F8366/76/10 22/6/47.

73 FO 371 63439 F4490/4490/10 'The Chinese Army in 1946'.

74 Ibid.
Wider British policy was therefore concerned with projected developments within China, having moved almost to the view that Chiang's position would become militarily untenable sooner rather than later. That view, however, did not necessarily presume that the CCP would be the inevitable heirs of a Kuomintang collapse, and the Foreign Office seemed unwilling to reach any solid conclusions over China's political future. This was in many ways similar to the position advocated by the American State Department in 1947, and when London continued soundings on the American view regarding the impending collapse of Chiang's financial position, they found the State Department unwilling to commit the United States to balancing a budget which spent 60-80% on armaments. John Vincent, head of the State Department's China Office, did not believe that a Kuomintang collapse would lead automatically to a communist victory. Rather, he argued that its disintegration would simply be replaced with regional factionalism, with warlords putting up 'as stiff resistance' as the Central government had done. 75 He also adhered to Scott's view that the massively agricultural and peasant base to the Chinese economy meant that ravaging inflation and any economic collapse would scarcely affect the vast majority of the Chinese people.

The State Department view, whilst not necessarily shared by the American military establishment or the pro-Chiang hawks in Congress, echoed to a large extent the findings of the British War Office paper entitled 'Will China Disintegrate'. 76 This had suggested in July 1947 the possibility of a breakdown into regionalism, or the creation of a pro-Western Kuomintang state south of the Yangtse river and a pro-

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75 FO 371 63303 F2459/37/10 24/2/47.
76 FO 371 63325 F9179/76/10 op.cit.
Russian CCP state to the north of that geographical divide. Whilst also noting that the followers of Li Li-san based in Manchuria were more 'Russified' than those of Mao Tse-tung, as elsewhere the paper concluded that Britain's best hope for influence lay in economic affairs, since whilst the United States would be the dominant ally with a KMT state, economic processes could potentially be more permeable for influence even north of the Yangtse. The Foreign Office in turn accepted most of these views. It saw Manchuria as being most likely to be dominated by the Russians, but held out the possibility that this might readily provoke the 'all-powerful Chinese resentment of alien domination' which could lead to a clash with the Soviets, and that warlordism could easily return to the fore. 

Stevenson had frequently reported such a possibility from Nanking, given the factionalism and cliques within the Central government, and Kitson also advocated treading a wary path in terms of commitments to the Central government, most notably over any form of commercial treaty. This was emphasised by Scott, who having accepted a complete break between the CCP and the KMT believed 'There is really nothing for us to do except to stand aside and hope for the best'. This interpretation appeared to deviate from Foreign Office expectations only in that Scott characteristically hoped that large-scale American intervention could assist the Kuomintang and lead to the emergence of a broad-based democratic government.

This idealism was the only excess evident within the Foreign Office view throughout 1947. Indeed, following the fall of Mao's headquarters at Yenan to

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77 Ibid., FO minutes.
78 FO 371 63322 F5994/76/10 Stevenson to Bevin Tel:454 30/4/47.
79 FO 371 63318 F2357/76/10 18/2/47.
Kuomintang forces in early 1947, Lamb had been quick to argue against undue optimism. He noted on New Year’s Day that

No-one should allow himself any wishful thinking about Kuomintang ‘successes’ being able to shorten the war. Nothing in fact has happened to harm the Communist ability to fight as long as necessary to get a coalition government, and no-one should have any doubts about their determination to do exactly that amount of fighting.80

Indeed, the Foreign Office view which symbolised their policy had been described by Kitson in February 1947 and had continued throughout that year. He did not believe the CCP were yet ready to usurp the Kuomintang, and urged that HMG let the situation 'ride' for a time, to see whether there may be a compromise forced on the combatants in the civil war. Significantly, he argued it would do no harm to let Chiang Kai-shek ‘stew in his own juice’.81

British policy in China in 1947 had been influenced primarily by two key processes. The first had been the withdrawal of the Marshall Mission in late December 1946, and the second a longer-term awareness that Chiang Kai-shek was as much an obstacle to reform as he was a unifying figure for the Central government, if not more so. As a consequence, British attempts to restore or maintain any influence were without the relatively firm foundations which had previously been available. Influence through economic links was at the mercy of the Chinese government's economic performance, and all factors indicated that this would not improve under Chiang's

80 FO 371 63322 F5102/76/10 1/1/47.
81 FO 371 63302 F2007/76/10 15/2/47.
supervision for some time to come, if ever. The extension of aid through loans or credits was in turn conditional upon a recovery in Britain's own economic condition. The American role in China was altogether more ambiguous following Marshall's recall to become Secretary of State. Whilst negotiations between the warring factions had barely been fruitful since mid-1946, they were without a recognised or effective Chairman as 1947 began. For both Foreign Office and diplomatic staff, the apparent dislocation in American foreign policy-making procedure remained unresolved, and Marshall's recall also had to be accommodated into any understanding of the situation. British political influence in China had always been second to American aims and activities since the end of the Second World War, but it was increasingly apparent that American foreign policy in China was without a coherent direction, and that the British would have to be increasingly dependent on their own wits to achieve their policy goals. Such goals were focused on achieving minimal positions rather than maximum gains. This involved avoiding controversy over Hong Kong and maintaining a political profile within Chinese domestic affairs whilst observing a policy of non-intervention. Yet ironically as American policy became less clear and more distant (as emphasised for example at the Moscow Conference of Foreign Ministers in March 1947), co-ordination and co-operation with the United States became even more vital to Britain.

The Foreign Office staff had not been too disheartened by Marshall's recall, partly because his Mission had achieved little in its last few months, and also because he was to take up the position of Secretary of State for Foreign Affairs. In China specifically, the Foreign Office had sought and received confirmation that Marshall's departure did not necessarily mean an end to American mediation, and the
appointment of Dr. Stuart as the Chief American in negotiations was also viewed by London as being 'satisfactory'. Indeed, there was a belief that Stuart could be more acceptable to the Chinese communist group as an American candidate since he was not, like Marshall, ‘too long associated in Communist minds with U.S. military support’.  

The Foreign Office also encouraged active participation in any American-led initiatives for economic restructuring. Once American aid began arriving in large amounts in late 1947, the need adequately to supervise its distribution became paramount. Whilst the British government was initially circumspect about offering its own candidates to help (since they believed it would not be tolerated by the anti-imperialist section of American public opinion) the Foreign Office decided that should HMG be approached to provide any form of specialist knowledge or advice, they should ‘jump at the chance’. The enthusiasm of the Foreign Office for British participation in such projects was balanced by Stevenson's astute awareness of Chinese politics, and in turn he argued ‘it might not suit us to share the considerable odium which will inevitably result from the carrying out of any scheme of supervision’. Again, the search for influence and opportunity was readily balanced by a wariness of exposure to critical comment within China. However, when the Chinese requested the appointment of a British specialist to advise on rationing programmes, the Foreign Office scrambled madly to find a replacement once the proposed candidates were not available. Horrified by Chinese suggestions that they would seek

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82 FO 371 63317 F408/37/10 13/1/47.
83 FO 371 63309 F15129/37/10 14/11/47.
84 Ibid., Stevenson to Bevin Tel: 1059 13/11/47.
an American replacement, Kitson minuted 'I hope not. It is the one field in which we are more competent to advise than the United States'. 85

Whilst the Foreign Office sought ways both to co-operate with and to attempt to control American actions in China on whatever limited basis might appear, it was immediately evident that the British would be pressing the Americans for co-operation rather than vice-versa. Vice-Admiral Sir Dennis Boyd, the Commander-in-Chief of the British Pacific Fleet, wrote in April that the Americans in China were 'evacuation conscious' and ready to leave at the slightest suggestion of a communist threat to physical American interests in China. He concluded 'I do not think we can rely, in the event of any serious trouble, on much more than their co-operation over shipping and their concentration on securing their own important buildings'. 86 British attempts to influence American policy in China would evidently be entirely dependent on constant British pressure, but an American readiness to co-ordinate efforts with Britain could not be readily assumed as a matter of course.

When it had been announced without any warning in January 1947 that American Marines were to be withdrawn from guarding positions of strategic interest and overseeing the repatriation of Japanese troops, it became clear that not only could co-operation not be assumed, but that essential information and important policy decisions would not be passed on to America's transatlantic ally. 87 The Foreign Office angrily minuted the lack of information made available to London on such a fundamental issue, and urged a meeting between the British Ambassador in

85 FO 371 63306 F7604/27/10 6/6/47.
86 FO 371 63390 F6083/376/10 20/5/47.
87 FO 371 63318 F1209/76/10 30/1/47.
Washington, Inverchapel, and General Marshall as soon as possible. London desperately needed ‘an authoritative indication of the real significance of the abandonment of US mediation, and whether it is likely to lead to any fundamental changes in US policy’. 88 This lack of knowledge of the actions of an apparently close partner emphasised the gulf between the two states and their different roles in China. Kitson noted in February that nothing short of full-scale American economic and military aid would save the National Government, and yet was uncertain as to how, when or even if such terms would be agreed upon. 89 This lack of co-ordination was further emphasised at the CFM meeting at Moscow, when Britain found itself participating at a key conference yet was unable to elicit essential information from, or co-ordinate policy with a close ally.

However, there was also an awareness that the United States was unwilling to discuss policy matters because such policies as existed had so far been inconclusive, and had frequently been clearly unsuccessful. After noting the need to express British anxiety to both Chiang Kai-shek and the State Department over Chiang’s failure to reform the National Government, and the need to seek further clarification of American expectations from the State Department itself, a general minute noted ‘the Americans might be feeling a little sensitive about the subject, for such as it has been their China policy has so far failed to pay dividends’. 90 The Foreign Office was driven to the extreme of assessing American policy by observing Congressional procedures, noting in May that the United States would have to declare its policy towards China

88 Ibid.
89 FO 371 63318 F1418/76/10 4/2/447.
90 FO 371 63325 F9179/76/10.
by June 30th, since a $500m loan earmarked for China would elapse on that date. Stevenson sought further information in Nanking, and reported further pessimistic forecasts. ‘No sudden break is expected, but a rapid deterioration from now on followed by disintegration’.

Indeed, government officials in London became increasingly sceptical about the ability of the United States effectively to retrieve or resolve the situation at all, noting Stuart’s request to Chiang for a public appeal to restart negotiations. This came in May, shortly after the United States had repealed its arms embargo, and effectively condemned China to a final bloody military solution. Kitson observed soon after ‘I think Dr Stuart is inclined to let his idealism unbalance his judgement’. Tellingly, most information about American policy in China came not from Washington but from the British Embassy in Nanking, and was then restricted purely to the State Department view. Stevenson reported in July that Stuart and Butterworth, the American Minister Counsellor at Nanking, still saw Chiang as the best candidate to lead the country, and that Marshall might be expected to apply direct pressure in a last-ditch attempt to make Chiang remove the reactionaries from his government and halt an all-out offensive.

Marshall’s uncertainty, particularly his unwillingness to commit the United States to abandoning Chiang or comprehensively to underwrite his military effort, was confirmed by the announcement of the despatch of an American military mission under General Wedemeyer to make further largely military assessments of the situation in China. Kitson also saw Marshall’s announcement as confirmation of what

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91 FO 371 63323 F6759/76/10 Stevenson to Bevin Tel:511 17/5/47.
92 FO 371 63325 F7388 3/6/47.
93 FO 371 63325 F9179/76/10 Stevenson to Bevin Tel:663 7/7/47.
we have suspected for some time, namely that decisions on China are taken by Mr
Marshall himself, usually without consulting with the State Department or the U.S
Embassy in China’.\textsuperscript{94} From a British perspective American decision-making was to be
exposed to and decided by the politically partisan processes of Capitol Hill without
necessarily referring to its advisors within China for further suggestions. Indeed, as
Stevenson telegraphed from Nanking, the first announcement of the creation and
despach of the Mission reached the American embassy via the Chinese Information
Department. He went on to observe that ‘the astonishing way in which the
appointment of the Wedemeyer mission was handled by the United States Government
has caused much heart-burning in the United States embassy here’.\textsuperscript{95} London's
perception of American foreign policy-making was that it seemed to be heading into a
dangerous downward spiral without checks or counterbalances. Stevenson reported
that Stuart was ‘in the dark’ over the purpose of the Wedemeyer Mission, and that
America’s primary representatives within China still believed American policy to be
focused on a structured dialogue as the basis for agreements between the Nationalists
and the Chinese communists.\textsuperscript{96}

Balfour reported from Washington that the Wedemeyer Mission, whilst
ostensibly providing a military assessment of the situation that would be beyond
Stuart’s capability, was obviously an American response to a deteriorating position and
a move towards accepting the need fully and openly to support Chiang against the
spread of Communist influence. Balfour added almost as an afterthought that in a

\textsuperscript{94} FO 371 63325 F9732/76/10 \textit{24/7/47}.

\textsuperscript{95} Ibid., \textit{17/7/47}.

\textsuperscript{96} FO 371 63325 F9948/76/10 Stevenson to Bevin Tel:715 \textit{21/7/47}. 
meeting with John Vincent, the State Department analyst had astonishingly ‘admitted that the United States had no China policy worth the name’. Kitson drew a similar conclusion, suggesting that within Chinese domestic politics ‘the Wedemeyer Mission fits...quite naturally, since the China problem has ceased to be a political one, with any possibility of reconciliation between the Kuomintang and the CCP, and has become a military one’. Two days later he added

large scale American military and economic assistance is now the only hope of pulling nationalist China together and enabling her to resist effectively the tide of Communist infiltration.99

Wedemeyer’s recommendations calling for ‘prompt, bold and rapid action’ by the United States, sent to President Truman in October, were no real surprise to the Foreign Office. The United States committed themselves to the furtherance of the Kuomintang cause, and as Scott cheerily noted, ‘things seem to be moving at last’.100

Of greatest significance was the change in emphasis of British policy during 1947. In January of that year the Foreign Office had sought close co-operation with the United States to counter-balance any Russian expansion into northern China. The Moscow Conference of the Council of Foreign Ministers had therefore seen an Anglo-American front over Chinese affairs, although the reality was a British acceptance of

97 FO 371 63325 F9957/76/10 Balfour to Bevin Tel:3973 16/7/47.
98 Ibid., 28/7/47.
99 FO 371 63325 F10121/76/10 30/7/47.
100 FO 371 63327 F14001/76/10 18/10/47.
American control over broad policy issues. By December the Foreign Office was much more closely focused on the content of American policy, and the actual prospects for its success. Whilst still concerned with defining the true nature of Chinese communism, and the nature of Russia's regional role, the China Desk was more concerned over evident dislocation within the American policy process, particularly since wider political issues (for example over Europe) demanded British support for American policy. Whilst the end of the Marshall Mission and the despatch of General Wedemeyer confirmed weaknesses the Foreign Office had perceived in United States policy, the Foreign Office had also felt restricted in its observation of the arms embargo and was increasingly looking to move beyond minimal positions towards a more assertive policy. Restricted by resources and the confines of transatlantic diplomacy, by the end of the year the Foreign Office was increasingly restless and continually searching to escape from the policy straitjacket of attempts at close co-operation with the United States.

It was significant that the reorientation of American policy brought about by the Wedemeyer Mission did not prompt a reassessment of British aims. A military defeat of the CCP, and the reintroduction of even a degree of economic stability that it would enable were sufficient for British interests at that time. Yet following the extension of Marshall aid to China, and the American decision fully to support Chiang Kai-shek, the State Department seemed to assume that Britain would follow the same policy, and that following a period of disorientation in American policy co-operation would be resumed. In November, Scott restated to Dening that British policy should remain one of non-intervention. 101 American attempts to shore-up Chiang might well

101FO 371 63327 F14418/76/10 17/11/47.
meet with success, but the British view had become increasingly critical of Chiang’s ability to rescue his country, or successfully to prosecute a military campaign against a communist group which had survived military attempts to destroy them for fifteen years. British scepticism over Kuomintang abilities, and now over American foreign policy, was sufficient to encourage the Foreign Office to advocate an independent line and to avoid falling into the pitfalls that they believed the United States had done. Whilst aware that Chiang might save ‘face’ by attacking the British presence in China (having had to accept American conditions for aid), the Foreign Office preferred to accept such a penalty rather than become encumbered by a commitment to a crumbling regime.102 British policy in China was still based on co-operation with the United States if it served to improve its weak position, but it also intended to retain the capacity for independent action should American foreign policy once again lose its way.

102 FO 371 63327 F14137/76/10 22/10/47.
Chapter Three

Decisions Approach: 1948

Despite any political announcements to the contrary, by early 1948 the logic of British thinking was rapidly moving away from American policy. Although vocal in its support for both Chiang and the United States, the previous twelve months had seen increasing doubts in the minds of Foreign Office analysts of both the worthiness of Chiang's regime and the effectiveness of American policy. Whilst Marshall was involved in a political battle to determine both the nature and extent of aid to China, Britain had an increasingly pessimistic view of the prospects for a nationalist victory under Chiang. Similarly, having declared support for the American line over China, it was unclear to the British what this policy exactly consisted of, or how it would develop in both the long and the short term. Indeed, it was unclear how American policy was formulated at all. Consequently Britain had moved towards an acceptance of a de facto communist position in Chinese affairs, and increasingly was ready to accept the situation in order to exploit any opportunity to extend contacts or influence, principally through trade. This was, after all, the underlying logic of maintaining Consular positions in communist-held territory. Britain had placed itself in a flexible position from which it could exploit a lack of direction in American policy. Evidently, British and American policies were increasingly divergent, and a competition for influence in China beyond the civil war had clearly begun.

As the Nationalist position in the war continued to deteriorate to the Communist’s advantage, the question of a joint Anglo-American policy became increasingly critical to London. If Britain and the United States were to ensure a
common front in dealing with the expansion of CCP power, greater co-operation and co-ordination was a vital precondition. It was clearly becoming difficult to observe a co-ordinated policy, when there was no longer a true foundation on which such a process could rest. Whilst hitherto both states had held interests in deterring Chinese communism, in the belief that Chiang's nationalist regime offered better prospects for foreign interests, as his influence waned a reassessment was clearly needed. British policy seemed the more flexible - economic interests demanded an active role in the region, and policy-making was relatively unencumbered by political baggage. Quite the reverse was true of the United States, which had far fewer specific reasons for negotiating with whichever group held power, and a more forceful ideological rationale for opposing the expansion of communist influence.

As the Nationalist forces entered a period of marked decline, with the Communists capturing cities in the north and maintaining a relentless pressure, the different foundations of British and American policy were bound to emerge as stumbling blocks to co-operation. This would not necessarily end in open disagreement, but such differences would inevitably provide Britain with greater opportunities for the expansion of its influence at the expense of the United States. America in early 1948 was pursuing an increasingly anti-communist rhetoric, fuelled by public opinion at home and driven by increased confrontation with the Soviet Union over the political future of Europe. Whilst transatlantic issues may well have forged a bond between the two states over Europe, issues and policies in the Far East prompted a separate series of considerations. The United States, partly through Congressional pressure from anti-communist Republicans, was financially committed to supporting the nationalist forces in the Civil War, however much its Secretary of
State and foreign policy staff champed at the bit for greater freedom of manoeuvre. The arms embargo was lifted and substantial aid made available to Chiang's administration throughout 1948, whilst the United States considered withdrawing Consular representation in areas occupied by the communists and began the evacuation of non-essential personnel. In essence, they viewed their political interests as more closely tied to the nationalist group, and sought little beyond the most basic communication with the CCP.

The British, on the other hand, had far fewer commitments to Chiang's regime, and certainly did not operate under the glare of either public scrutiny or open government. The Foreign Office was anxious to pursue possible contacts with the communists, and was determined that its own Consular staff would stay in place despite the communist advance through northern China. It carefully considered and monitored conditions in areas under communist control, and was not prompted to advise the evacuation of nationals unless dire straits dictated such action. Of course, Britain was compelled to maintain a more stable position, forced in part by the desire of the British community in Shanghai to remain in place even when the city came under direct attack from the PLA. This was indicative of the British belief that future benefits in trade far outweighed any immediate costs (such as the difficulties encountered by British traders in China). As policies diverged, it was also readily apparent to London that an American withdrawal offered renewed opportunities for the expansion of British influence in the vacuum created by American reticence. The American pre-occupation with the future of Chiang and the fate of the nationalists left the field clear for Britain, with its clearly defined interests in China and its physical presence throughout, to seek an expanded role as the pre-eminent Western power in China. Of course, solid foundations had to be laid before such a strategy could be
properly launched, and throughout 1948 Britain was less concerned with formulating policy in alignment with the United States, and more interested in steering its own course.

With regard to developments within Chinese politics, two central aspects of British policy continued through from 1947, although in a more acute form as the military situation deteriorated. Firstly, policy focused on whether Chiang could survive politically the communist onslaught, or even manage to stem the tide south of the Yangtse and consolidate a position within a divided China. Whilst the United States remained in favour of supporting the nationalist effort, the British had always been more sceptical about the efficacy of such a policy, and were far less closely tied in political and moral terms than America. Certainly, as reports mounted up throughout the year of continued financial mismanagement, corruption and inefficiency, British policy seemed vindicated in maintaining a distance from Chiang Kai-shek, and began to look more closely at the prospects of co-operation with the Chinese communist group. This in turn necessitated an accurate appraisal of Mao's ideological inspiration and the communist's attitudes and intentions as their military victories increased. It became more crucial than ever in 1948 that London had a clear idea of the nature of Chinese communism, and the opportunities it might provide for the advancement of British interests. The viability of the two competing groups was therefore the central focus of the British Government's policy, but this did not preclude close monitoring of American views, and when beneficial to British interests, the pursuit of a joint line. British estimations of American policy and the cohesiveness of its policy-making were increasingly as important as its interpretation of political developments within China itself.
The failure of the Marshall Mission in 1947 had been an ominous portent for American policy, and from a British perspective American attitudes had been characterised primarily by disorientation and confusion. For Dening, 1948 offered the prospect of little better fare. The United States seemed incapable of taking resolute action either one way or the other regarding Chiang's future, and divisions within American policy-making apparently remained unresolved. Indeed, the Deputy Assistant Secretary for Far Eastern affairs suggested in January 1948 that

...the Americans are inclined to adopt a rather defeatist attitude about China, and that they cannot make up their minds. If they allow matters to drift indefinitely, a break-up in China will be difficult to arrest.¹

Certainly the Nationalist military position was disintegrating at an alarmingly rapid rate as they abandoned a series of northern Chinese cities including Chang Chi and Kilin. Ambassador Stevenson had been prompted to urge the evacuation of non-essential personnel in the area north of the Yangtse and east of Xian, whilst the Americans had taken more precipitate action and were advising the withdrawal of all personnel, seeing little hope for the situation in Manchuria. R.H.Eckford, His Majesty's Acting-Consul in Tsingtao reported in February 1948 that local commanders appeared to be preparing independent positions in a pre-emptive preparation for a return to warlordism.²

The situation now seemed dire for Chiang. Stevenson noted in June 1948 that there was still no sign of the much promised financial stringency which had been seen as a precondition for Chiang's continued survival, and noted with interest that criticism

¹FO 371 69527 F1120/33/10 20/1/48.
of American vacillation was also rising. A lack of wholehearted support for Chiang's regime by the United States had brought Truman's administration under fire from Chinese who expected more aid, and the United States was similarly exposed to criticism from the CCP for playing any role at all in supporting Chiang. Perhaps more importantly, Stevenson suggested in 1948 that there was a lull in the Civil War as the Communist forces, having secured control of agricultural areas, appeared unwilling to commit themselves to sustained attacks on urban centres. As the Communist advance had gained momentum in early 1948, such a lull was to prove crucial in providing a breathing space for British policy-makers. They would now have time to resolve a series of policy debates which had emerged in 1946 and 1947, and to establish a platform from which a cohesive policy might be pushed forward. This was of crucial importance given Stevenson's report in July 1948 that despite Government attempts to reintroduce stability 'Public confidence however has not been visibly restored and the prestige of the central government is at a very low ebb'. The first issue that Britain was forced to confront in early 1948 was how to respond to Chiang's failure to either reform or effectively lead his regime, and what to do should he fall from power.

Despite the Foreign Office's fervent wishes, it was increasingly obvious that Chiang Kai-shek would not resign as leader of the Central government. Buoyed by sections of the American political community and underpinned by aid from the United States's government he was unwilling to relinquish his own political position. However, as Stevenson reported in January 1948, the notion of eliminating or replacing Chiang Kai-shek within the government's framework was the subject of

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3 FO 371 69554 F8343/35/10 Stevenson to Bevin Tel:488 12/6/48.
increasing discussion in nationalist China. It seemed to the Ambassador that within certain sections of Chinese society ‘he [Chiang] is looked on as the embodiment of the theory that a solution to the communist problem can be reached by force alone: a theory that is becoming more and more discredited’. Chiang certainly remained firm in the belief that a military solution could be achieved. His first meeting with General Barr, newly appointed as head of the US army advisory group, was brought to a rapid close in January when Chiang learnt that Barr brought no new directives from Washington. Scott noted desperately at the bottom of the file ‘If only the KMT would reform itself!’ Reports that the Generalissimo was increasingly irritable and depressed continued throughout the early part of the year, accompanied by a diminished sense of prestige by the leader, with increasingly open talk of the need for change. Chiang’s public pronouncements also continued to indicate his failure to remain in touch with the realities of his own position. In April he told Ambassador Stevenson that the CCP could still be cleared from south of the Yellow River within six months and that the financial situation was also improving!

A further conversation between Chiang, Stevenson and Admiral Kwei (the Commander-in-Chief of the Chinese Navy) took place in mid-May, when Stevenson pressured Chiang to explain his strategy for defeating the CCP. Having recently relieved pressure on the province of Szechuan by a series of military campaigns in the region, Chiang was as confident as ever that nationalist forces could still reverse the

[FO 371 69527 F1636/33/10 Stevenson to Bevin Tel:106 30/1/48.]
[5 FO 371 69553 F5271/35/10 Stevenson to Bevin Tel:335 10/4/48.]
[6 FO 371 69533 F7017/33/10 Stevenson to Bevin Tel:431 14/5/48.]
communist advance. However, Admiral Kwei confided in the British Ambassador that Mukden would fall soon, and that Chiang had been 'hard put to it' to give satisfactory answers to questions regarding China's military capability. Certainly Chiang's regime seemed to be on the verge of collapse. Franklin reported in his capacity as acting Consul-General in Tientsin that despite civilian fears of the advancing CCP armies, the KMT's 'complete spiritual bankruptcy' had removed its legitimacy, strength and any true semblance of popular support. As the cost of living index rose by 94% in July alone, China seemed gripped by economic chaos and political instability. Faced with an unrelenting series of communist successes, the country seemed bereft of effective leadership or administration. Unconfirmed rumours spread in the summer that communist and regional groups would seek regional arrangements in China in settlement of the war, and the Foreign Office at times seemed prepared to accept a division of China as preferable to the continued chaos of Chiang's rule. Stevenson suggested that some Central government figures were simply marking time 'in case some miracle might result from the application of United States aid to China'. The Foreign Office was therefore moving towards a position which would include the removal of Chiang Kai-shek, and perhaps a division of China into Communist and Nationalist spheres of influence. For London, unlike Washington, Chiang's position was beyond redemption, and his control was morally and authoritatively bankrupt. A termination of Chiang's rule was the central precondition for preserving any position

8 FO 371 69555 F9543/35/10 Franklin to Bevin Tel:263 28/6/48.
9 FO 371 69555 F9988/35/10 Stevenson to Bevin Tel:593 19/7/48.
which could stem the tide of Communist advance. As Scott lamented in July that year, ‘The most skilful doctor will not effect a cure unless the patient co-operates’. 10

When Lamb reported in July 1948 that the economic situation appeared to be stabilising at least temporarily, it seemed that the disintegration of the Central government was less imminent than previous events had suggested. This was of course reinforced by an American readiness to support resistance against the communist group, which inevitably meant support for Chiang given the lack of any readily apparent rival in early 1948. Regional arrangements with the communists remained in vogue in London as a pleasing notion, although it never underwent serious analytical examination. Scott was the most ardent supporter of the idea, perhaps fearing an ultimate collapse, and he remained the most virulent anti-communist of the China staff in the Far Eastern department. He argued that regional arrangements could halt the communist advance, and also dissipate Chiang's highly centralised power. 11 It was a measure of British disenchantment with Chiang that any proposal that still envisaged a role for the Generalissimo rarely merited consideration. Whilst China analyst P.D. Coates noted in June ‘as things are at present it seems difficult to believe that any accommodation would not have to include recognition by the central government of communist rule over certain parts of China’, it was increasingly acknowledged that London saw no prospect for a nationalist revival, or even its survival. 12 Peter Scarlett, who had become Head of the Far East Department in late 1947, supported Coates's comments but also underlined the uncertainties that complicated any assessment of the

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10 Ibid., Scott's minute 28/7/48.

11 FO 371 69555 F10579/35/10 31/7/48.

12 FO 371 69534 F8185/33/10 Stevenson to Bevin Tel:475 8/6/48.
Chinese situation. He noted ‘at the present stage one man’s guess is as good as another’s. We can only await developments’. It was perhaps Scott who had observed the essential truth as early as February, when he suggested ‘the dissolution of the KMT would leave a vacuum which only the Communists would effectively fill’.  

Notwithstanding a massive injection of American aid, London foresaw little prospect for the survival of the Central government in its present form. Given the lack of clarity in American policy throughout 1947, it seemed unlikely that an increasingly sceptical Marshall would seek the levels of funds and American involvement now necessary to defeat the communist forces. British policy, therefore, was entering a crucial stage. As Chiang’s regime teetered on the brink of defeat, the Foreign Office had to evaluate finally and accurately the prospects for relations with the Chinese communist group. This was particularly important given America’s anti-communist stance, which offered an opportunity for Britain to gain influence and a strengthened position in the Far East at the expense of the United States. To assess such prospects, the Foreign Office had to evaluate Mao’s attitudes and intentions, regarding both internal control and external relations. The prospects for trade had to exist if economic ties were to be secured, and friendly relations and diplomatic communications had to be ensured and maintained.

In January 1948 Scott interviewed Robert Hart, an UNRRA representative in China who had worked in communist-held areas. Hart seemed impressed by the level-headedness and fairness of the communists, particularly in their treatment of landlords and property, especially when entering newly captured towns. This was at

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13 FO 371 69527 F1638/33/10 2/2/48.

14 FO 371 69527 F1536/33/10 28/1/48.
variance with some hysterical media reports in the United States of puppet trials and genocide, and Hart was reluctant to be drawn into commenting on those issues. He argued that the missionaries who had been killed would be alive if they had followed UNRRA advice. Yet despite the deaths, Scott and the Foreign Office were more anxious to establish information regarding 'the second level of communisation', which was associated with the execution and liquidation of members of the propertied classes. Scott argued that troops advancing into newly captured areas would want to appease and placate their inhabitants, and that Hart was ‘a simple and kindly fellow’ who was unfortunately naive in his view of communism as progressive and wise. However, reports arrived from the Mukden consulate of the CCP's fair treatment of a British missionary, and information seemed to be generally confusing. Three missionaries were murdered near Shansi in February 1948 by over forty 'civilians', which both United States representatives and Scott believed to be a Communist act. The British Consulate at Hankow was less inclined to agree.15 There were numerous other reports wherein British missionaries were treated acceptably by the CCP, and the Foreign Office remained circumspect in drawing any conclusions, stating

..it is obviously premature to detect in it the beginning of a policy of anti-American or anti-foreign terrorism, especially as we are not so inclined as the Americans to assume that this act was in fact done by responsible communist troops acting on the orders of their superiors.16

Franklin promoted this view of expediency, describing life under CCP rule in Tientsin in a telegram from April 1948. He described communist officials as 'energetic

15FO 371 69527 F2531/33/10 February 1948.
16Ibid.
and reasonably honest’, and suggested that most people would rather remain under
communist rule than face the turmoil of a Nationalist takeover.\(^{17}\) He suggested that the
KMT could be as brutal in their attitude to the poor as the CCP could be to the rich, but
that a crucial difference was that ‘a bellyful of rice is more important to the
peasant than political liberties which he has in any case never enjoyed’.\(^{18}\) Perhaps more
significantly, Lamb reported to the Foreign Office in May that the CCP were
moderating their attitude towards foreigners and missionaries, with ‘a studied policy of
at least moderate respect for foreign persons and property in communist areas’,
suggesting that Mao was aware of the need to ‘bid for foreign sympathy’.\(^{19}\)

The Foreign Office at this point seemed inclined to view the Chinese communists
group as an extension of Soviet influence. A departmental memo entitled
'The Chinese Communists' was drafted in February 1948, the text of which appeared
to confirm this perspective.\(^{20}\) Certainly it focused on 'communist savagery' and 'mass
popular trials', suggesting anyone who had supported or welcomed the nationalists
when the CCP lost control of cities was murdered upon the communists return. There
was a similar belief that a younger group of Chinese communists were pursuing a
Marxist orthodoxy which had enthusiastically indoctrinated them with pro-soviet
views. Significantly, the memo made two observations, firstly that the CCP were
orthodox Marxists (refuting the 1946 debate over the concept of agrarian reform), and
secondly that as such they were an extension of Moscow's influence. Specifically

\(^{17}\) FO 371 69532 F6761/33/10 22/4/48.

\(^{18}\) Ibid.

\(^{19}\) FO 371 69534 F8050/33/10 25/5/48.

As the Chinese communists gain in power and influence the policy enforced by them runs more and more on Marxist lines, and it seems logical to anticipate that...they will follow the pattern laid down by Moscow....No doubt a certain latitude will be permitted at first to private enterprise, but Mao Tse-tung has made it clear that Chinese communism is part of the world revolution and that the ultimate aim of the Chinese communists is the realisation in China of the full Marxist Communist programme.\textsuperscript{21}

By this stage it appeared that the Foreign Office accepted that Mao and the CCP were orthodox Marxists. However, the issue remained as to whether a communist China would embrace Soviet expansionism, or react in a more traditional, xenophobic way. As such, beyond the theoretical issues of orthodoxy the central question focused on the nature of the external relations of Chinese communism. Here, the Foreign Office cited a telegram from Stevenson in May 1948

Communism is fundamentally hostile to the non-communist state, and this hostility would sooner or later manifest itself in China, even independently of Soviet direction. That Moscow will strive to exert its directive authority to the utmost over the Chinese is equally a foregone conclusion.\textsuperscript{22}

Scott suggested that whilst Mao and Chu Teh may have been ardent agrarian reformers in the 1930's, this largely had been a measure of political expediency given their expulsion from the cities - inevitably Scott believed an even 'purer' form of Leninism would be applied under CCP rule once it administered urban centres. By the end of the year, he was arguing openly that 'in foreign affairs the voice of the CCP is the voice of

\textsuperscript{21} Ibid.

\textsuperscript{22} FO 371 69537 F10028/33/10 25/5/48.
Moscow’, relying ‘again like communists elsewhere on the strength of the Socialist Soviet Union’. Scott remained unmitigatingly anti-communist, and sought any opportunity to reinforce the perceived communist threat.\textsuperscript{23} He emphasised hints that the Soviet military attaché in Nanking had orders to promote a CCP-KMT reconciliation under Soviet auspices ‘with future results no doubt as in Hungary and Czechoslovakia’, and attacked the minority Democratic League since ‘there seems little doubt that many of the rank and file are communist or fellow-travellers’.\textsuperscript{24} It was difficult to glean accurate information from within communist-held areas - American sources were unreliable, and contact with British consulates was heavily restricted. It appeared that British representatives had been treated courteously, although they had also been kept at a distance and restricted to low-level official contact. The Embassy in Nanking believed that an application of Soviet communism in China would founder, arguing it would not be able ‘to overcome or supplant certain forces, inherent in the people or the soil of China’, particularly the desire amongst peasants to own their own land and the individuals instinct for private enterprise. The Embassy report for May 1948 concluded by reporting its belief that it would be a slow process to convert China to communist orthodoxy.\textsuperscript{25}

For the China staff at the Foreign Office, the issue was increasingly clear - Britain needed to establish relations with the communist Chinese, to test the water if

\textsuperscript{23}FO 371 69529 F3866/33/10 Scott’s minute 22/3/48.

\textsuperscript{24} Ibid. A large amount of the Far East Department’s analysis was carried out by Scott, and the volume of anti-communist rhetoric is largely his. Coates and Scarlett, his seniors, both prefered to avoid the sweeping analysis to which Scott was prone, preferring an attitude of ‘wait and see’.

\textsuperscript{25}FO 371 69534 F8032/33/10 25/5/48.
nothing else. They did not share the perspective of American policy-makers that the
CCP was largely an extension of Moscow’s power, and remained suspicious of
conclusions about China which the Americans had drawn over the previous three
years. Dening moved quickly to rein back British policy, particularly since he had a
closer role in maintaining Anglo-American ties on a wider level within British policy
making. In March 1948 he wrote that

The question of our relations with the communists if they should succeed
in seizing power is one with which we need not deal at present. It may
well be that if this should occur we should wish to maintain our contacts
with China through our Embassy and consulates as long as we can, and
that if British merchants can contrive to trade in China we should not at
any rate discourage them from doing so. But it would be quite a different
thing to try and re-insure now. I am sure it would be wrong, and it would
gravely complicate our relations, not only with the National Government
but also with the United States. 26

Lamb had written from China in February arguing that a period of economic
expediency could follow a communist victory, given the need for extra resources and
food within a war-torn environment. 27 Scott still argued that any form of trading would
be ‘on a precarious tenure’ given Russian treatment of private property in Eastern
Europe, and that any 'honeymoon period' would be short-lived. Any CCP policy of
trading with the West would be one of expediency ‘until the time is right to abandon
expediency’. Scott continued this theme as he went on to attack the Embassy for its
continued focus on the defects of the KMT rather than the horrors of the CCP, noting
that ‘The Chinese communists are pursuing a policy more cruel and more Marxist -

27 FO 371 69528 F3295/33/10 Lamb's report on Northern China 2/2/48.
but more successful - than a year ago'. The British Embassy, which had suffered occasional similar attacks, felt moved to moderate its own position. In May Lamb wrote to Dening 'we have never felt that the honeymoon period, if any, would be more than a fleeting one. Such a honeymoon, it may be confidently assumed, would be one of convenience and not of love'. However, Lamb still attempted to counterbalance Scott's tendency to equate Chinese and Soviet communism as one and the same thing, arguing that anti-foreignism and xenophobia were endemic to China 'without infection from Moscow'. It was the belief of officials in China that trade would be difficult, but not impossible, and that the CCP were not simply good Soviet communists.

The issues raised within this policy debate were of central importance to Anglo-American relations in China in 1948. Some eighteen months before the final communist victory, British analysts already viewed Chiang as a spent force, unworthy of support, and accepted the inevitability of some form of settlement accommodating Communist aims and ambitions. They had already begun to examine the prospects of trade with Mao's party, and to analyse the nature of the regime with which they expected to deal. In the United States in January 1948, President Truman prepared to approach Congress to approve a further $300m in aid to nationalist China. As the British Embassy in Washington reported to London 'This is being looked on as a

29 FO 371 69534 F8032/33/10 Lamb to Dening 25/5/48.
30 Ibid.
necessary blood transfusion: it may help to keep the patient alive but it will not of
itself restore the patient'.

This seemed to summarise the American position on China in its commitment
to maintaining Chiang's position, or at least to prevent the further deterioration which
the British viewed as largely inevitable. Inverchapel reported from Washington in
February of suggestions within the State Department that an agreement over
Manchuria reached between the Central government and the CCP would not affect
Chiang's prospects of survival, given that they believed Manchuria to be lost anyway.
Scott retorted that anyone believing such an agreement could restrict the CCP to
Manchuria alone was living 'in a fools paradise'. A $570m aid bill placed before
Congress on February 18th was viewed by the Foreign Office as being too small and
too late to have any remedial action. They argued that it would be swallowed by
corruption and inefficiency, wasted through economic decline, and prove useless
against the high morale and motivation of the communist troops. Only massive, wide
scale American intervention which Marshall was certain to oppose seemed capable of
reversing the situation, and London held out little prospect of such a cohesive foreign
policy emerging. Indeed, in March General Wedemeyer's testimony to the House
Foreign Affairs Committee warned that unless China received larger military
assistance to halt the march of communism, the United States would 'pay in blood'. In
a marked demonstration of the divisions within the American policy-making

31FO 371 69584 F335/190/10 7/1/48.
32FO 371 69584 F2799/190/10 Inverchapel to Bevin Tel:840 20/2/48.
machinery, Wedemeyer also publicly acknowledged ‘an honest difference of opinion’ between himself and Marshall.\footnote{FO 371 69584 F3619/190/10 Inverchapel to Bevin Tel:1040 6/3/48.}

The division over the level of support for China within the United States was demonstrated by the Administration’s difficulty in securing aid for Chiang’s regime. When the European Co-operation Act was approved by the House Foreign Affairs Committee on March 19th, it included $150m in military aid to China. This was amended by the Senate Foreign Relations Committee to $363m in aid with $100m to be distributed as the President saw fit. In the final negotiated compromise, China was to receive $338m of aid, with a further $125m earmarked for aid of a 'military type'. As the United States committed itself further to supporting Chiang, divisions within Washington were reciprocated with doubts from personnel within China itself. Stevenson reported in February that the American Ambassador, Stuart, was ‘beginning privately to doubt whether Chiang Kai-shek is capable of taking sufficiently drastic and dramatic action’ to adequately reform his regime.\footnote{FO 371 69528 F2796/33/10 Stevenson to Bevin Tel:183 21/2/48.} Stuart also was concerned by the publication of co-operation between the US Army Advisory Group and Chinese military authorities. He believed Marshall would move to halt such 'co-operation' which in the Ambassador's eye would be unfortunate given a more forthcoming attitude from the United States Government.\footnote{FO 371 69529 F3936/33/10 Stevenson to Bevin Tel:244 9/3/48.} In short, the United States was trapped with a series of military and political commitments, and with a debate which had lingered since 1946 over the level of American support. Britain on the other hand, had already drawn its own conclusions, and unencumbered by such marked divisions had
moved on to consider how to adapt to the realities of an unrelenting communist advance.

British foreign policy in China from 1945 to 1947 had been characterised by a readiness to support American initiatives and accept its intervention in attempts to resolve the Civil War. Policy documents at all levels had stressed the need to seek co-operation and co-ordination between American and British policy-makers, and consultation was frequently sought in the policy-making process. However, by 1948 it appeared that policy aims differed significantly between the United States and Britain. This gap was further exacerbated by a feeling in London that it had been Britain rather than the United States that had sought to create a joint policy, and that the United States paid little attention to British interests when formulating policy. As the situation in China worsened in 1948, Britain was faced with a final opportunity to give the transatlantic relationship a role in Chinese affairs. Yet it was apparent that British and American interests in China were simply of too different a nature to accommodate a mutual realignment. This notion was reinforced in the Foreign Office by their analysis of American aims and intentions in the first six months of 1948.

The most obvious issue to emerge was the dislocation within America's policy-making machinery, an issue which had been apparent since Hurley's acrimonious resignation in December 1945. In particular, Stuart, the American Ambassador, seemed increasingly isolated from Washington. Stevenson had reported in March 1948 that Stuart was increasingly confident that American military aid would be forthcoming, and that this would lead to a dramatic reorganisation of China's military forces. More pointedly, the British Ambassador noted what little support Stuart was
receiving from the State Department on this point.\textsuperscript{36} Indeed, in a second telegram sent on the same day, Stevenson noted that in pressing for extended military aid

my U.S. colleague persists in remaining optimistic. I do not know whether this is self-delusion or whether he is receiving encouragement from sources in the United States other than the State Department.\textsuperscript{37}

A Foreign Office brief on the situation in China dated from June that year noted Stuart's vigorous attempts to urge reform upon Chiang Kai-shek. However, a further minute also observed 'Dr Stuarts advice no longer counts for very much, and the Chinese are no doubt aware that he gets very little if any support from his own government'.\textsuperscript{38} It seemed to the Foreign Office that America's key actor in China, the Ambassador, had a different series of aims and objectives to his superiors in Washington D.C, and that he did not enjoy their close support or consultation in policy matters. Whilst not perhaps isolated in his views, certainly they held little credence within the State Department, which appeared anxious to move away from Chiang without any clear idea about what it was moving towards.

It was also a measure of the lack of consultation between Britain and America that the Foreign Office relied on monitoring events in China in order to discern American policy there. When General Lucas, the head of the U.S Army Advisory Group in China in 1947, was recalled in January 1948, it was taken as an indication of a more involved and active American policy after the sense of drift which had

\textsuperscript{36}FO 371 69529 F4371/33/10 Stevenson to Bevin Tel:284 20/3/48.
\textsuperscript{37}FO 371 69585 F4360/190/10 Stevenson to Bevin Tel:285 20/3/48.
\textsuperscript{38}FO 371 69535 F9228/33/10 F.O brief on the Situation in China 28/6/48.
pervaded the previous year. Indeed, the Foreign Office suggested that such an act could be a prelude to 'greater and more direct aid to China', and as such was confirmation that the United States was still prepared to back Chiang. This was despite an insubstantial New Year's speech by the Generalissimo which in Nanking's eyes was 'devoted to the customary diatribe against the Communists', and lacked any reference to intended reforms. Stevenson felt that Lucas's recall at the behest of Marshall rather than Eisenhower had created a general anticipation within Nationalist circles of a reassertion of United States policy, including a reorganisation of large scale aid to China. It was increasingly clear to the Foreign Office that American policy was being fought over between the military establishment supported by rising Republican support in the two houses, and the embattled State Department, which was far more sceptical over the usefulness of extended aid to Chiang.

Certainly reports from the British Embassy in Washington confirmed this appraisal. Hubert Graves, Counsellor at the Embassy wrote in January 1948:

As far as one can judge the State Department is as hazy about its' policy for China as it was a year ago, and there is no evidence that palliative treatment will be merged into something bolder in the near future.\(^\text{40}\)

The Embassy supported further speculation that General Lucas's recall and his replacement by General Barr would lead to a clear statement of American intent, whilst also adding that no sources in Washington were sure what form new American policies would take. Inverchapel reported a conversation between himself and

\(^{39}\text{FO 371 69552 F145/35/10 Weekly Summary Nanking 2/1/48.}\

\(^{40}\text{FO 371 69584 F335/190/10 January 1948.}
Butterworth to be unrevealing. The State Department would not be drawn on any comments regarding American policy towards China prior to submitting proposals to Congress. This contrasted with closer co-operation between Britain and the United States over the crises in Western Europe and the perceived Soviet threat. In China it proved virtually impossible to solicit accurate information regarding American policy prior to Marshall's appearance before Congress in February 1948. To the Foreign Office, this suggested either fears of a leak, which had not restricted co-operation in other areas, or else it was demonstrative of divisions within the American policy-making process. In February Marshall informed Stuart that he was prepared to seek $570m in purely economic aid to China. Stuart confided in Stevenson that he did not believe this would save the situation, and he urged greater military support for the Nationalists. Marshall's opposition to this, in Stevenson's view, 'had never gone as far as this in making clear his reluctance to see the United States further involved in the civil war'.

Brigadier Field, the British military attaché in China, further confirmed American hesitancy following conversations with Lucas prior to the American's recall to Washington. Field noted the difficulty Lucas had had in attempting to persuade the War and the State Department to continue aid to China on a sufficient military level. He suggested that the Military Advisory Group had been operating 'in something of a vacuum', principally since it was uncertain how best to support the KMT, and also

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41 Butterworth had replaced Vincent as Head of the State Department's Far Eastern Department in late 1947.

42 FO 371 69584 F1639/190/10 January 1948.

43 FO 371 69584 F2379/190/10 Stevenson to Bevin Tel:157 13/2/48.
how to gauge the nature of the Communist threat. He added, in further confirmation of
Foreign Office views, that the Chinese nationalists had been of little help in arguing
solely in favour of recovering all of Manchuria and China.44 Marshall himself testified
to the House Foreign Affairs Committee Hearings on the China Aid Bill in late
February 1948. He argued that extended aid to China would do little to alter the long
term situation in China, and couldn't be viewed (as some Republican and military
hawks preferred) as comparable to the European Recovery Programme, or compatible
as an extension of that package. Scarlett observed in March 'Mr Marshall could hardly
have said less in support of the Central Government!'. In March Bevin requested
details of American attitudes towards the Far East, and specifically China. Dening's
reply seemed to neatly summarise Foreign Office frustration with the lack of
consultation, advising Bevin 'We wish to co-operate with them there, but can hardly
do so effectively if we are kept in the dark'.45

Inverchapel provided further details of Marshall's reluctance to support
apparently open-ended aid to the nationalist group on March 6th. He reported in
greater detail Marshall's opposition to the extension of military aid to China, which
had stemmed from his personal experience of attempts at mediation. The American
Secretary of State saw military intervention as increasing communist popularity and
antagonising Chinese public opinion against the United States - it would also require
too sustained an American effort given their other commitments, particularly in
Europe. The British Ambassador also noted that the State Department was 'strongly

44 FO 371 69584 F2624/190/10 28/1/48.
45 FO 371 69584 F3570/190/10 1/2/48.
entrenched’ in this view, but was under severe pressure to modify its’ position.\textsuperscript{46} Indeed, State Department officials were unwilling to predict how an eventual bill would emerge. Whilst observing that State Department faith in such a policy was ‘unshaken’, and critics such as Macarthur, Wedemeyer and Chennault had insufficient influence, Inverchapel ominously noted ‘Congress have more respect for, and will be more easily led by the military men’.\textsuperscript{47} It was a measure of the intemperate arguments that the State Department faced that Chennault’s speech to the House Foreign Affairs Committee on March 10th had argued Russia was seeking an expansion of world communism via China, and that unless the United States resisted through Chiang’s government, a third world war was imminent.\textsuperscript{48} There was certainly increasing pressure brought to bear on the State Department in March 1948 to extend further military aid, particularly from the Republican Congressman Judd, who sat on the House Foreign Affairs Committee. As Inverchapel observed ‘there is little doubt that military aid to China holds more appeal for the old guard republican element in the house than does economic aid to Europe’.\textsuperscript{49} An interview with Butterworth of the State Department’s Far Eastern Department further confirmed the British Ambassador’s view that Washington opposed military aid, since in their eyes it could drag the United States into an unwelcome extension of commitments. Butterworth described the $570m in economic aid as a ‘tiding over’ operation, and ‘very reluctantly admitted

\textsuperscript{46}FO 371 69584 F361/190/10 Inverchapel to Bevin Tel:1069 6/3/48.
\textsuperscript{47}Ibid.
\textsuperscript{48}FO 371 69584 F4027/190/10 Inverchapel to Bevin Tel:1150 11/3/48.
\textsuperscript{49}Ibid.
that...the United States Government had no real plan for dealing with the situation in China'.

To Stevenson it was clear that American foreign policy suggestions were weak. The State Department was still considering the creation of a system of wide local autonomy in China, whilst Chiang Kai-shek remained as resistant as ever to any notion of reform. Scott viewed the State Department's proposals as 'turning the clock back'. adding 'if ever the Chinese heard of this, the fat would be in the fire with a vengeance'. In July, the Foreign Office received details of State Department views on China from Sprouse, the State Department Head of the Division of Chinese Affairs. He argued that the Kuomintang may recover, or China might collapse into regionalism. On the other hand Sprouse suggested that a coalition government may well emerge, although he thought that any solution had to come from the Chinese people themselves. As Coates caustically observed 'His analysis of the United States Government's policy towards China shows once more that the Americans are rather at a loss to know what to do'.

American policy in 1948 was also confused by a series of wider domestic issues, not the least of which was Truman's campaign for re-election as President. Republican attacks on the State Department continued, with Colonel Pimic (who had served in China during the war) attacking the State Department as being represented by Communists in China during Congressional hearings of the House Committee on Appropriation, where Butterworth also came under specific attack. Dewey, the

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50 Ibid.
51 FO 371 69537 F10062/33/10 22/7/48.
52 Ibid.
Republican Presidential candidate, also attacked the 'shameful neglect' of China by the Truman administration. However, whilst any uncertainty may have been relieved for the Foreign Office by Truman's re-election, they still viewed his Presidency as being 'middle of the road', and as Coates commented in November 'it seems pretty clear that so long as General Marshall remains Secretary of State the present United States policy of limited commitment in China will be continued'.

Whilst 1948 had seen Communist advances, and a further demonstration of Chiang's unwillingness to reform or to step aside, it also demonstrated that American policy was increasingly dysfunctional. Separate arms of policy makers were operating on different agendas, and the central body of control was under sustained pressure to alter course and appease political critics. This was hardly conducive to the formulation of an assertive or well-defined policy, and it was as much as Marshall could do to emerge with a limited commitment to extend aid. To the Foreign Office it confirmed the continuing divergence of aims between the two allies, and also the difficulty co-ordination would face in the light of unrelenting Republican opposition to a more flexible position which could accommodate communist intentions. It was evident that Britain could not hope to effectively influence American policy through co-ordination and co-operation, since it could not control the United States domestic political agenda. The logic was for the British to move towards a separate policy which would attempt to increase and expand British influence without straining the broader transatlantic alliance.

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53 FO 371 69586 F9852/190/10 12/7/48, also F15536/190/10 6/11/48.
Despite these developments in the United States and the implications for both American and British foreign policy in China, the Foreign Office still had a series of core considerations within its own policy. Whilst the Americans debated the level of aid to Chiang, the Foreign Office struggled to support the difficult position of British traders in China, and to consolidate a stronger position over Hong Kong's future. Certainly British attempts to maintain an independent position in China were complicated further by Sino-British relations over Hong Kong. On January 5th, the Walled City in Kowloon was cleared of Chinese squatters without incident, since the area had been condemned as a risk to health from both fire and disease. However, the squatters returned on January 12th and further attempts to expel them were met with resistance. In response to the Walled City episode, on January 16th an angry mob attacked and burned the British Consulate in Canton, and also the offices of the British firm Butterfield and Swire. The Foreign Office, concerned by such disastrous developments, were quick to identify reactionary elements in the Kuomintang stirring up the trouble which the Central government then did nothing to allay. Indeed, the incident raised the further problem of the presence of the KMT within Hong Kong. Was it to be used as a base from which Chiang Kai-shek could be ousted, or did the KMT intend to act as a Chinese government within a government in the colony?

The Colonial Office and the administration in Hong Kong felt China was placing Hong Kong under intense pressure. The agitation in Kowloon and Canton following the Kowloon incident, and the further activities of the KMT within the colony prompted Sir Alexander Grantham (who had succeeded Sir Mark Young as Governor of the Territory in July 1947) to urge a statement of official British intent to
counter 'the skillful and effective campaign of suggestion carried out by China'. The Foreign Office were reluctant to act until they had consulted with Stevenson in Nanking, and eventually decided to exchange notes on the issue with the Chinese government, whilst also building a Garden of Remembrance for those that had died during the violence. Scott suggested that the Central government was content to 'let sleeping dogs lie' over the issue of control of Hong Kong, whilst at the same time exploiting opportunities to reassert influence in Hong Kong and keep the issue alive. Whilst unwilling to take the issue to the brink of confrontation with Britain, Chiang was clearly aware that the question of control of Hong Kong could stir up popular support whenever he needed to relieve his own embattled position.

Throughout February the Chinese continued to press for political advantage, stating their intention to send armed troops to the Walled City should violence reoccur, in the clearest indication that Chiang perceived a Chinese role in the territory. As the question of jurisdiction was continually pressed by the Chinese, Scott suggested that this was primarily the result of a belief that large-scale American aid would soon be forthcoming, and that therefore Anglo-Saxon sensibilities did not have to be taken into account. The Central government perceived the British control of Hong Kong as problematic, even beyond the jurisdiction issue. The Minister for Foreign Affairs had complained to Stevenson that Hong Kong was developing into 'a political and economic menace to China', particularly given the presence of political refugees.

55 FO 371 69578 F1245/154/10 Grantham to Bevin Tel: 80 21/1/48.
56 FO 371 69578 F1352/154/10 Undated.
including Chinese communists and their 'fellow travellers', and some unrepenting warlords such as Li Chi-sen.57

The Foreign Office was resolute in its determination to resist Chinese claims of jurisdiction in the territory. It was unwilling to see a UN role in China in case it set a precedent for international control over the territory, nor did it want the United States to become closely involved given Republican anti-imperialist sentiment and Britain's inability to ensure an informed debate over the issue in the United States. Whilst the argument over the problems in Kowloon continued for several months, the Foreign Office moved rapidly to avoid an extended Chinese role, and tried to refocus the agenda on Nationalist-Communist issues. Chiang was perceived as an embattled authoritarian, who had least to lose by antagonising the British. The anti-imperialist stance which occasionally he adopted was more easily brought to bear against the British than it was against the United States with its potentially massive aid, or the Soviet Union (despite their intrusive role in China) which could conceivably control communist ambitions. Hong Kong was as much a way of deflecting pressure away from the Central government as it was a serious initiative to expel the British once and for all from the territory. It was an awareness of this that prompted the Foreign Office to steer a steady course of reconciliation which avoided controversy, in an attempt to weather the passing political squalls.

In February 1948 a formal document was drawn up entitled 'His Majesty's Government's Policy towards China'.58 This emphasised a commitment to the policy it had followed for the past two years, in which Britain would follow the American line

57FO 371 69582A F8285/154/10 Stevenson to Bevin Tel:433 31/5/48.
58FO 371 69528 F3288/33/10 'His Majesty's Government's Policy towards China' February 1948.
on China, and would share American aims in seeking a negotiated settlement to the Civil War with a rapid cessation of the conflict in mind. The document offered moral support to the Kuomintang, and recognised the National Government as the de jure administration, adding ‘numerous acts of ruthlessness and savagery have occurred in areas under communist control’. There was a further reaffirmation of support for the Moscow Declaration, particularly regarding the need ‘for a unified and democratic China under the national government, for broad participation by democratic elements in all branches of the National Government, and for a cessation of civil strife’.\(^{59}\) This unextraordinary document was more a restatement of support for Anglo-American co-operation than a clear indication of developments in Foreign Office attitudes. Given the deepening political crisis in Europe, the Foreign Office was unable to state any intentions which diverged from the transatlantic alliance, particularly since the European Recovery Programme was being rushed through Congress at the time. Given Soviet encroachments in northern China, and active American aid to the nationalists, the Moscow Declaration had been a redundant document for some time, but British observations of its principles still portrayed the United Kingdom as a secondary player intent on observing international niceties. This was despite heavily documented disquiet over the lack of direction in American policy, and a belief that the Central government was both ridden with corruption and thoroughly inefficient. At a formal diplomatic level Britain was prepared to support the United States - it was evident that few realistic alternatives existed at this stage of the Civil War. However, the personnel of the Foreign Office were clearly continuing to move away from this position once

\(^{59}\)Ibid.
the situation became clearer, even if this in turn involved the pursuit of policies separate to the Americans.

Yet a fear of antagonising American opinion and straining Anglo-American relations ran through Foreign Office considerations over China in early 1948. Lamb wrote to Dening in May that the Foreign Office should remain resolute in supporting the Kuomintang, and avoid extending an 'olive branch' to the CCP, since its negative effect on the Americans would be 'an additional demerit'.60 Significantly however, Lamb argued that Britain should avoid provoking the communists in order to protect British nationals in CCP-held areas, and to allow British Consulates to continue to function. In essence, Britain should accept the need to deal with the communists as the de facto government in the areas which they controlled. He suggested 'if ever there should happen to be a chance to promote British trade etc., we should surely not fail to take it up through over-squeamishness about reddening our hands', adding in apparent justification of such a radical view that trade with the CCP could even undermine communism in China by demonstrating the need for liberal practices.61 A Foreign Office brief in June argued against open deals with communist-held territory for fear of offending both the Americans and the Central government. Significantly, the memo also concluded that the only solution to the Civil War now lay in an outright victory for one of the two sides.62

60 FO 371 69534 F8032/33/10 25/5/48.
61 Ibid.
Ralph Stevenson’s telegram from Nanking in July 1948 seemed to confirm the views of the Foreign Office analysts in London when he wrote ‘there is no doubt that communism in China is here to stay’. He suggested that many educated Chinese viewed any further American aid as simply extending the civil war, and that following difficulties in dealing with Chiang Kai-shek even Stuart’s faith in the Kuomintang leader had ‘almost reached vanishing point’. Scott still refused to be disheartened, retorting that the Embassy was most closely in touch with the pro-communist intelligentsia in China, and that the views of the 'man on the street' may be quite different. It was a measure of his contemporaries view of Scott's analysis that Scarlett minuted the same day that the American embassy, usually very pro-Chiang, seemed equally pessimistic and depressed. He argued that the Embassy could not be blamed for its analysis, ‘whether we like that conclusion or not’. Whilst the value of the Chinese dollar fell through the summer, the final introduction of a new dollar and the pursuit of stronger economic policies seemed to indicate Chiang had finally realised the need for reform. The British Embassy seemed pessimistic however, noting that such changes had failed to fully establish public confidence, and would have to be implemented over a much longer period of time. Despite an apparent stabilization of the economy in September, further military defeats were inflicted on the Nationalists, and as Stevenson had suggested, October brought a serious deterioration in China's economic conditions and a concurrent rise in the black market.

Lamb reported that the situation in Manchuria had finally reached a critical stage with panic-buying in the markets; foodstuffs were rising dramatically in price.

63 FO 371 69536 F9585/33/10 Stevenson to Bevin Tel:567 8/7/48.
64 Ibid., Scarlett 15/7/48.
with some commodities disappearing altogether. He concluded the report with the observation ‘it is therefore almost universally the opinion that China is on the verge of another phase of economic chaos’. The fall of Mukden in late Autumn was physically as well as strategically a disaster for Chiang since some twenty-two divisions of troops had surrendered to the CCP armies. The Embassy's military report for November suggested that ‘This amounts to [a] major disaster for the Government which cannot but have serious repercussions in North China where public morale is at a very low ebb’. This further supported Lamb's prognosis in late October that the military, economic and political collapse of the Central government was 'a foregone conclusion'. The problem was simply the failure of the Central government to instigate adequate reform of both economic and military controls, primary responsibility for which lay with Chiang himself. As ever, it was clear to the British that Chiang remained the central obstacle to effective reform, which was in turn viewed as the essential precondition for rejuvenating nationalist fortunes. Yet it now seemed that events had forced the pace beyond notions of reform, and that the situation had become so extreme for the Central government that there could be little hope of a revival in its fortunes. A further report by Lamb in November observed that the 'Situation in general is that the government have ample troops plus airforce to fight delaying action.....but morale is everywhere so low that a rapid collapse is more the likely outcome'.

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65 FO 371 69556 F14465/35/10 Lamb to Bevin Tel:858 16/10/48.
67 Ibid.
68 Ibid., Lamb to Bevin Tel:947 9/11/48.
British policy makers were forced to confront this new situation directly. Having noted the apparent failure of any Central government troops to escape from Mukden, and the unconfirmed press reports that price freezing had been abandoned with rampant inflation once more apparent, P.D.Coates suggested in early November that preparations should be made for the evacuation of British citizens. The United States had advised their nationals to evacuate Nanking on November 6th, expecting the communist forces to be ‘at the gates of Nanking within the fortnight’. Lamb was slightly less histrionic about Chinese communist successes in Northern China, arguing that Chiang would flee the country before Nanking fell, and that this would open the way for the Central government to do a deal with the advancing CCP forces. It seemed however that Chiang had held on to power in the hope of a Republican victory in the United States, but Harry Truman's re-election in November ended any hope of massive open-ended American aid. Manchuria had now fallen to the CCP and Chiang's position was therefore grave indeed. The Foreign Office began to face the prospect of a rapid capitulation by Chiang's forces as the Chinese communist advance became increasingly rapid and the nationalist front collapsed. Coates did not expect Mao to draw breath with a period of consolidation to allow the CCP to become accustomed to administering large cities. It seemed more likely to the Foreign Office that the Communists would press on and seek the total destruction of the Central government before the United States could even consider sending considerable aid to shore up Chiang Kai-shek's position.

69 FO 371 69540 F15144/33/10 1/11/48.

70 Ibid.
These views were confirmed by two British businessmen, Morgan and Buchanan, who had been held by the communists for eight months and then released by them in October 1948. They reported that the CCP expected to conquer all of China in the course of the war, and that this was their clear ambition. Significantly, they told the Foreign Office that they did not believe the Chinese communists to be very pro-Soviet, and that it was clear that the CCP needed foreign technicians or aid to help operate the factories that they had captured. They also recounted how most xenophobic comments had been directed against the United States, and that the CCP wanted the British Consulates to remain open as a potential point of contact. This all supported Foreign Office views that there would be a role for foreign and particularly British interests after the war, and it coincided with a growing body of opinion that the communists now decisively held the upper hand. On November 20th, Stevenson sent a telegram to the other consulates in China to appraise them of the full situation. As he observed, 'what can be accepted as a reality is that only a miracle can save the present demoralised government so ultimate communist supremacy over all of China is inevitable'. This seemed to be further confirmed by rumours reaching the Embassy that whilst Soong and Chiang were preparing to fight to the bitter end, many believed Chiang would be more likely to make a dash for Formosa to continue the fight from there.

Chiang's declaration to stay on prompted rice riots in mid-November, with some areas of the countryside approaching starvation. The fall of Manchuria and the CCP's immediate march on Nanking had prompted the total collapse of the new

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71 FO 371 69541 F15907/33/10 13/11/48.

72 FO 371 69544 F1027/33/10 Stevenson to Bevin Tel:995 20/11/48.
currency in November, and therefore also sparked violent price rises. The resignation of the entire Central government cabinet came shortly after, and a 'spate of apathy and predicted disintegration' ensued. Surprisingly, the Foreign Office was still clutching to the last straw: the possibility of a negotiated settlement and the emergence of a coalition government. This was clearly unlikely if Chiang remained in power, and even Stuart was urging Chiang's removal and a concerted programme of aid under a rejuvenated government. Scarlett was far more pessimistic. On December 1st, after the Nationalist's worse month during the course of the Civil War, he noted 'A reformed central government might have been a possibility a week ago, but I don't think it is one any longer'. Indeed, Stuart informed Stevenson he had been approached regarding joint British, French, American and Soviet intervention to arbitrate between the CCP and the KMT in late December, but he did not intend to pursue the issue. As Stevenson commented, 'the fact that the suggestion was put forward in all seriousness shows how near the KMT are to their wits end in seeking salvation'.

Having advised their nationals to evacuate Nanking on November 6th, the United States was clear in its intention of withdrawing as the Central government retreated. The British, however, had maintained consular posts in occupied cities, and were anxious to explore opportunities for stronger relations and closer contact with the CCP. This was largely a reflection of the inadequacy of information that the Foreign Office was presented with regarding the nature of Mao's party. Conflicting news of

73 FO 371 69556 F15989/35/10 Lamb to Bevin Tel:977 13/11/48.

74 FO 371 69587 F16189/190/10 1/12/48.

75 FO 371 69549 F18231/33/10 Stevenson to Bevin Tel:1196 22/12/48.
massacres, maltreatment and their intention and motivation were frequent, with the United States always keen to support or propogate an anti-communist line. Certainly the Consular staff in Tientsin found life less difficult than reports had suggested, and London was more inclined to derive its opinions from its own staff rather than from missionaries and disgruntled Americans.

Having accepted that Communism was a vibrant force in Chinese politics and that it could not be defeated outright by Chiang's nationalist regime, it remained to be seen if it could prosper as a theory of political organisation within China. Analysts were ever mindful of the Soviet role in the CCP and examined whether it in turn may be criticised as an external influence, and if a Titoist split may yet emerge between Mao and Stalin. Whilst collaboration between the two had been evident in Manchuria, there was a lack of evidence to support the American view of the CCP as an adjunct of soviet power in British minds. The lack of political administrative experience also led the Foreign Office to believe that the CCP may be dependent on foreign assistance simply to administer and to feed the territory which Mao controlled. Whether this was to be a brief 'honeymoon' period of economic relations or not, it warranted attempts to maintain a presence in China. Certainly it encouraged the Foreign Office to examine the prospects for extended communist rule in China, an analysis made all the more important by the weakness of Chiang's regime. Minutes from a Cabinet discussion in late October focused particularly on the viability of communism in China - was it too not a foreign trait that would ensure xenophobia and ultimately see the doctrine collapse, or were the Chinese people too disenchanted with Chiang Kai-shek and too unpoltically minded to challenge Communist rule?76 Whilst the debate may have been

76 FO 371 69540 F15152/33/10 October 1948.
academic given the increasing power of CCP forces, it highlighted the development in Foreign Office thinking away from considering the nature of Chinese communism towards the nature of its role once in power.

A key issue within this context was the relationship between the Soviet Union and the Chinese communists, and to the Foreign Office the information seemed inconclusive when attempting to draw a direct link. Coates had written in September that the true extent of aid from the Soviet Union to the CCP was unknown and unquantifiable, but noted that the Soviets had gained in material strength from the CCP occupation of Manchuria, which had been 'very largely due to the deliberate delay in withdrawing Soviet forces' from the region. This in turn meant 'there is little doubt that the Chinese communists received the whole-hearted moral support of the Soviet government'.77 Lamb suggested that the CCP may not be as subservient to the Soviet Union as it appeared to be, and even raised the concept of a possible split similar to that which had emerged between Yugoslavia and the Soviet Union. Indeed, he noted 'The Chinese communists are certainly no less nationalist than the Yugoslavs, and they are fundamentally in a much stronger position vis-a-vis the USSR, if only because of the differences in the size and population of the countries'.78 It seemed to Lamb's eyes that any apparent subservience to Moscow was simply an act of political expediency, and he doubted if any 'mutual affection' existed at all between the two camps. Significantly, he observed that the Soviet 'iron curtain' which had been

78FO 371 69539 F13826/33/10 10/9/48.
drawn down over Dairen and Port Arthur in North China (which the Soviets now occupied) 'is equally drawn against the communists'.

The Foreign Office was not, however, preoccupied with establishing a clear Moscow-Yenan axis. A brief drawn up in preparation for a meeting of Dominion Prime Ministers suggested instead 'there is little doubt that...Chinese communism is fundamentally hostile to all non-communist states, and that their hostility will sooner or later manifest itself in China, even independently of Soviet direction'. The situation was fully examined by Scarlett in late November. The issue was simply the opportunities Britain could have for contact and trade with a communist China, and how much Britain could do to either stall or accommodate the emergence of such a political system, regardless of its strict ideological inspiration.

The lesson to be learnt from Yugoslavia is that Communists, whether orthodox or heterodox are equally hostile to non-communist powers and that we will therefore be given little opportunity of exploiting internal strain in China even if we have the time to organise ourselves for such a trade...we may be forced to accept the situation of a communist dominated China....There is nothing we can do to assist the Central Government ourselves and its future depends on whether or not the Americans are prepared to back it more fully. At present they seem to have no such intention.

The situation seemed bleak if Britain could not cultivate closer links, and the difficulties of such a position were further emphasised by a Cominform article on

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79 Ibid.

80 FO 371 69540 F14397/33/10 Briefing Paper 'Meeting of Dominion Prime Ministers' 11/10/48.

Mao's attitude to Soviet International Communism published in November 1948. This had cited the need to strengthen the anti-imperialist front headed by the Soviet Union, and also emphasised the need to pursue a correct international policy. Despite the questionable efficacy or intent of such comments, Dening suggested that this confirmed Mao had paid ‘full lip service to Communism’ in a move which had reinforced for the Foreign Office the orthodoxy of Mao's own views. Coates, whilst agreeing that this demonstrated Mao to be ‘an orthodox Marxist-Leninist communist’, further believed ‘the statement is additional reason for believing that a communist-dominated China will do its’ best to do down British interests in every possible way’. Yet the British still sought room for optimism, noting the difficulty Mao may have in applying such views and policies given China's economic ills, and the problem the communists would face in administering the populace when all of China fell. In this case, it appeared that even if in the longer term Mao might move against British interests, in the first instance British concerns and the British position in China might not bear the full brunt of communist ire - if that opportunity could be exploited, Britain would gain additional room for manoeuvre and influence.

A communist victory was now regarded as almost an inevitability by the Foreign Office, with the prospect of popular revolt against the C.C.P’s authoritarian tendencies seen as far-removed. Coates did not believe that the Chinese would rise against communism, describing them as ‘a docile, materialistic race whose instinct would be to suffer almost any government than to rise against it’, an instinct which had

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82 FO 371 69544 F14397/33/10 Cominform Article November 1948.

in part explained the durability of Chiang's regime.\textsuperscript{84} Coates also argued that contact with the West would be unlikely to undermine the political fervour of the CCP. Many businessmen in Shanghai had argued that the CCP's initial reliance on external support would force them to realise the efficacy of the market place. Coates suggested, rather, that the Chinese communists ...will show their open hostility to us as soon as they can do so and dare do so, and that we should not base any action on hopes that they will be weaned away from their doctrines and become good middle of the road socialists.\textsuperscript{85}

Indeed, one week later Coates argued firmly in favour of avoiding provocative measures against the Chinese communists (such as a blockade of their ports) in order to protect British traders in the country, arguing that the CCP were 'fanatical Marxists'.\textsuperscript{86} The British response to growing CCP strength was problematic; whilst aware of the need to oppose the spread of communism, they were anxious to avoid too provocative a stance. It was difficult to organise propaganda against the CCP given the hapless state of Chiang Kai-shek's regime, but Scarlett noted the need to voice their opposition since 'if we don't, we shall be thought lily-livered and kicked around'.\textsuperscript{87}

Britain found a clear series of policy issues regarding the expansion of communist power in China. Firstly, there was the need to evaluate the level of coordination between Mao and Stalin. The link was unclear, despite routine

\textsuperscript{84}FO 371 69545 F17433/33/10 15/12/48.
\textsuperscript{85}Ibid.
\textsuperscript{86}FO 371 69548 F17966/33/10 22/12/48.
\textsuperscript{87}Ibid., Scarlett's minute 23/12/48.
pronouncements of support from one camp to the other. In December 1948 the Foreign Office was still highlighting possible areas of dissent, and was taking Titoist issues quite seriously given the possible friction over the control of Manchuria. Whilst apparently having accepted the orthodoxy of Mao's communism, it was still uncertain how the communists would treat Western interests in any area they occupied. Despite rumours of mistreatment, early encounters had largely been courteous but distant between the British and the CCP. Finally, the major question was whether British interests would function in a communist China, and this could never be accurately assessed until the communists seized the majority of China's territory, and most notably Shanghai, the centre of foreign business interests. All that the Foreign Office could do was to continue to monitor the situation, and to seek any opportunity to further establish greater details of the nature and direction of Chinese communism in the areas which it controlled.

An essential reason for assessing the role of the Chinese communists lay in the apparent confusion of American foreign policy, since its lack of direction was making it more urgent for the British to approach an accommodation with the Chinese communists. It was increasingly clear that if the circumstances did not change Chiang could not survive, yet it was equally unclear what the United States planned to do next. As Dening had commented in February 1948

The persistent inactivity of America in Far Eastern affairs is, in fact, likely to have serious, if not disastrous, consequences. Of these we shall reap our share."

Scott was to describe the situation in China as one of ‘undissipated gloom’ in July, which was as much an indication of the frustration Britain felt over American policy in China as it was a reflection of his dissatisfaction with Chiang’s efforts at reform. Two days after Scott’s comments, on July 16th, Stevenson telegraphed London to inform them of the latest American development in China. It seemed that Scott had indeed correctly interpreted the mood - Stuart had reported Marshall and the State Department to be ‘fed up’ with the problems in China, and that they increasingly believed the Civil War should be brought to an end by any means.  

In May, the Foreign Office had sent details of Britain’s perspective and analysis of events in China to the State Department, requesting that the State Department reciprocated in informing London of its opinions. The attached memo urged the need ‘to maintain close and continuous touch with them [the State Department] on developments in the Chinese situation’. This was further evidence of British worries – there was not only a distinct lack of co-operation between the two allies, but also an evident failure to consult and inform on the American side in order that Britain may plan accordingly. A telegram sent from the Consulate in Shanghai in November confirmed this view. The United States citizens in Shanghai were apparently now ready for evacuation, yet it was obvious that the United States navy had no clear process through which to instigate evacuation procedures. Britain could only confirm its views on American policy once it was put into action - in essence, if Britain were to attempt to co-ordinate its own policy with the United States, it would

89 FO 371 69536 F9833/33/10 16/7/48.

90 FO 371 69541 F15971/33/10 May 1948.
only be done by 'second guessing' American intentions and hoping their instincts proved correct. The American Ambassador could offer no more positive policies in conversation with Stevenson, and he appeared isolated from the State Department - he knew of no plans to introduce any positive programme in China, and instead was concentrating on withdrawal and evacuation. 91

Differing attitudes towards Chiang Kai-shek further compounded these difficulties in communication. As stated above, by 1948 the Foreign Office (perhaps with the isolated exception of Scott) had abandoned any position which included a role for a rejuvenated Chiang Kai-shek unless it were to be accompanied by increasingly unlikely large-scale American aid. In a similar vein, the Foreign Office held as disparaging a view of the President's capabilities, and were hardly enthused or encouraged by the willingness of the United States to support Chiang as the Nationalist leader. Whilst aware that various elements within the American policy-making process were disenchanted with Chiang and his regime, particularly Marshall and the State Department, the fact that final policy wasn't necessarily shaped by policy makers in the State Department did not encourage London. There was little point appealing for co-ordination and co-operation if policy was made as much in Congress as it was behind closed doors, and America's China policy seemed as ever to be a hostage to political fortunes. Indeed, Scarlett suggested in November that American policy towards Chiang had developed very little over the previous twelve months, adding 'further procrastination is clearly the American course'. 92 Whilst Stuart argued to Stevenson that he was under 'the strongest possible pressure from all sides' to

91 FO 371 69542 F16367/33/10 Shanghai to London Tel. 22/11/48.

92 FO 371 69543 F16577/33/10 26/11/48.
persuade Chiang to either retire or step aside, the essence of American policy seemed to London to be one of drift. The State Department argued that in all fairness there was little that could be done if Chiang would not voluntarily retire - given Washington's political climate and the pressures that the State Department was under it would be impossible to consider ousting Chiang. In the eyes of the Foreign Office the State Department wanted to avoid committing themselves to any set policy whilst the political and military situation in China was so fluid. Whilst attempting to speed up the withdrawal of American dependents it appeared that the policy preferred by the State Department as the communists continued to advance was one of 'wait and see'.

In late November the State Department conceded to British pressure and informed Sir Oliver Franks, the British Ambassador in Washington, that whilst no policy decision was likely until at least November 29th (given Truman's recent re-election as President), the 'present departmental feeling is that the task of restoring, or even holding the nationalist position would be so great that matters will, more or less, have to be allowed to take their own course'. State Department reticence was confirmed by its opposition to Chiang's intended tour of the United States in late November and early December. The visit also coincided with Marshall having to go into hospital for 'tests and examinations'. Franks had spoken with Lovett, the American Under-Secretary of State in mid-November, when he had originally attempted to demonstrate a British desire for closer co-operation with the United States. In this conversation, Lovett had confirmed that the United States would continue to support nationalist resistance, although not necessarily led by Chiang who

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93 FO 371 69543 F16781/33/10 28/11/48.
94 FO 371 69587 F1667/190/10 Franks to Bevin Tel:5382 30/11/48.
they, like London, viewed increasingly as a discredited and spent force. In the
promised meeting to clarify the American position on November 28th, Lovett stated
that there had been no new developments in American policy. Coates suggested that
from this, it was 'pretty clear' that the United States would be pursuing further action
to reverse the current trend of nationalist decline. He added

..the only “clarification” of the situation which seems likely is the
complete collapse of the present Central government and its replacement
either by a straightforward communist government or by a communist
dominated coalition government.95

The British were increasingly resigned to a pliant and unresponsive American policy,
which was described by the at best inaccurate phrase ‘wait and see’, until potential
outcomes became clearer.

Despite British frustrations, the State Department saw their policy as a
consistent one. Sprouse told Franks on November 30th that the United States had
always followed a course of limited aid and non-involvement, particularly since the
withdrawal of the Marshall Mission. In defence of apparent inaction by the United
States, Sprouse also argued that the United States could only ever have had marginal
influence over the outcome of the Civil War, and that in recent times the successful
progress of the European Recovery Programme through Congress had been more
important and had demanded more of their time.96 Furthermore, the State Department
had been embattled throughout this period, particularly against attacks from Senator
Judd, Admiral Badger (the Commander-in-Chief of the American Pacific Fleet) and

95 FO 371 69587 F16909/190/10 29/11/48.

96 FO 371 69545 F17094/33/10 Franks to Bevin Tel:5442 30/11/48.
General Chennault, as well as the emotive appeals of the publicly popular Madame Chiang Kai-shek. More worryingly perhaps was Sprouse’s comment in the same conversation that a large number of communist troops were simply disaffected Kuomintang, and that therefore it would be difficult to determine in what shape a Chinese government would emerge in the event of a CCP victory. The Foreign Office clearly disagreed, and Coates commented in December that ‘it would be dangerous not to expect the worse’.97

Despite its explanation, the State Department still seemed to lack an accurate insight or informed opinion over future developments in China. A report from Shanghai on December 10th suggested a reversal in American policy regarding evacuations. The United States was now prepared to protect American interests in Shanghai, and Admiral Badger had agreed not only to protect power and telephone installations in the city but also to guarantee shipping evacuees to safety in the south.98 Alarmingly, in Washington on December 9th Lovett had said that he did not know if any Marines would be used to secure American property in Shanghai, or if extra marines would be sent at all to protect American interests in the city.99 There was clearly a lack of co-operation and co-ordination between the various arms of American policy making, let alone consultation with its ‘closest’ allies, and unsurprisingly the Foreign Office found little comfort in these developments. Orme Sargent suggested to Bevin that at a following meeting of the Foreign Ministers and Prime Ministers of the Dominions in mid-December he should suggest consultation on how best to co-

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97Ibid., Coates’s minute 8/12/48.
98FO 371 69546 F17478/33/10 Shanghai to London Tel:345 10/12/48.
99FO 371 69546 F17509/33/10 Franks to Bevin Tel:5628 10/12/48.
ordinate policy towards the Communists in China. He added drily 'it is not as though we are going to get anything coherent or definite out of the United States government as a result of our enquiries in Washington'.\textsuperscript{100} By the end of 1948 it was clear that American policy was disjointed and frequently divided. Pulling in opposite directions and seeking different aims, it had reached a point of drift and inaction at a seemingly crucial time. Britain had pressed more clearly and openly than ever for some form of coherent line, if not Anglo-American policy, and had not been as much rebuffed as unanswered. London was now focusing clearly on analysing the nature of the communism which was sweeping across China, and was moving away from supporting American policy towards devising its own in consultation with the Commonwealth. Differences between the two states, in terms of both analysis and expectations, were clearer than ever.

Franklin had reported from Tientsin in mid-September that British interests in the city had suffered only a few incidents of active discrimination against them, and that by and large they appeared to be protected by their 'foreign status'.\textsuperscript{101} However, as an indication of the direction of the political tide, Franklin also commented that should they feel the need to do so, 'there is little doubt that the authorities do not find it difficult to mobilise anti-foreign feeling or to play up to the fact that extra-territorial rights are over and done with'.\textsuperscript{102} Whilst the Foreign Office was quick to find encouragement in the prospects for British trade in China, by the same measure there

\textsuperscript{100} FO 371 69549 F18106/33/10 14/12/48.

\textsuperscript{101} FO 371 69557 F13786/35/10 8/9/48.

\textsuperscript{102} Ibid.
were frequent reminders that the political situation had changed since before the Second World War, and foreign interests did not command the same level of importance and attention. This was particularly prevalent in communist-occupied areas, where anti-imperialist issues were considerably more acute. The Foreign Office believed Britain had a role to play in trading with the communists, since they would be desperate for certain overseas materials and advice once they had seized key areas. They were keen therefore to maintain a trading presence on the mainland, particularly since in combination with the consular representation in communist areas it offered greater opportunity for closer contact between the two sides. Indeed, as Franklin suggested in December

> If we hope in any way to influence the future policy of the Chinese communists it seems essential not to cold shoulder them at the beginning, or just sit back on a caretaker and maintenance basis.  

Ian Mackenzie of the Shanghai Consulate had also dispatched similar views to Scott in mid-November. His review of economic conditions in communist China led him to conclude that the CCP would be forced to trade with non-communist states for some time to come. Whilst the Foreign Office disagreed with Mackenzie's view that imports of consumer goods would increase to 'mop up' extra cash, both they and the Board of Trade were in agreement that the importing of capital goods seemed likely to continue. There was also an extension of these ideas, namely that the communists would have to preserve China's maritime fleet and that Britain could easily provide the

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103 FO 371 69549 F18096/33/10 21/12/48.

specialist knowledge required. Mackenzie's projection on the future of foreign interests was far more hypothetical, but again it held out the prospect that moderate elements within the CCP would seek a greater balance of trade, and perhaps even international loans in order to finance a sizeable reconstruction budget. Again there seemed to be alluring prospects of rewards for a British involvement in the region.

However, the Foreign Office remained sanguine over such eventualities, partly because the enthusiasm and drive of the British community in Shanghai often seemed to address slight possibilities rather than focus on harsher realities. On November 13th, Urquhart, the Consul-General in the Chinese port stated that the British nationals there were opposed to a policy of evacuation. This was despite expectations of a 'rough patch' should the communists prove successful in taking the town. They hoped that in the longer term British trade would begin to prosper once again because of the depth of its experience and expertise. This was certainly a more optimistic analysis than the Foreign Office comments which received the telegram in London. They believed that both the China Association in London (a lobby group representing British interests in China) and British residents in Shanghai had been 'deluded' in believing that China would return to the extra-territoriality of the 1920's rather than the somewhat harsher realities of a communist regime. Unsurprisingly, shortly after that telegram the Foreign Office advised the China Association to tell its own members that they should start to withdraw non-essential staff as the communist advance continued. A reticence to start this procedure by the Shanghai business community proved to be a further frustration to the Foreign Office. Scarlett believed this obstinacy stemmed from a belief that the Shanghai group 'knew' China and felt that they could still exploit and

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105 FO 371 69542 F15977/33/10 Shanghai to London Tel: 283 13/11/48.
organise opportunities for trade. He was driven to comment ‘British businessmen in China just won't believe that it is in the Chinese character to be wholeheartedly communist’. 106

Problems were further compounded by Chiang Kai-shek's machinations. He had apparently decided to 'stand and fight' at Shanghai, which Scarlett described as 'an ugly prospect'. 107 Not only would foreign nationals in the city be placed in grave danger, but famine could easily follow and affect large areas of central China if Shanghai could not be supplied from the sea. Lamb, as ever, offered a more cogent reason for maintaining a British presence beyond notional concepts of potential trade and the role expected of the Chinese communists as urban administrators. He suggested in November that British interests had to try and hold on, since if they were to leave there was the strong prospect that their property would be arbitrarily seized. 108 Furthermore, Lamb believed that life under the CCP would not be much worse than the disorder of the last days of the Kuomintang. Coates provided the clearest summary of British options on December 15th, suggesting that British interests in Shanghai should stand firm and try and carry on under the communist regime, suggesting 'the honeymoon period may be short, but there is no reason why British merchants should not benefit from it as far as they can'. 109 Urquhart was full of further ideas and suggestions to help ease British difficulties in the city. Regarding the need to protect and potentially evacuate British nationals from Shanghai, he suggested deploying

106 FO 371 69542 F16093/33/10 19/11/48.
107 Ibid.
108 FO 371 69543 F16505/33/10 Lamb to Bevin Tel:1024 21/11/48.
109 FO 371 69545 F17433/33/10 15/12/48.
troops to protect key installations, perhaps even under a joint exercise with the United States. The Foreign Office, mindful of Admiral Badger (the Commander-in-Chief of the American Pacific Fleet) and Lovett's lack of communication and all the associated problems of American policy making, reeled away. Significantly, Scarlett argued that any form of openly co-ordinated Anglo-American action would also give the Communists the excuse for bracketing us with the Americans as open public enemies and thus prejudice whatever chance we may have of being able to continue doing business in a communist China.110

It was a measure of the distance between the British and the American policy in China that the Foreign Office eschewed co-operation with the United States where the opportunity to further enhance contacts with the communist Chinese arose, and was hardly a reassuring comment on the British view of American capabilities in China.

By December 1948, British policy in China was as much involved in issues of administration and organisation as it was with evaluating refined notions of Marxist orthodoxy. As the CCP continued to threaten central China, the withdrawal of certain sections of the Nationalist government from Nanking became a key issue. The United States intended that its ambassador would follow the rest of Chiang's government. and the Foreign Office too believed this to be a sensible step. However, there was some uncertainty over Chiang's intentions - would he move his entire government to Canton and join them there, or would he look more closely at possibilities such as a base in Formosa? Until the situation became clearer it was decided that Stevenson should

110 FO 371 69549 F18147/33/10 17/12/48.
remain in Nanking with a Counsellor despatched to follow Chiang Kai-shek, and that efforts should still be made to keep broadly in step with the United States over this matter.\textsuperscript{111} Similarly, as the Consulate in Tientsin had been kept open after the capture of that town, consulates were to remain open in all their present cities regardless of the nature of the administration, particularly Mukden, which was under increasing communist pressure in the autumn. Bevin confirmed the Foreign Office's intentions in this, suggesting it would be a useful way 'to keep an eye on communist activities' as well as providing a point of contact with Mao's authorities.\textsuperscript{112} Bevin had met the Chinese Minister for Foreign Affairs, Wang Shih-chieh in October, in what had been an inconclusive meeting. Bevin had highlighted a British desire to keep China strong as part of a British-Chinese-American axis in the Far East. The discussion was perhaps most notable for Bevin's inquiry as to whether the Chinese had any information over the direction of American policy, a further indication of the lack of co-ordination between the two states.\textsuperscript{113}

A Foreign Office briefing for Bevin's meeting with the Chinese Ambassador in early December was more revealing. The China Desk contemplated a plea by the Central government to attempt to use their influence in Washington in Chiang's favour, to support Chiang in the Security Council in his opposition to Soviet abrogation of the 1945 Sino-Soviet treaty, and for further British support for any strong statement of policy by Truman regarding Chinese affairs.\textsuperscript{114} The brief advocated

\textsuperscript{111}FO 371 69545 F17067/35/10 4/12/48.
\textsuperscript{112}FO 371 69608 F15805/36/10 6/11/48.
\textsuperscript{113}FO 371 69608 F15285/36/10 29/10/48.
\textsuperscript{114}FO 371 69546 F17443/33/10 6/12/48.
negative replies to each of these. Chiang's government was on its last legs regardless of any British intentions, and the level of British influence in Washington appeared negligible. Furthermore, the Foreign Office warned against prejudicing any chances British businessmen in China may have of continuing trade under communist rule - they simply could not afford to be seen to be pro-Chiang at such a late and desperate stage. In essence, Bevin was to reiterate the British observation of a policy of non-intervention. This was based on Dening's memo to Bevin from December 4th which had summarised a series of key policy issues. American policy seemed to be to offer aid to China, although they had little confidence left in Chiang: the intention was simply to avoid 'pulling the rug from under his [Chiang's] feet'. The advancing Communists were not seen as an immediate threat to Hong Kong, which was more likely to suffer under an influx of refugees. Indeed, Dening suggested that whilst Hong Kong would be 'on the edge of a volcano' should the communists gain an outright victory, the CCP could view a well-run British port as an advantage. Certainly it was the Foreign Office's view that only the United States was capable of taking drastic counter-action in reversing the communist successes, whereas British hopes lay 'in keeping a foot in the door'.

The British diplomatic presence and the established trading concerns were its key source of influence, and the withholding of certain essential imports could prove to be a bargaining counter 'if the communists do not behave'. The Foreign Office felt that a communist victory in China could be 'manageable' and this encouraged them to hold out for a position of potential influence which the withdrawing Americans would

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116 Ibid.
not share. As Dening summarised ‘It would be unwise for us by our own action to close the only door which may remain open to us to keep behind the Iron Curtain’. Significantly, Dening also argued for greater co-ordination between the Commonwealth states, France and Holland to counter the spread of soviet influence in South East Asia. Beyond considering links between Asian communism and Moscow, Dening argued that the United States ‘do not see the area as their responsibility’, and that Britain was in any case in the best position to co-ordinate the region’s defence. By late 1948 policy problems in China regarding Anglo-American relations were clearly having an influence on wider strategic issues.\[117\]

On December 8th a draft Cabinet paper on the implications of the situation in China was finalised.\[118\] This was a succinct summary of the Foreign Office’s long-running debate over expectations of relations with the communist Chinese. It suggested that there would follow a period of dislocation immediately after a CCP victory, when foreign trade would be at a low ebb, although internal difficulties after this period could predispose the CCP to tolerating foreign interests. Ultimately however, the CCP would move to exclude all foreigners, followed by close import/export controls which would effectively stifle foreign trade. It seemed therefore that any economic opportunities to exploit trading would happen only during a ‘honeymoon period’. After that time, the prospects for further trade were indeed bleak.

A Cabinet approved memo was circulated on December 20th, concerned with how to deal with the Chinese communists, and also how to secure the wider region

\[117\]Ibid.

against further communist advance. It was indicative of the gravity of the situation in China that its events were now closely monitored, and policy approved by the Cabinet body. The memo urged greater consultation and co-ordination in Chinese affairs, particularly in exchanging information by all the powers involved. Significantly this did not focus on the United States as the mainstay of the policy, but rather aimed co-ordination at a wider group including the Dutch, French, Siamese, Malaysians, Indians and both Australia and New Zealand. The Cabinet meeting had also noted that the true nature of a Chinese communist government was not clear. Given that Britain did not want to drive the CCP into the arms of the Soviet Union, the Cabinet stressed that 'the interested powers should reach agreement as soon as possible on their attitudes towards a Chinese communist movement'. On December 7th Dening advised Bevin to avoid commenting on the nature of the Chinese communist threat in his speech on foreign affairs to the House of Commons, in order not to preclude friendly relations with the Chinese communists. At the same time he was to avoid coming out in open support of Chiang Kai-shek.

All these views were again expressed in a paper on Chinese affairs prepared for the British Prime Minister, Clement Attlee, on December 17th. This advocated the pursuit of a joint commonwealth policy in the light of American ambiguity on the issue. American foreign policy appeared to be one of support for Chiang 'so long as he is supportable'. Deliveries of supplies already promised would continue, although public comments were to be avoided rather than reinforce Chiang's notions of his own

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119 FO 371 69547 F17714/33/10 20/12/48.
120 Ibid.
121 FO 371 69550 F18312/33/10 Paper for the Prime Minister 17/12/48.
'strength', or to undermine him completely with an objective report of his capabilities. The CCP was described as being ‘as fully indoctrinated and controlled by Moscow as any other communists’, with the clear aim of ultimately dominating all of China. The memo also suggested that the CCP would require ‘a fairly long period of preparation and infiltration before moving far south of the Yangtse’.¹²² For this reason, the Foreign Office still appeared to believe that such a breathing space could allow for a negotiated settlement - the war would be concluded either by a last-ditched defence by Chiang, or the creation of some form of coalition government between the CCP and the Nationalist group.

By December 1948 events in China were being closely monitored by both the Cabinet and the Prime Minister. Bevin too was playing a more involved role in the formulation and evaluation of British policy there. The decisions that were undertaken at this higher level were a reflection as much of wider global issues as they were of British difficulties in China itself. By the end of 1948 Britain and the United States were involved in negotiations for a North Atlantic security pact, the political division of Europe between communism and capitalism was increasingly clear, and tensions over the fate of Germany were heightening. Given Britain's preoccupation with America and the Middle East (where its relationship was already stretched over the Palestine issue), the most important issue regarding China was not to rock the transatlantic partnership any further. This was despite obvious policy differences over how to deal with the conclusion of the Civil War.

¹²² Ibid.
Britain's publicly pronounced policy, sent to such groups as the China Association, the Conservative Association and the Trade Union Movement, was one of support for United States policy in China, with a firm British stance on non-intervention. It appeared that British policy had not changed since 1945 in its strict observation of international agreements and readiness to accept America's regional predominance. Of course, in the public eye it was still the United States which could best intervene to force some form of negotiated settlement. It would be equally obvious that Britain should support Chiang out of all the competing groups in China, given its anti-soviet stance in Europe and the Middle East. Yet the interpretations of the Foreign Office staff were privately quite different. Given its inability to act effectively since 1945 (or rather, more effectively than the United States), the British attitude of non-intervention had been the logical course to pursue. Yet its understanding and interpretation of the situation had already altered radically, as indeed had the American commitment to China, and as the Civil War drew to a close these alterations began to emerge.

The Foreign Office had now accepted the inevitability of a communist presence in China. If America could act quickly and effectively, Mao's role could be limited to within a coalition government. If not it seemed unlikely that Chiang could stave off a Kuomintang collapse, and all of China would ultimately fall under communist control. This possibility had of course been increased by Chiang's decision to split the government between Canton and Nanking, and his apparent intention to establish a base on Formosa. British policy was increasingly geared to this eventuality. Consular staff were maintained despite the communist advance, and a level-headed analysis of the nature of Chinese communism was compiled throughout the year. Rather than evacuate immediately, British businesses (focused primarily on Shanghai)
were determined to stay put, even risking the destructiveness of a battle for the city, in order to explore the possibilities of trade with the CCP. Whilst Mao was seen as an orthodox Marxist, the Foreign Office had drawn no clear links to suggest he would simply be a puppet of Moscow. Encouraged by the actions of Tito in Yugoslavia, it even held out the prospect of a split between the two.

More significantly, Britain was moving towards co-operation within the Commonwealth, and away from attempts to construct a joint policy with the United States. There was now not only the opportunity to rival the Americans in China, since it had been politically restricted by its support for Chiang, but also to emphasise an enhanced role for Great Britain in the Far East. Establishing good relations with the CCP would be a formidable foundation to build upon. Despite its public support for the United States, British policy makers held far more disdainful private opinions. Relations with the United States over China and Hong Kong had been under some strain since Hurley's outburst and resignation in December 1945. By 1948 the Americans were perceived as uncertain how to act, and drifting toward abandoning Chiang without any clear alternative. American foreign policy had been made as much in Congress as it had been made in the State Department, and had been as dependent on the political fortunes of Truman's administration as it was on the analysis of the Policy Planning Staff. When contact had been made, the information the British had received did little to reassure them that American policy was clearly focused - their interpretation of political developments were frequently seriously at odds with British views.

By the end of the year, the communists were poised north of the Yangtse river, having gained control of all of Manchuria. The Nationalist government was hurriedly evacuating Nanking, with a careful eye kept on developments within the American
Congress and Senate. The United States had no clear policy of how to react to this withdrawal, how to bolster the nationalists, or how to respond to the expansion of communist influence in the North. The British were far more positive about seeking relations with the CCP, had written off Chiang as a leader unless large-scale American aid appeared immediately, and were unwilling to rely on American initiatives in the region. Despite proclamations to the contrary, the basis for any form of 'joint policy' between the United States and Great Britain had proved to be almost entirely absent.
Chapter Four


There were three broad concerns for British policy in China at the beginning of 1949. Firstly, Britain needed to shield and protect its strategic interests, both regionally and within China, from the dislocation and destruction of the Civil War. Secondly, the Foreign Office had to assess in greater detail than before the implications for British policy of a CCP victory, which seemed increasingly likely as the Kuomintang forces crumbled. Finally, Britain also had to consider its relations with the United States, which despite two years of vacillation and drift in its own China policy remained the most powerful Western nation involved in the country. These broad issues were of course inextricably linked to developments within China itself over the first six months of 1949. Just as the Foreign Office had to re-examine the true nature of its broader interests, it also had to respond and react to almost constant changes on the ground. The first months of 1949 were to confirm British fears over the lack of content to American policy in China, and therefore prompted a rapid re-evaluation of British policy as the Nationalist position collapsed under Communist pressure. By the summer of 1949 the Yangtse defences had been breached and Shanghai captured by the People’s Liberation Army. Nationalist resistance had disintegrated and it was clear that the Civil War had entered its final phase. Not only had Chiang’s military forces crumbled, his government had now lost any shape as it abandoned Nanking and split between Canton and Chungking. There was increasing evidence that Chiang was now planning to flee to Formosa to rebuild a position.
A Communist victory therefore seemed a certainty to the Foreign Office, and clear Western policies were needed to cope with this transfer of power. There seemed little prospect of the CCP relinquishing their powerful grip and accepting a broader coalition government which would dilute their radicalism, yet at the same time the Foreign Office believed even a Communist China would need to trade with the West, and at least seek amicable relations with the major Western states. In turn, London was increasingly disenchanted with America’s role, which it viewed as being linked inextricably to the struggling Kuomintang. Crucially, Acheson replaced Marshall as the new American Secretary of State, and as he adapted to his new position State Department policy was unclear and indecisive. Britain, with pressing economic concerns and a clear rationale for establishing even limited contact with the CCP still sought a joint lead, but Foreign Office worries regarding American capabilities were confirmed by a series of high-level meetings between the two states in early spring. Here it proved impossible for London to satisfactorily clarify America’s position, let alone attempt to co-ordinate policy between the two allies.

The most pressing issue was the relentless CCP advance and the organisation of a Western response to the ever-shifting balance of power in Mao’s favour. As the PLA approached Nanking the United States moved with the disparate elements of the Kuomintang to a series of short-lived havens, whereas Britain remained in Nanking. Britain’s refusal to recall its Ambassador as Nanking fell effectively ended any attempt at a common Anglo-American united front, since the American Ambassador was recalled to Washington. Indeed, there were further divisions over America’s desire to increase the restrictions placed on exports of materiel to Communist China, which Britain resisted, and very different reactions to the situation in Shanghai. As the Americans evacuated the city and moved to support the Nationalist blockade, the
British stayed put and hoped for an improving relationship with Chinese communism. Ultimately, the Foreign Office sought different sources of power in the region, and having abandoned the prospect of close co-operation with the United States now looked to its regional Commonwealth allies for greater support. In effect, despite continuing to proclaim the need for a common front each state was pursuing markedly different policies, which by June 1949 were leading them in different directions, with competition for the support of other western powers the only common theme.

By late 1948 the PLA was operating in two main theatres, eliminating the remnants of the Nationalist forces in Manchuria and increasing attacks between the Yangtze and the Huai rivers in Central China. By December, the key Manchurian cities of Changchun and Mukden had fallen with the capture of over 500,000 men from the Kuomintang armies. As Marshall observed, this gave the Chinese communists more American equipment in one month than the United States had supplied to the Kuomintang in one year. A Communist victory now seemed irreversible. By 1949 all Nationalist positions north of the Yangtze were under tremendous pressure, and many more were fighting delaying actions on the north bank of the river. Despite frequent rumours of imminent peace talks, communist pressure against Peking and Tientsin increased in January, with Stevenson observing that ‘nobody any longer pretends that the Central Government forces have any chance of successful resistance’. Indeed, in late January both Tientsin and Peking fell to the communist advance. The nationalists in turn fell into headlong retreat across the Yangtze as Mao's troops regrouped for the final advance. By May, the Foreign Office

\[1^\text{FO 371 75733 F761/1013/10 Stevenson to Bevin Tel:60 15/1/49.}\]
had drawn clear conclusions regarding the implications of such a rapid series of military successes, arguing ‘Short of direct foreign intervention in China’s civil war, complete communist victory can be regarded only as a question of time’. As the memo argued

To sum up, the communists in China are real. Power is in their grasp. They have come to stay. They have their policy, programme and doctrine. They intend to revolutionise the social, political and economic structure of China. They are unlikely to be deterred by tradition, vested interests or even international complications: they are confident that they can succeed.

The Communist capture of key cities such as Tientsin was of importance to the Foreign Office since it allowed them to collect detailed information regarding communist attitudes towards the West. Issues such as economic conditions, political control and the possibilities for trade could be more closely scrutinised by the Consulates now under Mao's administration. Initial news was not disheartening - in Tientsin, British lives and property were being protected by communist officials, although local communist authorities did not recognise the Consulate’s official function as representatives of His Majesty's Government. Indeed, Stevenson suggested that the CCP were 'determined' not to enter into relations with foreign Consuls for some time. CCP representatives were unwilling to accept any form of correspondence

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2 FO 371 75754 F7099/1015/10 FO memo 'North China situation after 3 months of “liberation”' 17/5/49.

3 Ibid.

4 FO 371 75733 F3000/1013/10 Stevenson to Bevin Tel:229 26/2/49.
until the communist administration was internationally recognised. Significantly, whilst their individual rights were respected, foreign citizens were not allowed to leave Tientsin without a permit which was unobtainable. A crucial indication of communist attitudes was revealed by the treatment of American and British representatives in Mukden, where American staff were restricted to quarters whilst British personnel had greater freedom of movement. Similarly, following the capture of Nanking in April 1949, CCP troops stormed into the American embassy and demanded to inspect Ambassador Stuart's bedroom. Those who had reached the British Embassy left once they were informed that the building held diplomatic immunity. Restrictions were again placed on the movements of American Consular staff, whereas no similar restrictions were placed on Stevenson or any of the British officials. It was increasingly evident to the Foreign Office that the United States close links with Chiang Kai-shek, and support for the Nationalist cause during the Civil War, would not predispose the communists to treat them well. Furthermore, a greater distance between American and British policy in the coming months would prevent the British from being placed in the same category, and therefore would allow the Foreign Office greater freedom of action.

A key consideration for Foreign Office planners remained the relationship between the Soviet Union and Mao's party. If the British were to create a position allowing contact with the Chinese communists, could it then exploit Sino-Soviet

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5 It should be noted that the American consul in Mukden, Angus Ward, was restricted to the consular compound following allegations of assault against him by a Chinese member of staff.

6 FO 371 75750 F3850/1015/10 26/4/49.
difficulties in order to increase British influence? As ever, London closely monitored the Moscow-Yenan relationship for signs of emergent 'Titoism' which in reality were infrequent and of little substance. Whilst the CCP leadership made frequent speeches supporting the Soviet Union, and displayed 'orthodox Marxist indoctrination', Stevenson noted

..the time is, of course, rapidly approaching when the degree of subservience which Soviet communism will demand and will receive from Mao Tse-tung and his Chinese disciples will be put to the acid test of experience.7

The Foreign Office evidently hoped for a clash between Chinese nationalism within the Chinese Communist Party and the Soviet presumption that Russia embodied the leadership of the world revolution, even in Asia. This would potentially provide the Foreign Office with an even greater degree of influence, since the exclusion of the superpowers from China would leave Britain in a commanding position. Such notions were, however, undermined by a series of public pronouncements, not least Mao's comment in November 1948, when he declared that the Soviet Union was the leader of the Socialist bloc and headed the revolutionary force of all countries.8 Mao's readiness to adopt Soviet industrialisation programmes, and the steady flow of Soviet advisors and technocrats into Manchuria similarly reinforced Burgess's observations of the 'orthodox relationship the communist party leaders are trying to establish with the Soviet Union'.9 When the communist propaganda machinery immediately mobilised in

7FO 371 75781 Stevenson's review of 1948.
8FO 371 75780 F47461016/10 Mao's speech 1/11/48; see Burgess's minute 22/3/49.
9FO 371 75833 F16091/10338/10 Burgess 3/2/49.
full support of Cominform’s opposition to NATO in the spring of 1949, Coates saw this as confirmation of Mao’s orthodoxy, observing ‘This is the action of Communists, not of patriotic Chinese nationalists’.10

In May, a War Office report on the People’s Liberation Army found them to be a highly motivated and dedicated fighting force, which was well-led and easily capable of sweeping away nationalist resistance. Coates was again moved to comment ‘This report removes any shadow of doubt that the Chinese communists...are in the course of introducing a real revolution’.11 Clearly, the Chinese communists were closely linked with Moscow and broadly observed orthodox Marxist-Leninist policies. Whilst there were obvious areas of possible friction between China and Russia, for example over Manchuria, the Russian role in Port Arthur, and ultimately leadership of the Asian socialist revolution, these were issues which would emerge only in the longer term as attempted co-operation exposed any hidden differences. In the short term, Soviet assistance was deemed vital to help resurrect China’s position after prolonged turmoil, and it appeared that China would largely follow the Soviet lead. Yet China’s perilous domestic position was also seen as cause for optimism by the West, and particularly by the British. The Communists could not hope to rebuild the economy without foreign support and the Foreign Office was in favour of letting the CCP discover for itself the difficulties of administering such a massive territory, in the firm belief that they would ultimately have to look to the West for assistance.12

10FO 371 75746 F4291/1015/10 Coates 25/3/49.
11FO 371 75753 F6783/1015/10 War Office Report 19/5/49.
12See, for example, FO 371 75755 F7222/1015/10.
In early 1949 it was clear that the communist's aim was the outright control of all of China. The Foreign Office dismissed talks of coalition governments as purely a Soviet tactic through which to take overall control, as had been seen in Eastern Europe. Mao's position was clearly unequivocal. His 'Eight Points', the CCP’s criteria to be accepted as a precursor to peace talks, demonstrated that Yenan would accept nothing less than control of China in its entirety. A Foreign Office memo dated May 17th clearly identified CCP aims as ‘a unified China under its own control’. It predicted that any compromise which may emerge would be a reflection of regional politics, and ‘no more than a tactical compromise on grounds of expediency’. The Foreign Office was in no doubt that any such arrangement ‘would almost certainly be repudiated without hesitation as and when convenient’. Stevenson emphasised Mao's Eight Points included the ordering of security for foreigners, and an acceptance of economic dependence on foreign states. He was similarly enthusiastic over Mao's ‘willingness to establish business and diplomatic relations with them on the basis of equality’. The Ambassador also highlighted looming economic crises in both rural and urban areas, as the CCP struggled to restore economic and industrial activity. Consul-General Urquhart in Shanghai was even more optimistic regarding the prospect for British trade with the Communists. Even after Shanghai had fallen to the PLA in May he commented

13 FO 371 75754 F7099/1015/10 17/5/49 op.cit.
14 Ibid.
15 Ibid.
16 FO 371 75733 F10543/1013/10 Stevenson to Bevin Tel:1026 15/7/49.
I venture to think the communists will lose their bounce when they have had Shanghai on their hands for a month or two. Britain and the United States of America ought to have no difficulty in imposing their will eventually on their bankrupt economy provided we all act together.  

There was a clear difference here between the optimism of British personnel within China, and the view from London. Coates had written on January 4th that the Chinese communists would seek to exclude the West as far as possible, and even if the communists were to approach them for aid, it would be an approach characterised by resolute hostility. Regardless of whether China was a close ally of the Soviet Union or merely a satellite of Moscow, China would be 'in the enemy camp' and opportunities and conditions for trade would be difficult. Indeed, whilst Tientsin had fallen to the PLA in mid-January, by late February the communist authorities had still not demonstrated any clear interest in pursuing trade. Coates was forced to admit 'I think we over-estimated the chances of the chinese communists being initially desperately anxious to do trade with the outside world'. Even when the news of a slow growth in trade and economic activity filtered through in March 1949 it was clear that that trade was largely in the form of barter, and was principally a form of exchange between northern China and Shanghai as opposed to any foreign trade. However, this was only the beginning of the extension of communist control to large urban areas, and the Foreign Office staff continued to seek reassurances that trade would pick up. Coates noted in March that the communist approach to the middle

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17 FO 371 75940 F6937/1611/10 Urquhart to Bevin Tel:344 12/5/49.

18 FO 371 75737 F943/1015/10 Coates 20/1/49.

19 FO 371 75741 F2573/1015/10 Coates 21/2/49.
classes was less hostile, and perhaps stemmed from a ‘realisation of their own administrative and technical deficiencies’.  

Lamb also reported from Nanking a ‘mellowing of the tone of scornful invective’ from the communists, and suggested that their inevitable self-interest ‘may permit reasonable scope to British commercial and industrial enterprise in China’. Bevin summarised these views to Cabinet on March 8th, proposing to continue trading with the communists given their need for certain essential commodities from non-Russian sources if the standard of living was to rise, adding the rejoinder that the ultimate attitude of the CCP to foreign trade was unpredictable. An unwillingness to contact Western representatives, despite the communists’ urgent needs vexed Coates. His comment in April perhaps best underlined the frustration felt in the Foreign Office and also the attitude of London towards Mao's regime. Coates had noted in exasperation on April 29th ‘They [the CCP] want our trade but not our consuls, and don't yet see the link between the two’. For British policy in China, closer trading links had to operate in tandem with effective representation with business communities, and therefore predisposed the Foreign Office to seek diplomatic contact with the communist regime as soon as conceivably possible.

Any movement to accommodate the Chinese communists was made easier by the disastrous state of affairs within the nationalist regime. The Central government was increasingly unpopular because of the continuation of the war, and its position

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20 FO 371 75744 F3543/1015/10 Coates 11/3/49.

21 Ibid., Lamb 17/2/49.

22 CAB 128 15/18 (49) 8/3/49.

23 FO 371 75859 F5287/1123/10 Coates 29/4/49.
was further weakened by the collapse of morale amongst its personnel. Its popularity had not been bolstered by indiscriminate announcements such as its determination to turn Tientsin into a 'Stalingrad' if the PLA attacked. Stevenson reported in January that the Central government had 'no means of resisting' a renewed communist assault, a view confirmed by the loss of Peking and Tientsin that month.24 As Coates observed in February, 'there is little doubt that the central government is disintegrating and losing its authority'.25 Significantly, Chiang Kai-shek had started to divert raw materials and bullion supplies to Formosa, from where the Foreign Office expected Chiang to continue the struggle. This had a series of implications for Britain, not the least of which was where to base His Majesty's Ambassador given that Chiang's government had split in two when Nanking fell, moving to Chungking and Canton then Formosa. The Foreign Office was quick to note that the defence of Formosa by Chiang would need the assistance of the United States navy. Similarly who, the China Desk asked, would the United States recognise as the government of China, given the Nationalists in Formosa were essentially a government-in-exile led by Chiang Kai-shek, a figure with whom the State Department was by now thoroughly out of patience with?26 The only clear conclusion to be drawn by Chiang's relocation to the island was that 'the Kuomintang and its ruling clique have lost the confidence of all sections of the nation and are a spent force'.27 It remained to be seen how America would react to Chiang's flight, since their response would clearly indicate the direction of American policy. It

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24FO 371 75733 F4794/1013/10 Stevenson to Bevin Tel:382 2/1/49.
25FO 371 75733 F2631/1013/10 Coates 21/2/49.
26FO 371 75736 F671/1015/10 Coates 14/1/49.
27FO 371 75742 F2816/1015/10 Coates 2/3/49.
was certainly clear to the Foreign Office that the Chinese communists had to be accommodated in some way, and that the Western powers needed to collude on how best to respond to the rapid advance of communist influence in China.

In January the Nationalists had made a last desperate attempt to secure foreign intervention when the new Minister for Foreign Affairs, We Te-chen had requested intervention by the four powers (France, Great Britain, Russia and the United States) to mediate an end to the Civil War.\(^2^8\) The British had immediately moved to distance themselves from the proposal, with Stevenson commenting on January 9th that ‘only the Chinese themselves can find a basis on which to negotiate. This as Mr Marshall himself discovered in 1946 is the bitter truth’.\(^2^9\) The Foreign Office was reluctant to become involved not simply because of a long-standing policy of non-intervention, but also because it was by now wary of any joint action with the United States. Dening had written on January 10th

No doubt it would be right to let the United States take the lead in this matter, but the question is whether their lead will be the right one. As to that I am not very sanguine, since the State Department seems to have been devoid of any constructive ideas about China for some time past.\(^3^0\)

By early 1949 it was clear that the British had little regard for American policy in China. They were concerned by both its content and direction which were much at odds with British desires to maintain a level of influence in the country. This would not only restrict opportunities to pursue joint initiatives, it would actively lead the

\(^{28}\)FO 371 75735 F392/1015/10 10/1/49.

\(^{29}\)FO 371 75735 F394/1015/10 Stevenson to Bevin Tel: 38 9/1/49.

\(^{30}\)FO 371 75735 F392/1015/10 Dening 10/1/49.
British to pursue a policy which was very much their own, regardless of the intentions and the expressed desires of their more powerful ally.

As events in the Civil War moved towards a decisive point in 1949, the Foreign Office still made greater efforts to seek out American views on China. Whilst during the previous four years Britain had willingly allowed the United States to take the lead in China policy, the disquiet felt within London over the direction of that policy produced a more active role for diplomats in Washington. In early January, Hubert Graves, Counsellor at the British Embassy in Washington, held a series of meetings with Walton Butterworth, Director of the Far Eastern Office at the State Department, in response to London's request for an elaboration of American policy as a communist victory seemed increasingly certain. Dening's views of American policy were further confirmed by Graves's first meeting where Butterworth declared his suspicion of British policies in the region, believing London to be seeking American 'fimbriation' of British policy in South East Asia. The State Department also declared itself in favour of Chiang creating Formosa as a nationalist stronghold which would generally strengthen America's Pacific position. However, Butterworth was less coherent over how such a policy was to be implemented, particularly over the level of physical support America was prepared to contribute. As Tomlinson of the Foreign Office's North America section minuted on Graves's report, 'One detects the same lack of liaison between the State Department and the American defence department as appears to exist over Korea'.

31 FO 371 75738 F1397/1015/10 Graves 14/1/49.
32 Ibid., Tomlinson 27/1/49.
In a further meeting between the two on January 18th, Butterworth went on to describe the State Department's wider position, which encompassed an expectation that the whole of mainland China would fall to the Chinese communists fairly quickly, and that from now on the State Department would be formulating policy on the basis of a communist China.\textsuperscript{33} Graves was quick to take the initiative, and suggested that if communism was evidently such a potent force in Asia, there would be a need to create 'a containing arc and not to let a single corrosive element get at various portions of it'.\textsuperscript{34} Whilst this seemed concordant with the emerging American policy of containment, from a British position there was a crucial difference in perspective. By emphasising the comprehensive nature of a victory for the Chinese communists in the Civil War, Britain hoped to secure American support against communism for the British position in both Siam and Malaysia, and thus prevent American policy focusing purely on its own positions in the Philippines and Japan. This would leave a weakened post-war Britain to protect its imperial or Commonwealth outposts with its own limited resources and meagre strength. This was the specific subject for a further meeting between Graves and Butterworth in Washington on February 23rd.\textsuperscript{35} Whilst Butterworth attempted to reassure Graves over America's commitment to the defence of Korea, Japan and and the Philippines, there were no such commitments to the South East Asia, despite Graves's emphasis on the apparent southward drive of communism in the region. As he was to report back to the Foreign Office

\textsuperscript{33 FO 371 75738 F1472/1015/10 Butterworth 18/1/49.}

\textsuperscript{34 Ibid., Graves.}

\textsuperscript{35 FO 371 75743 F32388/1015/10 23/2/49.}
The Americans are apparently not prepared to accept any responsibility for South East Asia, or to take any action at present to maintain the position of friendly powers there.\textsuperscript{36}

For Britain therefore, it seemed that it was to be left to its own devices to counter the advance of communism towards its strategic concerns, and that the United States was preoccupied with preserving its own position to the East and within the Pacific. The Americans were concerned about the future stability of Japan and Korea, whilst Britain looked to preserve its fragile position in Malaya and Singapore. For British policy in 1949, the primary concern was to establish at least a working relationship with the Chinese communists, whilst continually seeking an American commitment to underwrite Britain's Far Eastern position.

This policy would be difficult to achieve, particularly since one of the major factors complicating calculations was American policy in China itself. Any attempt to influence American action depended upon a degree of co-operation and preferably a joint policy along British lines. American policy once again seemed increasingly incoherent, this time in its inability to react to the rapid advance of communist forces. In March the Americans planned to withdraw their representatives from communist-held territory, a move which the British desperately opposed. At the same time, Stuart increased his appeals to the American government for larger military aid to the nationalists.\textsuperscript{37} In the eyes of the Foreign Office, this was equally unwelcome, since it perceived the public mood to be 'sick of the Central Government' and in favour of

\textsuperscript{36}Ibid.

\textsuperscript{37}FO 371 75746 F4290/1015/10 Stevenson to Bevin Tel:344 23/3/49.
conciliation with the communist group. Britain did not want to pursue a joint line which would alienate it from the Chinese population and accentuate problems with what was in London's view the future government of China.\textsuperscript{38} The formulation of American policy in this period was further confused by the replacement of Marshall with Dean Acheson, who would inevitably require a period of familiarisation and adjustment before he could adequately direct American policy. The consequent dislocation in policy was almost instantly obvious. On February 9th Acheson instructed the American Consul-General in Canton that any resistance to the communist advance had to be ‘based upon genuine Chinese effort’ and not directions from the United States.\textsuperscript{39} Yet only two days later in conversation with his Special Assistant Maurice Carter, Acheson suggested ‘pulling the rug now without some other hook on which to hang our hat would appear to leave the communists in complete ascendancy’.\textsuperscript{40} Whilst Acheson publicly declared his intention to wait ‘until the dust has settled’ before deciding American policy in China, it was clear that any policy which existed was lacking in new thoughts or innovation.\textsuperscript{41} Policy remained trapped in such a deterministic view of nationalists and communists that fluent responses to a fluctuating situation would be very much at a premium in the coming months. This was a view of American policy which the Foreign Office had arrived at by mid-1949, and which was reinforced by events and attempted collaboration thereafter.

\textsuperscript{38}Ibid.

\textsuperscript{39}Record Group 59 (hereafter RG 59), Box 7278, File 893.00/2-949.

\textsuperscript{40}Ibid., Maurice Carter's verbatim account, 893.00/2-1149.

\textsuperscript{41}CAB 134 287/10 Graves 24/2/49.
This view was presented by Dening to the Far Eastern (Official) Committee when it met on March 10th.\textsuperscript{42} Graves had reported from Washington that Acheson 'had not had time to go into the Far Eastern question thoroughly and it is expected that my progress with Butterworth will be slow until Acheson has had time to review the whole subject'.\textsuperscript{43} The Foreign Office position, declared to the Cabinet through the Far Eastern Committee, was therefore one of constant attempts to co-ordinate with the Americans, with the expressed intention of securing American support for British policy. As Coates noted on April 2nd in response to a State Department memo outlining their views,

\begin{quote}
This absence of a considered policy of course makes it all the more likely that the State Department will conceive ill-advised and hasty ad hoc measures to deal with certain aspects of the China situation instead of taking the problem as a whole.\textsuperscript{44}
\end{quote}

This included a range of vital issues over which Britain sought clarification and possibly co-ordination. The British were anxious to establish a position on trading with the communists, and particularly regarding the nature of any such trade. They were similarly anxious to clarify the role of Western diplomats in China, and whether a co-ordinated effort should be made to sustain representation within communist areas. Oliver Franks, the British Ambassador to the United States, reported that Acheson's desire to wait until the dust had settled 'makes it difficult to report present American

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\textsuperscript{42}Ibid., 10/3/49.
\textsuperscript{43}Ibid., Graves 24/2/49.
\textsuperscript{44}FO 371 75747 F4595/1015/10 Coates 2/4/49.
\end{flushright}
views with any degree of precision’. Bevin and Acheson met in April when they were able briefly to discuss the issue of trade with China. Here Acheson intimated that any formal contact with the communists could lead to problems for Truman's administration within Congress. It was proving particularly difficult to pin down any particular aspect of American policy, as Scarlett summarised on April 5th. He observed that

I fear we must finally accept the position that the United States are 'waiting for the dust to settle' with an open - or vacant - mind and haven't any thoughts to offer in the political field.

Whilst such a lack of direction appeared to be an ever-present in the formulation of American policy, it was now of crucial importance for the British. Previously the lack of a physical involvement in Chinese politics had made it easier for Britain to accommodate American weaknesses, since they held no immediately direct implications for Foreign Office policy. However, as the communists advanced British diplomats found themselves for the first time in communist-held territory, and the issue of representation and diplomatic recognition became of paramount concern. To all the western nations involved, it was obviously preferable to maintain some form of common policy both to prevent the communists exploiting any weaknesses and divisions, and also to provide a strong foundation from which to respond to the

46FO 371 75747 F4804/1015/10.
changing political situation. By virtue of the level of trade with China, Britain now found itself as the principal western state in Chinese affairs alongside the United States. Having studiously avoided involvement in the Chinese civil war, British foreign policy had created a platform from which to negotiate a position of influence in post-war China, and it would obviously be beneficial to the British Far Eastern position in general if it enjoyed at least American support, if not a wider American commitment to broader British interests. Yet almost immediately policy divisions emerged, and apparently unreconcilable differences rose to the fore. For the first six months of 1949, British foreign policy was most actively engaged in bringing American policy into line with British aims, whilst at the same time the Americans sought to control a state which had emerged as a viable competitor for the paramount position within China. As such Anglo-American relations in China within this period were dominated by a fierce battle for control of policy, albeit expressed in the broader terms of collaboration and co-operation forced upon it by the political preconditions of the broader transatlantic relationship.

Policy differences at this stage emerged most clearly over the issue of representation within China. The State Department was anxious not to accord any degree of recognition upon the Chinese communists, and consequently planned to withdraw consular staff as the communists advanced. American experience was clearly tainted by the communists treatment of their nationals in communist-held areas, whereas the British had enjoyed a relatively smoother ride. Scarlett wrote in February that

"We must accept the fact that any position abandoned now will be lost for good, but that if we stick to our guns our presence may be tolerated for a"
long time in a country where logic is not the absolute rule of administrative behaviour.48

The British view was reinforced by a belief that having withdrawn consular staff from communist areas, it would be difficult to 'reinsert' them at a subsequent point without instantly conferring recognition upon the communist administration. By maintaining a diplomatic presence there was the opportunity for a more flexible policy, even if at its most basic level the British accepted that recognition of the Chinese communist victory was an inevitable event. In early 1949, the consular positions at Mukden were under great pressure, particularly since the American Consul-General had been detained within his compound. The State Department contacted the British to inform them that they may withdraw altogether if they were not accorded better conditions, even if the British decided to stay.49 Stevenson argued forcibly in favour of maintaining the British Consulate, and the Foreign Office took the position that the American stance was 'impetuous', and a reaction to their ill-treatment rather than a preconceived policy.50 Whilst the State Department expressed a desire to co-ordinate policy over the issue, the British were supported by the French in a desire to maintain a position within communist territory and also to co-ordinate policy in an attempt to control the further expansion of communism along and beyond China's borders. Fundamentally, a pattern was emerging which was to set the tone of Anglo-American relations in China throughout 1949 - both states sought to co-operate on policy, but were diametrically opposed to the option their partner offered. Specifically, Britain

48 FO 371 75740 F2277/1015/10 Scarlett 15/2/49.

49 FO 371 75742 F2776/1015/10 Franks to Bevin Tel: 1051 27/2/49.

50 FO 371 75744 F3670/1015/10 Stevenson to Bevin Tel: 275 8/3/49.
was now prepared to offer and negotiate over a separate British policy option. A failure to reconcile these positions led both Britain and the United States to pursue disparate policies and to strengthen their position by aligning like-minded states behind them.

In January 1949 the Central government requested that the British Embassy moved with it as it evacuated Nanking, which was the clear target of the communist advance, arguing that if the Embassy were to remain in Nanking after it had fallen it would be interpreted as conferring recognition on the Chinese communists. Significantly the Central government now planned to disperse its various administrative bodies around a series of southern towns, principally Chungking and Canton, and the Foreign Office viewed the notion of a diplomatic body following such a scattered group as absurd. A Foreign Office memo noted

The choice is between the heads of mission remaining in Nanking and moving to Canton to join an ineffective and decaying rump government whose days are universally admitted to be numbered.

The Foreign Office decision was therefore to remain in Nanking whilst accepting the need to maintain some form of co-ordination with Washington, whom they presumed would seek to either extricate their Ambassador altogether or relocate their embassy to Canton.

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51 FO 371 75794 F1010/10118/10 19/1/49.
52 FO 371 75794 F1016/10118/10 Stevenson to Bevin Tel:74 18/1/49.
53 FO 371 75795 F2543/10118/10 17/2/49.
In April the United States announced that the American Embassy would indeed be moved South to Canton, in a move which would in British eyes break any notion of a 'united front'. The Foreign Office remained in favour of 'keeping a foot in the door', and Stevenson was instructed to remain in Nanking even if it meant early recognition or his withdrawal under difficult circumstances. The British position was clear - to withdraw prematurely would be to jeopardise a chance of satisfactory relations with communist China. More significantly the Foreign Office clearly enunciated its view of the British role in China, stating that it was 'different to all others'. This was principally by virtue of its economic interests in the country, but it had increased in importance given the decline in prestige of the United States and that 'British prestige was higher than for many years'. For this combination of reasons the Foreign Office believed British actions would be pivotal in determining Communist and Kuomintang attitudes to foreign powers. In the first clear attempt to align other states behind Britain in its opposition to the United States, the Foreign Office sent a telegram to all Ambassadors in Commonwealth countries and to Ambassadors in countries with embassies in China. In presenting the British view it observed:

Our commercial interests which are at stake are far greater even than those of the United States. American prestige has declined as a result of recent events, and our information is that the prestige of the United Kingdom is higher than it has been for some years. In consequence we may expect that

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54 FO 371 75794 F5057/10118/10 Stevenson to Bevin Tel:406 7/4/49.

55 Ibid.

56 Ibid.
more will turn upon the action we take than upon the action taken by any other power.\textsuperscript{57}

Whilst British policy was consequently moving towards recognition of the communists in China, there was still the need for a clear interim policy. The CCP was busily attempting to prevent the effective functioning of consulates in their territory, in what was interpreted as an attempt to force early recognition of their regime. They refused to meet Consuls or to accept notes unless the Counsul-Generals in turn officially recognised the communist administration as a de jure government. Whilst the Foreign Office still favoured a co-ordinated approach with both Commonwealth and Atlantic powers, London also established a short term policy of political expediency. The CCP was to be accorded de facto control in whatever territory it held, whilst de jure recognition would remain with the nationalists until a rival national government had been established.\textsuperscript{58} The Foreign Office was also anxious to establish relations of some kind with the communists before American policy under Acheson regained coherence, since the presumed it would encapsulate open hostility to the communist group. Coates argued the need to approach the communist group in Hong Kong since they were not able to contact communist administrators in China itself.\textsuperscript{59} He believed that steps had to be quickly taken since the United States was evidently 'contemplating steps with which we are not at all in agreement' regarding consular representation and restrictions upon trade.\textsuperscript{60} In a note underlining the philosophy of

\textsuperscript{57} FO 371 75794 F5057/10118/10 London-Embassies Cypher No:454 11/4/49.

\textsuperscript{58} FO 371 75810 F3705/1023/10 FO minute on recognition 17/2/49.

\textsuperscript{59} FO 371 75810 F4351/1023/10 Coates 25/3/49.

\textsuperscript{60} Ibid.
Anglo-American co-operation in China, Coates went on '...the best way to stop the
United States authorities from adopting shock tactics is to show that results can be
achieved by milder methods'. Dening was opposed to contact with communists in
Hong Kong, since it would be an open action which could unduly strain Anglo-
American relations at a time when co-operation was the publicly preferred approach.
Britain was not to be portrayed as pursuing contrary policies even if that was the
reality. Instead the Deputy Assistant Secretary of State preferred an 'informal'
approach to let the communists know that the British would like to approach them.
Dening went as far as to suggest sending a note to a consular official in Peking in a
loosely sealed envelope that the communists would inevitably read. These discussions
in March 1949 clearly demonstrated the vast difference between the American and the
British position over China and the execution of China policy, and further underlined
that despite asking for a common front Britain was prepared to pursue its own more
secret agenda. Furthermore, it was a measure of British anxiety and their
determination to press ahead that the Foreign Office had considered approaching a
communist group in British territory to begin the process of forging closer links with
the CCP. For a Deputy Assistant Secretary of State to suggest sending an ostensibly
secret but easily available message in a 'loosely sealed envelope' also demonstrated a
high-level involvement in China policy in London. Broader transatlantic relations still
demanded a 'common front', but the Foreign Office was increasingly prepared to
revert to subterfuge to prepare the ground for a separate policy.

61 Ibid.
62 Ibid., Dening.
The Foreign Office still sought co-operation with the United States. This was in keeping with concurrent co-operation over European affairs in 1949. London now sought greater co-ordination along the policy line preferred by the British. Having accepted that an American withdrawal from Mukden was inevitable, the British now sought Western solidarity in maintaining diplomatic representatives in Nanking. Again, however, they expected the Americans to press for a multilateral withdrawal as a common policy. This in itself was indicative of the change in emphasis of British policy, since it now clearly sought to rival the United States and offer policy alternatives as a rallying point for states with interests in China. Whilst both sides urged a common front competition actually centred on control of the political agenda and the direction of any joint policy. A setback for British policy in China had however been the Amethyst incident in April, when the Royal Navy frigate HMS Amethyst was disabled by communist batteries on the Yangtze river, believing it to be moving to support the nationalist withdrawal. The Amethyst consequently fought its way to the safety of Shanghai, yet it placed Britain under fierce communist criticism and could potentially have placed them in the same category as the Americans in the eyes of the communists. For this reason, and the fact that American policy had clearly failed in China, the Foreign Office remained wary of explicit co-operation with the Americans in China in the fear that they may be portrayed as 'ganging up' on the communist group.

By late April, it was clear that the search for a common front would in any case be problematic. Stevenson confirmed on the 25th that Stuart was to be recalled to Washington for 'consultation' as Nanking fell, and representatives would follow the

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63 FO 371 75745 F4005/1015/10 19/3/49.
Kuomintang on their circuitous route to Formosa. Stevenson noted that in taking such precipitous action the United States 'have now lost their liberty of action' and were furthermore planning the introduction of economic sanctions since communist troops had forced their way into the American embassy at Nanking. Coates summarised ruefully

In short, the Americans seem determined to pursue a strong policy without having any very clear idea of what objectives they are trying to obtain. In my view they are unlikely to do any good, and may do a deal of harm to foreign interests in China in general.

As the Foreign Office anticipated, the State Department then contacted London following the recall of Stuart. Having agreed that a common line should be maintained, the State Department asked if His Majesty's Government would fall into line by recalling Stevenson for consultation. Hubert Graves argued in Washington that the recall of the American Ambassador broke any notion of a common front, a view rejected by Sprouse from the State Department's Far Eastern Office who argued that no agreement had yet been reached on policy, and Britain had simply to follow suit. The response in London was one of anger, with Coates commenting on May 2nd that 'The State Department are now anxious to obtain support for the policy, which they publicly announced without consulting the other governments concerned, of

64 FO 371 75795 F5786/1018/10 Stevenson to Bevin Tel:505 25/4/49.
65 Ibid.
66 Ibid., Coates 26/4/95.
67 FO 371 75796 F6100/10118/10 Franks to Bevin Tel:2444 30/4/49.
68 RG 59 Box 7279 893.00/4-2949.
recalling ambassadors for consultation'. The apparent arrogance of American policy was compounded in British eyes by its evident incoherence, since in June the State Department announced its intention to send a representative to Chungking. As Burgess commented, 'One can only hope Washington's knowledge of its own mind is correct and that it won't be changed again'.

The central element of British policy in China was still a desire to maintain trade at as high a level as possible after the war had ended. Alongside the issue of representation and recognition therefore lay the issue of trade with communist-held areas. Again the British and American positions remained far apart. The United States saw economic pressure as a means of guaranteeing the effective functioning of their consulates, whereas the British viewed effective consular representation as an essential prerequisite to trade. Consequently the State Department was far more prepared to consider the introduction of economic sanctions to achieve political goals. Coates observed on March 25th that 'The fact of the matter is, of course, that the interests of US businessmen in China are so vastly smaller than ours that the United States government have far less cogent reasons than we have for acting slowly and with caution'. This was a telling indictment of the different perceptions of China policy by both London and Washington. The Americans viewed early contact with the CCP as a headlong rush into uncertainty best compensated for by applying whatever pressure possible, whereas London viewed any such moves as precipitate and ill-advised. Whilst Stuart had called for a common economic policy towards China amongst

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69 FO 371 75796 F6100/10118/10 Coates 2/5/49.
70 FO 371 75796 F8838/10118/10 Burgess 22/6/49.
71 FO 371 75810 F4314/1023/10 Coates 25/3/49.
western nations, Stevenson viewed the American predeliction for sanctions as 'a two-edged sword'. Hubert Graves, in conversation with Ed Martin, the recently recalled American Vice-Consul in Hankow, argued economic sanctions against the communists should only be used as a last resort. Whilst Graves suggested that the only difference in Anglo-American attitudes was that 'we [the British] timed our countermeasures for a later date', the truth was that economic sanctions threatened to destroy any British position maintained in China, and was therefore not a credible policy option at all.

Stevenson shared this hesitancy about American policy. On March 23rd he had advised that 'I do not think we should risk damage to our own interests by blindly following a possible American lead'. The American position was clearer however - exports to communist China were to be banned if they fell under the 1A or 1B categories of strategic or potentially strategic materials. Britain moved some way to accommodate the American position by agreeing to restrict the supply of 1A-listed material, such as airframes and military equipment, but was determined to resist any pressure towards further compliance. This decision was taken at Cabinet Committee level, where it was decided that an expanded list of sanctionable materials would be of little value. Not only could it lead to a deterioration in relations with the communists, the volume of such trade was so small as to be of little real value, and could easily be procured by the CCP via transit countries or across the vast permeable borders of

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72 FO 371 75810 F5708/1023/10 Stevenson to Bevin Tel:467 22/4/49.
73 CAB 134 287/19 11/4/49.
74 FO 371 75810 F4314/1023/10 Stevenson to Bevin Tel:342 23/3/49.
75 CAB 134 287/32 16/5/49.
China which could not be effectively monitored. Significantly, the State Department received contrary advice from its own officials in China. Owen Clubb, the American Consul in Peiping argued that America's 'strategic economic position' provided ample opportunity for economic warfare against the communists in an effort to 'force their compliance to their international duties', whereas Cabot in Shanghai suggested economic weapons could be 'strong but not decisive' and would only work in the short term immediately after the communist victory. He argued volubly in favour of cooperation with the British, and sought close cooperation with western powers before taking any action. His counsel was ignored, largely due to the domestic pressure on the State Department for resolute action against the communists, and the British and American positions drifted even further apart.

Throughout the first six months of 1949 the Foreign Office had worked to establish a clear criteria for recognition of any nascent Chinese government, having accepted that the paralysis and disintegration of the Central government and the expansion of communist control north of the Yangtse meant that no adequate administration remained. It was practically impossible to accord recognition to the communists at an early stage however since no diplomatic or official contact had been made. Consequently an interim policy emerged advising de facto recognition of communist control in areas it held whilst retaining de jure recognition with the retreating nationalists. An early indication of London's attitude was summarised by a memo on recognition drawn up on February 17th, stating

76 RG 59 Box 7278 893.00/3-849.
77 Ibid., 893.00/3-2449.
78 FO 371 75742 F2891/1015/10 Draft Cabinet Paper on China 24/2/49.
To refuse to accord any sort of recognition to a government which in fact effectively controls a large proportion of territory is not only objectionable on legal grounds but leads to grave practical difficulties.\textsuperscript{79} Scarlett however advised caution and urged further attempts at co-ordinated policies even if Anglo-American co-operation seemed unlikely.\textsuperscript{80} The Far Eastern (Official) Committee, drawn up by the Cabinet, was in favour of a common front if possible, whilst also pursuing the policy of 'keeping a foot in the door' - most importantly, it argued that the Foreign Office should not 'run after the communists'.\textsuperscript{81} The policy was presented to Bevin prior to a meeting with Acheson on May 11th. It stressed that Britain was in no hurry to recognise the communists and that any recognition would be awarded on the basis of full agreement with other powers. In an attempt to placate the United States, the brief also advised suggesting attempts to urge identical treatment to all foreign banks and firms by the communists as a demonstration of western solidarity.\textsuperscript{82} Again, whilst there was an apparent foundation of common aims and ambitions the truth was starkly different. 'Identical treatment' of foreign interests would undermine the Foreign Office belief that American prestige was disintegrating in China, and that Britain was increasingly influential. There seemed no need to surrender this position, particularly when it was the British who held greater trading interests within China itself. A State Department brief for Acheson regarding the same

\textsuperscript{79}FO 371 75810 F3705/1023/10 FO minute on recognition 17/2/49.

\textsuperscript{80}FO 371 75811 F65337/1023/10 Scarlett 18/5/49.

\textsuperscript{81}CAB 134 287/31 'Recognition of a Communist Government in China' 16/5/49.

\textsuperscript{82}FO 371 75811 F7090/1023/10 Scarlett minute for Bevin 10/5/49.
meeting demonstrated the differences between the two states. America was unlikely to accord recognition unless there was evidence of 'a general acquiescence of the people of a country to the government in power', and that the government was able and willing to 'discharge its international obligations'. Significantly, the memo also observed the need to urge the British to avoid any 'hasty action' - both states viewed their ally's policy as heading rapidly down the wrong track.

The Foreign Office sought to strengthen its own position by appealing for western support for its policy, most notably amongst the Commonwealth states and also the French. William Strang, the Assistant Secretary of State, had suggested to Attlee on April 8th that whilst American and French opinions were the most important, it was in Britain’s interest to maintain a commonwealth front if possible. Strang’s intervention was significant. He was now head of the recently created Permanent Under-Secretary’s committee, which held a similar role to Kennan’s Policy Planning Staff in Washington. Comprised of junior ministers, Deputy and Assistant Secretaries, its broad remit was to consider the longer term implications of developments in Europe and Asia. This new body confirmed that Chinese affairs were of increasing importance to British policy, and indicated that throughout 1949 both Bevin and the Cabinet would be playing a larger role in supervising the formulation of British foreign policy in the region. A Commonwealth approach not only appealed

83 RG 59 Box 7279 893.00/5-1049 'Preconditions for Recognition'.

84 FO 371 75795 F5057/10118/10 Strang to Attlee 8/4/49.

to the Prime Minister's vision of Britain's role within the organisation, it also supported the Foreign Office desire to accumulate as much popular support as possible to counter-balance the United States. The Foreign Office were not hopeful that the French would rally to support the British position. Concerned by communist activities in Indo-China, and with their Consulates in communist China completely cut off, Paris seemed likely to withdraw with the United States. Consequently, in May Coates urged the need to co-ordinate a Commonwealth position on recognition and connected questions, having accepted that France was committed to withdrawing its representatives at some stage. Both Dening and Roderick Barclay, Bevin's PPS, supported this view, and Bevin adopted it prior to the Paris Conference of Foreign Ministers on the 3rd and 4th of June. Dening remained opposed to a public Commonwealth meeting to discuss the issue, for fear of appearing to 'gang up' on the communists, but the British continued to seek French, Italian and Canadian support for their policy. Nonetheless, the discussion of a broader Commonwealth policy reflected broader change in Britain's Far Eastern position. Having intended to maintain a 'Pax Britannica' in the region after the war, Indian independence and the weakness of Britain's global position had forced a reorientation of policy. By advocating a broader Commonwealth position, the Foreign Office created a structure as an alternative to the American axis which could still potentially be underpinned by American strength. The pursuit of such a position was further confirmation that by

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86 FO 371 75795 F5130/10118/10 Harvey to Bevin Tel:401 9/4/49.
87 FO 371 75796 F6120/10118/10 Coates 2/5/49.
88 FO 371 75812 F8543/1023/10 Barclay to Dening 3/6/49.
89 Ibid., Dening.
1948 London was seeking alternatives to co-operation with the Americans, and was exploring different structures through which it could extend its regional influence.\textsuperscript{90} Bevin retained complete faith in Foreign Office policy orientation, and offered specific support to the notion that the Chinese communists would need to trade with the west in order to retain control over China, and that therefore Ambassador Stevenson should remain at his post and await further developments.\textsuperscript{91}

Beyond the issue of representation and recognition lay two physical problems for the Foreign Office where British interests were directly involved. Shanghai and Hong Kong had been the focal point for British trade since Britain had first become involved in China, and Shanghai still contained a sizeable foreign community. The fate of British nationals in the city was an important issue in 1949 as the communists advanced. A destructive battle for the area could extinguish British prospects for trade, and a hostile communist attitude towards Hong Kong could likewise threaten British strategic interests throughout the Far East. Stevenson believed that Chiang Kai-shek intended to hold western governments 'to ransom' over Shanghai given their widespread business interests there, and also expected him to exploit the situation in order to 'embroil foreign citizens', feed his troops and deny a major industrial zone to the communists.\textsuperscript{92} The Foreign Office had been particularly concerned by Chiang's expressed determination to turn Shanghai into 'another Stalingrad', and diplomatic


\textsuperscript{91} Ibid., Bevin.

\textsuperscript{92} FO 371 75750 F6093/1015/10 Stevenson to Bevin Tel:543 30/4/49.
initiatives were focused on avoiding the battle for the city, and planning the evacuation of western nationals should the situation become critical.

Of equal concern was the fact that the communists might choose simply to surround the city, and avoid capturing it since with it came such heavy administrative responsibilities. That in turn would equally damage western business interests, and the British were therefore most anxious to secure as smooth a transferral of control as possible. American policy was again at odds with the British. The State Department favoured an immediate evacuation of the city in order to leave the communists to administer Shanghai alone and thus force them to realise the necessity of dealing amicably with the west since they would struggle to feed the population. Franks was left to argue against this in Washington since from a British perspective sanctions and blockades would destroy its interests in China. As Franks reported, '...it is apparent that the precarious nature of Shanghai's existence is not completely appreciated'. In early May as communist troops began to attack from the south and the west, it became evident that Chiang did not intend to 'indulge in Stalingrad stuff' as the Shanghai Consul-General, Robert Urquhart suggested. By May 12th it was clear that Chiang had fled and the KMT troops were in retreat from the city, and whilst the Cabinet met on May 12th to discuss a possible evacuation from the city, the transition to communist control proceeded smoothly enough for the British community to decide to stay put.

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93 FO 371 75750 F6113/1015/10 Coates 2/5/49.

94 FO 371 75796 F6100/10118/10 Franks to Bevin Tel:2444 30/4/49.

95 FO 371 75757 F7667/1015/10 Urquhart to Bevin Tel:393 26/5/49.

96 FO 371 75753 F6856/1015/10 13/5/49.
Whilst Hong Kong was not viewed as an immediately critical concern (the Ministry of Defence did not anticipate any military threat before at least September), reinforcements were sent to the colony in the spring. Sir Mark Young, the Governor of Hong Kong at the time, pressed London for an unequivocal statement of Britain's intention to remain in Hong Kong even after a communist victory. 97 The Cabinet decided not to make a public statement to this effect on the advice of the Foreign Office for fear that it would be too provocative for the communists. 98 Scarlett was more concerned that Hong Kong had become preoccupied with the external threat of communism, and had paid less attention to the activities of communists within the colony itself. 99 London was content for the moment to reinforce Hong Kong, and remained resolute that it would not readily surrender its position to outside pressure. In a draft memo for the South East Asia Committee, the Foreign Office stated that they believed the CCP would challenge the status of Hong Kong, although this would most likely be exercised through subversion and negotiation. 100 Viewing the use of force as being the least likely, the Far Eastern Department instead anticipated a propaganda campaign against the unequal treaties and European imperialism in a bid to isolate Britain. In short, the memo advised that Britain should not be prepared to discuss Hong Kong's future unless such negotiations were with a stable, unified, democratic and friendly China. This resolution was compounded by the uncertainty of any external support for their position. Whilst America now appeared to be more anti-

97 FO 371 75780 F6297/1016/10 May 1949.
98 Ibid.
99 Ibid.
100 FO 371 75755 F7278/1015/10 Draft Memo for South East Asia Committee 18/5/49, also SAC (49)7.
communist than anti-colonial, in a reversal of its attitudes of 1945, the Foreign Office still believed 'It is not possible to estimate accurately what American reactions to a request for moral support in our retention of Hong Kong may be'. Even beyond the process of formulating policy in China, Britain was increasingly unwilling to rely on the United States for any means of support.

By the end of 1948 it was evident that common ground for a joint Anglo-American policy was difficult to find. By the summer of 1949, with Shanghai under communist control and the Yangtse defences breached, British and American foreign policy were clearly divergent, with each state having drawn different conclusions regarding relations with the communists. Both publicly avowed the need to search for a joint policy and to consolidate a position of strength by forming a common front. The reality of such notional co-operation was that each sought to persuade the other to adopt their policy, with the United States favouring withdrawal and evacuation and the British determined to 'keep a foot in the door'. It was not as much a co-ordination of policies as it was a competition for the control of policy, with both Britain and the United States viewing their ally as pursuing hasty and drastic measures in the pursuit of ill-defined objectives. Yet British policy held a deeper resonance, premised on the need to support its trading links and the sizeable British community in China. It needed stronger relations with the communists to protect its position in the Far East, and lacked the ideological drive to oppose any advancement of the communist cause. American policy was not only unpersuasive to the Foreign Office, it appeared incoherent and incohesive, ill-conceived and ill-advised. To the British, there seemed

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101 Ibid.
to be no logic in supporting a country whose policy in China had palpably failed over the previous five years. Beyond that, the American strong arm tactics of sanctions and blockades threatened to wholly undermine the British position. Britain needed to present a more reasonable face towards the communists, and for that reason it had moved more readily towards accepting the need to recognise the communist regime. By mid-1949 it had begun to manouevre for support amongst other powers in order to lead western and commonwealth policy in China.
Chapter Five


British foreign policy in China by mid-1949 was geared towards recognition of the Communist domination of the entire country. Whilst Chiang was reassembling forces on Formosa, mainland China was clearly lost to the communist armies as they advanced south. A Foreign Office memo on the Civil War, drawn up in July 1949 acknowledged as much - 'The only universal opinion is that complete communist domination of China is a question of time, and probably of only a short time'.¹ The communists had already begun to talk of forming a new government by mid-October; Coates suggested that China would have a communist central government 'by the middle of the autumn'.² The British position had been clear since early 1949, in that it accepted the need to accept or respond to communist dominance. This now presented the Foreign Office with a clear time-frame within which to formulate policy. This will be examined in closer detail in this chapter.

Britain's preparedness to accommodate a communist victory, or rather to acknowledge the defeat of the nationalist forces, had strained relations with the United States and the nationalists under Chiang. Further tensions were to emerge during the latter stages of 1949. Following the fall of Shanghai the nationalists had blockaded its port and launched regular air raids on the city. This approach had placed great pressure on the foreign nationals who had remained in Shanghai after its capture by the

¹FO 371 75764 F10963/1015/10 FO minute 'China - the Civil War' 23/7/49.
²FO 371 75764 F11079/1015/10 Coates 28/7/49.
communists, and the British sought to pressure the nationalists to change course. The establishment of a nationalist base in Formosa also meant that a form of government-in-exile had emerged on the island, and the recognition issue now had to be balanced between the credibility of the two groups. The United States seemed firmly anti-communist, and was predisposed further to support Chiang's continued resistance from Formosa, which given Chiang's track record the Foreign Office were reluctant to do. However, the Foreign Office also sought American support in relieving pressure on Shanghai, and a consolidated position to insure Hong Kong should the territory's future become a critical issue.

This was clearly a new dynamism to Anglo-American relations and the Chinese issue. Britain had a clear set of commitments around which policy was formulated, and these in turn led to a key series of policy issues - the fate of Shanghai, the safety of Hong Kong, continued trade with the CCP and ultimately recognition of a single Chinese government.

Stevenson reported in mid-July that Mao's public pronouncements on Communist China's external relations had been unequivocal. The communists would only accept the recognition of foreign states if they first severed all links with the nationalist government. It was for this reason that British diplomats had thus far been unable to establish even informal contact with the communist leadership. Furthermore, Mao had also indicated that China would depend upon the Soviet Union for aid and advice on post-war reconstruction, and would seek to develop a Soviet-style economy once China's primitive economy had improved. This held little scope for an active

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3 FO 371 75762 F9974/1015/10 Stevenson to Bevin Tel:972 6/7/49.
British role in communist China, although the Foreign Office had hitherto anticipated this in the longer term. The Soviet line to which Mao appeared to adhere also laid to rest any romantic notions of Maoist Titoism. The Foreign Office was clear by late 1949 that Mao was not a Titoist and that his Marxism was essentially orthodox. Whilst Chinese chauvinism and xenophobia might pull the two states apart in the longer term, it was clear for now that Mao looked to the Soviet Union as its principal ally. In a memo specifically addressing the issue on September 15th, the Far Eastern Department commented

In short we are convinced that though objective facts such as Russia's ambitions over Manchuria etc might well in the long run cause any nationally or self-respecting Chinese communist leader to consider going Tito's way, there are no reliable signs so far that it is happening in Mao's case.4

The cumulative force of all these views was considered by the Cabinet's Far Eastern (Official) Committee on August 11th. Describing the CCP as 'orthodox Marxist-Leninists', the Foreign Office assessment also viewed a pro-Soviet China as a 'serious security threat' to South East Asia.5 This again reinforced high-level differences between the British and the Americans. The strategic concerns of the United States were focused on Korea and Japan: support for Chiang's position in Formosa was therefore a logical position. The British however were concerned with their own position in Malaya and Singapore, where the influence of Communism in native Chinese communities was perhaps more tangible. Good relations with the CCP

4FO 371 75771 F14167/1015/10 FO minute 15/9/49.
5FO 371 75813 F12253/1023/10 FO memo 'An assessment of the situation in China' 6/8/49.
would therefore be more effective in countering the ideological strength of Communism than the military stand-off the Americans seemed to prefer.

Regarding trade, the Foreign Office argued that any tentative approaches from the communists, given their official position on the terms of recognition, would come in the first instance through private trading links. Whilst accepting 'the fundamental hostility of Chinese communism to foreign mercantile communities', British traders had to be encouraged to stay put. Not only could such links potentially help compensation issues over expropriation and reimbursement, they also 'may induce a more realistic attitude in the communist authorities' once the CCP 'realised' the need for foreign trade.⁶ Again this was in stark contrast to the American position. The memo noted ascerbically

We do not share the view, which we gather to be that of the United States authorities, that foreign merchants who have stayed behind have put themselves in a position of hostages in their search for private gains and are therefore deserving of little sympathy.⁷

Certainly the position of British traders was bleak throughout China, and was not limited to the privations of blockaded Shanghai. Communist authorities in Harbin, for example, were levying a compulsory loan to which all foreign residents must contribute. Stevenson reported that whilst the actual cost of living in the city was not high, 'trade is dead and conditions for foreigners are extremely difficult'.⁸ The prospect from Shanghai was similarly bleak. Despite anticipating a short period of

⁶Ibid.
⁷Ibid.
⁸FO 371 75760 F8881/1015/10 Stevenson to Bevin Tel:826 16/6/49.
improvement whilst the communists sought foreign advice, Robert Urquhart, the
Shanghai Consul-General, reported that 'Our belief here is that the long term view is
much more depressing than the short term one'. However, there were also infrequent
indications that the CCP was aware of an urgent need for foreign, western advice in
administering the economy. Representatives of the shipping firm Butterfield and Swire
reported from Tientsin that 'It was made clear...that they [the CCP] were particularly
anxious to foster and promote trading relations with the British'. Further reports from
Tientsin in July compounded this view. Conversations between a commercial agent for
Jardines and the communist Minister for Industry and Commerce produced a report
that depicted the communist authorities to be in urgent need of foreign exchange and
shipping. This situation did seem to lend itself physically to a stronger British
involvement (particularly given their dominance in ocean-going shipping in the South
China Sea). The political barriers however, appeared at times to be unsurmountable.
As Dening conceded to the Secretary of State on July 28th,

We have to admit that up to date they [the CCP] are not showing signs of
creating conditions which will enable such trade to be carried on. We
cannot say whether this is due to incompetence and ignorance, or whether
it is part of a deliberate policy.

The British position on relations with the CCP was now clear. Regardless of the level
and volume of business, opportunities for trading links with the communists were to

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9 FO 371 75761 F9684/1015/10 Urquhart 12/5/49.
10 FO 371 75760 F8899/1015/10 16/5/49.
11 Ibid.
12 FO 371 75866 F11392/1153/10 Dening 28/7/49.
be pursued wherever possible. Even at an informal level such contact would provide a
toehold within communist China upon which British influence could be built.
Prospects were not encouraging, particularly in the long term, and there seemed little
likelihood that contacts with the West would spark off a Titoist split in the Communist
bloc. However, the potential for trade remained a constant focus for British foreign
policy, and constituted an essential part of the foundation of Foreign Office policy in
the closing stages of the Civil War.

Having witnessed the collapse of his position in Northern China, and the
steady advance of the communist armies towards Nanking and Shanghai, Chiang fled
to Formosa in the summer of 1949. Here he attempted to rally the surviving nationalist
elements to his cause, and again he found support amongst anti-communist politicians
in the United States. Through the later stages of 1949 the British Consulate at Tamsui,
led by Consul Biggs, witnessed an accumulation of nationalist survivors and the
continued influx of American aid. Indeed, it appeared that American aid had been
routed through Formosa for some time, which prompted both the Foreign Office and
the British Chiefs of Staff to register serious disquiet at American attitudes and
activities towards Formosa.

The Foreign Office were uncertain not only about American activities given
their apparent commitment to scale down any involvement in China's affairs, but also
about the specific status of Formosa. Was it to be placed under a UN trusteeship if the
nationalists held on, or would the United States ensure that it would never fall to the
communists by offering their full support? Clearly, the American position on Formosa
would have clear implications for its broader attitudes towards Asian communism in
general. The Foreign Office pressed Washington for a clear statement of American
intent throughout September and October, finally eliciting the response from their Far Eastern Division that the United States had no serious intentions regarding Formosa's future.\textsuperscript{13} Despite being told by the State Department on October 18th that the American Joint Chiefs of Staff would not intervene to save Formosa from falling into communist hands, on the 20th Dening wrote that

\begin{quote}
The State Department may not be telling the truth - I do not trust Mr Butterworth - but they did say that they saw no means of preventing Formosa from falling under Communist domination.\textsuperscript{14}
\end{quote}

The State Department attempted to further clarify the JCS view by stating they did not want to control Formosa, but that they would continue to support Chiang, despite reports from Biggs that American service attaches were regularly arriving in Tamsui from the United States.\textsuperscript{15} Burgess wondered 'whether the State Department really knows what its military arm is doing', noting

\begin{quote}
we are currently making one more effort in Washington to obtain some comprehensible and convincing explanation that will square US policy as announced with the odd facts as reported.\textsuperscript{16}
\end{quote}

The question that emerged was therefore whether this confusion was representative of the accustomed dislocation within the various American policy-

\textsuperscript{13}FO 371 75804 F15291/10127/10 18/10/49.
\textsuperscript{14}Ibid., Dening 20/10/49.
\textsuperscript{15}FO 371 75793 F16804/10116/10 Biggs, Tamsui 25/10/49.
\textsuperscript{16}Ibid., Burgess 16/11/49.
making arms in China, or whether the State Department was itself pursuing its own agenda separate to the military. In his report for December 1949 Biggs suggested that

It is evident that the Americans are taking increasing interest in this island and it is not thought likely that they would permit it to pass under communist control.¹⁷

The British Chiefs of Staff were aware of American military moves to bolster Chiang’s position on the island, describing how they had been 'very tedious' in allowing private companies to ship surplus tanks and howitzers to Formosa.¹⁸ This had been a barely disguised effort to strengthen the defences of Taiwan against a potential communist attack, and it appeared that the United States was determined to shore up Chiang's position without being publicly linked to such an act. Whilst expressing a desire to pursue a joint policy and to maintain the 'common front', in other areas the Americans were prepared to fully pursue a separate agenda without consultation. Different policies towards the Chinese communists were now clearly dividing British and American attitudes and this in turn influenced policy to move in different directions: the Americans towards Tamsui, the British towards Peking.

The difference between the two countries positions was placed in sharp relief by the nationalist decision taken in late June to blockade communist controlled ports, including Shanghai. Whilst both the British and the Americans were opposed to this action, co-ordination of a joint policy to pressure a reversal by the nationalists proved

¹⁷FO 371 75791 F1696/10116/10 Biggs report for December 1949

¹⁸FO 371 75805 F17030/10127/10 Brigadier C.R.Price (Chief of Staff Secretariat).
harder to achieve. The State Department pressed for a joint statement at the earliest possible moment yet the Foreign Office, whilst accepting the preferability of joint action with the United States, preferred to wait and see how the blockade was enforced before responding.\textsuperscript{19} As Scarlett curtly noted on the 24th, 'What the Americans say is their business'.\textsuperscript{20} There was again evident dissatisfaction within the Foreign Office over America's desire to press for joint action when it suited their aims, but to resist cooperation if the proposal was not their initiative. Significantly, the British position had been hardened by the dive-bombing and machine-gunning of the S.S.Anchises, a British ship in the Whangpoo channel that approached Shanghai. Never predisposed to the nationalist cause, this did much to harden British attitudes. The American note of opposition to the blockade was worded far more kindly than the British intended, but as Scarlett noted, 'They haven't yet had their Anchises'.\textsuperscript{21} The Anchises affair did much damage to strained British-Nationalist relations, particularly when it was attacked for a second time on June 22nd. Official government protests encompassed claims for £160,000 compensation, yet the Nationalists did not apparently view the incident as a serious matter. As the wrangling over the issue continued, British-Nationalist relations deteriorated further.\textsuperscript{22}

The blockade created an instant dilemma for British policy in China. By breaking the blockade to support Shanghai the communist position would be further strengthened, yet whilst avoiding action would pressure the CCP it would also place

\textsuperscript{19}FO 371 75900 F9198/1261/10 Franks to Bevin Tel:3255 22/6/49.

\textsuperscript{20}Ibid., Scarlett 24/6/49.

\textsuperscript{21}FO 371 75900 F9263/1261/10 Scarlett 25/6/49.

\textsuperscript{22}See FO 371 75921 F8592/1273/10 for full details of the Anchises issue.
great strain on the British business community in the city. Strang described the situation as 'acute' by mid-July, and was in favour of breaking the blockade in order to supply Shanghai if other forms of pressure could not be applied.\textsuperscript{23} This would require intervention by the United States, yet the State Department was increasingly in favour of evacuating all American nationals from the city. Similarly Washington was more predisposed to support the nationalists, and as such were less willing to apply instant pressure to force a change in policy. The British community in Shanghai was determined to resist pressure to abandon their position. Whilst requesting a regular supply of small ships to assist those who wanted to leave, they proposed 'to resist being swept away by the Americans while doing what we can to avoid incurring their criticism'.\textsuperscript{24} The Cabinet had resisted pressure unilaterally to force the nationalist blockade when the South East Asia Committee had met on July 22nd, but they had not urged further attempts at co-ordination with the United States.\textsuperscript{25} The Foreign Office had always been opposed to sanctions and blockades, since it doubted the efficacy of such methods. Certainly the blockade on Shanghai was only critical in that it placed direct pressure on the British trading position. The United States was less opposed to the idea, believing that an effective economic blockade could have an early and decisive effect on the political situation.

These differences were made clear to Bevin in a memo for a draft Cabinet Paper in late August.\textsuperscript{26} With respect to general policy, the United States was moving

\begin{itemize}
\item \textsuperscript{23} FO 371 75903 F10547/1261/10 Strang 19/7/49.
\item \textsuperscript{24} FO 371 75765 F11292/1015/10 Urquhart to Bevin Tel:614 29/7/49.
\item \textsuperscript{25} FO 371 75866 F11497/1153/10 South East Asia Committee 22/7/49.
\item \textsuperscript{26} FO 371 75813 F12748/1023/10 August 1949.
\end{itemize}
towards an evacuation of Shanghai whilst the British preferred to maintain their position. The British were increasingly ready to escort ships through the blockade if the nationalists would not end their action, and hoped that at the least the Americans would not be publicly critical of the British decision. Commenting on wider differences, the memo also noted that the American Ambassador had already been withdrawn whilst his British counterpart had stayed in place. On top of all these problems, the varying attitudes towards both the nationalists and the communists made it difficult to discern opportunities for a joint policy at all. Significantly, a similar brief had been drawn up for Dean Acheson by the State Department, noting that Britain was in favour of breaking the blockade, and stating a need to avoid any unilateral action by the British.²⁷ Whilst both states urged the practicalities of a joint policy it was evident that neither was prepared to prioritise their own options in order to achieve such an accommodation.

The British had been moved as far as to describe State Department attitudes as 'far from satisfactory', particularly since

They make it clear that they regard it as of much more importance to get Americans out of Shanghai than to keep Shanghai going.²⁸

Strang was even more strident, suggesting that if attempts to relieve the city failed the Foreign Office would have to go back to ministers to decide whether to 'follow in the wake of American policy (which appears to be defeatist), or agree to disagree and take

²⁷RG 59 Box 7289 893.01/8-3149.
appropriate steps ourselves'. By late August the Foreign Office was urging the Cabinet to consider conditions under which British ships should attempt to break the blockade. In a further comment indicative of London's mood, the memo also pointed out that unilateral action might only need American acquiescence, and not their total support. The China Desk was stressing that independent action could be taken without necessarily damaging broader relations with the United States. It was clear that the blockade was having a calamitous effect on British businesses, which Stevenson described as being 'on the verge of ruin'. There had been a significant drain of British and Hong Kong sterling balances as Shanghai businesses attempted to meet their overheads, compounded by inflation, a lack of rice and food and increased labour costs. The British community in Shanghai was therefore fully committed to attempting to lift the blockade, since otherwise they would have to liquidise their assets once sterling balances were exhausted.

Whilst the Foreign Office was now clear about the action required, British policy did not reach a position where moves to run the blockade were enforced. Paradoxically, it was two privately-owned American vessels which successfully broke the blockade in early November. By that time however, the position had eased somewhat since the CCP had taken control of the Chinese mainland and the nationalist blockade was increasingly ineffectual. The Foreign Office urged that these apparently

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29Ibid., Strang 8/8/49.

30FO 371 75907 F12846/1261/10 22/8/49.

31Ibid.

32FO 371 75907 F13103/1261/10 Stevenson to Bevin Tel:1392 1/9/49.

33FO 371 75901 F9731/1261/10 Urquhart to Bevin Tel:521 2/9/49.
irreconcilable policies be pursued even at the expense of a decisive break with the Americans. The situation had clarified to the extent that the British believed they could clearly separate competition in China from the need to co-operate over Europe. There was to be little opportunity for a consolidation of Anglo-American relations elsewhere within China's political landscape.

This was particularly true of Hong Kong, the vulnerability of which was emphasised as the communists advanced southwards. The Foreign Office was increasingly anxious to ensure no contentious issues arose within Hong Kong, and had not been particularly reassured by the conduct of the colony's governing bodies, not least over the Walled City affair in 1948. In April 1949, however, Hong Kong had allowed the China National Airways Corporation to move its facilities to Hong Kong's airport at Kai Tak. CNAC was essentially China's national airline, and the Foreign Office anticipated difficulties if the CCP should ask for it back - difficulties which were compounded by the nationalists' apparent reluctance to move the airline's headquarters anywhere else. The nationalists were finally given notice to move in early June, but it was only the fact that Mao had never suggested that recognition would require a settlement of the Hong Kong issue which reassured London. Having taken a cabinet-level decision to reinforce the territory, and whilst still not anticipating either an attack or a blockade by the CCP in September 1949, the British pursued the possibility of American support should the communists bring pressure to bear. Bevin had approached Douglas with requests for a joint policy regarding Hong Kong's future in July 1949, but the American Ambassador in London had made it quite clear what

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34 See Chapter Three.

35 FO 371 75924 F5096/1382/10 April 1949.
the Americans expected in return, asking 'Would this not imply the need for a firm position all along the line'? More than anything else, this emphasised that Anglo-American relations were no longer based on a mutual understanding of co-operation, but rather were separate policies where individual positions had to be negotiated or bargained for. As was to become apparent in the last three months of 1949, the British were no longer prepared to make such concessions.

In areas under their control and administration, the Chinese communists were unwilling to recognise foreign representatives unless they in turn officially recognised the Communist government. The CCP also issued exit permits for diplomatic staff in an attempt to make them 'lose face' by infringing their international status, a position which the Foreign Office viewed as increasingly anomalous given the lack of recognition between the states involved. London had hoped unofficially to withdraw Stevenson for discussions at some stage in late 1949, but had their plans disrupted by a further American 'bombshell' - the recall of Ambassador Stuart in mid-July. The Americans had chosen to extricate their ambassador, and nominated Lewis Clarke at Canton to be the new American Chargé d'Affaires. This move meant that an American ambassador would not now return to mainland China without according recognition upon whichever administrative regime was in control.

With the rapid advance of the communist forces after the Yangtze defences had been breached, American policy moved further towards a complete withdrawal of their diplomatic staff. This was in part engendered by the hostile treatment American

36 FO 371 75813 F10653/1023/10 Douglas 22/7/49.

37 FO 371 75763 F10523/1015/10 Coates 18/7/49, minuted on Stevenson to Bevin Tel:1035 15/7/49.
representatives had received in Mukden and Tientsin, but was also confirmation of a continued American commitment to the nationalist cause, maintaining a clear distance between themselves and the CCP. In mid-August the State Department proposed a total withdrawal of diplomatic staff from mainland China, and approached the Foreign Office to see if London would take over America's representative functions.38 Both the Foreign Office China staff, and His Majesty's Consul-General in Canton were opposed.39 London anticipated the British consulate being overwhelmed and undermined by a series of anti-American issues, with Tyrell in Canton also warning against the hazards of 'too close an association with American interests'.40 This was representative of the shifts in British attitudes since 1948. Twelve months previously they had been ready to represent American interests since it provided a possible source of influence over American policy. At this point, however, London was committed to pursuing its own polices and was ready to distance itself from the United States in order to achieve that aim. However, Stevenson argued that Britain should accept responsibility for American concerns and thus avoid adverse reactions within American public opinion, a view which both Dening and Bevin agreed upon.41 Yet whilst Britain therefore took over America's representation in a public move of Anglo-American co-operation, the Foreign Office remained deeply concerned. Sprouse of the State Department Far Eastern Office told John Ford, a Counsellor at the British Embassy in Washington, that the CCP viewed every American in China as a hostage.

38FO 371 75949 F12104/1903/10 15/8/49.

39Ibid., see also Tyrell to Bevin Tel:120 15/8/49.

40Ibid.

41FO 371 75949 F1219/1903/10 Stevenson to Bevin Tel:1243 16/8/49, Dening concurs 18/8/49.
and that his aim was to get every American out of China, this being the rationale behind the American withdrawal. As Coates minuted on September 3rd

...the State Department are getting more and more hysterical. Mr Sprouse is a China Consul of some 35 years of age and 10 years or so of experience, and ought to know much better.

Yet the State Department in London's eyes achieved further levels of 'hysteria', reacting vehemently to the CCP's banning of press correspondents from states which had failed to recognise the Communist regime when it was installed on October 10th. They were similarly planning increasingly desperate measures to free Angus Ward from Mukden, where he had been confined to the Consulate compound for almost a year. At one stage the State Department considered proposals by Stuart to send paratroopers to free Ward from captivity, again a move which was described by Coates as 'approaching hysteria'. Having to some extent calmed down, the State Department approached Britain to request that they too protested to the CCP over Ward's detention. The Foreign Office was initially reluctant. The State Department's request for co-operation had come despite their moves to ship further American arms to Formosa, which was viewed by the British as a constant irritant. Whilst finally deciding to lodge a protest, since on the next occasion it could be a British national who was detained, Coates noted on November 23rd that the Foreign Office’s

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42 FO 371 75949 F12919/1903/10 Ford 22/8/49.
43 Ibid., Coates 3/9/49.
44 FO 371 75950 F16872/1903/10 Coates 14/11/49.
45 FO 371 75951 F17206/1903/10 (undated).
assistance 'does seem to have been taken rather for granted'.\textsuperscript{46} There were also more specific reasons for British reticence. Given American opposition to recognition of the communists, and the CCP's determination to avoid contact with representatives from nations which had not yet recognised Mao's regime, how were their objections to be voiced? Furthermore, British diplomats had suggested that Ward had most likely assaulted a Chinese member of staff (this being the reason for which he was confined to his compound) and that Mukden was 'no ordinary consulate', hence communist opposition to its operation.\textsuperscript{47}

Oliver Franks, the British Ambassador to the United States, reported from Washington that the continued detention of Ward by the communists would only heighten American opposition to recognition, and reinforce popular prejudices against the communists.\textsuperscript{48} The British Ambassador also noted the State Department's 'disappointment' at the absence of a rapid protest by the United Kingdom following the initial American request. Strang was clear in the message that he wanted Franks to portray to the United States, in a general letter which best summarised the views of the Foreign Office regarding their State Department counterparts,

It will not have escaped your notice that ministers here have a growing sense of irritation, amounting at times to resentment, at the lack of consideration and understanding too often shown by the United States authorities in their dealings with us and with other European countries, and at the implicit assumption by too many Americans that there is

\textsuperscript{46}Ibid., Coates 23/11/49.

\textsuperscript{47}See FO 371 75952 F18155/1903/10, also Hutchinson to Bevin Tel:2064 6/12/49.

\textsuperscript{48}FO 371 75952 F18898/1903/10 Franks to Bevin Tel:5839 16/12/49.
nothing in the world that dollars cannot buy....it is the resentments and humiliations that stay longest in the mind.\textsuperscript{49}

The letter was further representation of the shift in British perceptions of the Americans. Increasingly irritated by unilateral action, particularly in Formosa, and dismayed by the lack of co-operation or exchange of information regarding American policy, the Foreign Office increasingly felt justified in aggressively pushing its own line in direct competition to the United States. There was little co-operation between the two states, and the British perception that America was dismissive of London’s role and significance gave added impetus to London’s desire for a separate and starkly different policy.

This was emphasised by the fact that the British and Americans had clearly different perspectives over the role of trade with communist China, which in late 1949 proved to be a further issue of contention between the two states. As early as April 1949 Stuart had proposed a common front of North Atlantic states further to co-ordinate economic policy.\textsuperscript{50} The intention was to prevent strategic commodities reaching the communists, to restrict or withhold trade in order to extract concessions for the treatment of foreign nationals, and ultimately to provide an equal opportunity for all foreign firms to trade in China. The Foreign Office was wary of any form of close co-operation with the Americans, and was particularly opposed to the third principle, which clearly threatened to undermine the British trading position within China. In 1948 London had considered the various economic levers with which it

\textsuperscript{49}FO 371 74184 AN3853/1034/45 Strang’s letter to Franks 20/12/49.

\textsuperscript{50}FO 371 75865 F5746/1153/10 Stevenson to Bevin Tel:467 22/4/49.
could extract concessions from the communists, and therefore already had a clear economic policy in place.\textsuperscript{51}

In particular, the Foreign Office study (drawn up in collaboration with the Economic Intelligence Department) had noted the general backwardness of China's industry and crucially the lack of transport facilities. In turn, it highlighted Britain's economic 'weapons' as insurance, banking and shipping in the transitional period as communist rule spread. The report therefore recommended that Britain should seek short-term assurances to guarantee British security, whilst anticipating a hostile Chinese attitude over the longer term. Most importantly, the report emphasised that Britains skilled technical assistance and 75% stake in all China's coastal shipping could make it a significant power in the rebuilding of the Chinese economy.\textsuperscript{52} In a draft for the Far Eastern Committee, the Foreign Office recommended that

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British interests should keep their foot in the door in China as long as possible, and on economic grounds it would be regrettable to cut British industry off from a potentially vast market for British goods.\textsuperscript{53}
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This was a policy which would not favour sanctions or blockades. It was strengthened by a report from the Board of Trade in May 1949 which suggested that China's extensive coastline made any attempt at blockades or sanctions largely unworkable.\textsuperscript{54}

\textsuperscript{51}FO 371 75864 F1717/1153/10 F.O. minute 14/12/48.

\textsuperscript{52}Ibid.

\textsuperscript{53}Ibid., draft for F.E (O) C. 25/2/49.

\textsuperscript{54}FO 371 75865 F6387/1153/10 Board of Trade report 3/5/49.
The Americans had viewed British co-operation as a pre-requisite for any effective economic action, not least because Britain had over £300 million invested within China itself. However, the State Department unsurprisingly found Britain to be unresponsive 'despite frequent prodding', and the British were certainly unwilling to extend any sanctions beyond the 1A list of strategic materials. Having begun to withdraw from communist areas, the United States viewed economic countermeasures as the best way of forcing communist observation of their international obligations, whereas quite simply the British did not. As the State Department commented in July,

..the use of trade controls has not yet been accepted by their [the British] government as a proper instrument with which to protect strategic political and economic interests.

Acheson was determined to press the issue, noting 'with disappointment' the British response and urging that the issue be re-opened at the highest level. In his opinion, the failure to apply trade controls 'would represent [the] abandonment [of the] most important single instrument available for [the] defence [of] vital western interests in China'. Railing against the 'completely passive role of western nations', Acheson viewed such reluctance as casting 'serious doubt on the possibility [of an] effective

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55 RG 59 Box 2914 693.419/7-1249.
56 Ibid.
57 Ibid.
58 Ibid., 693.419/2649.
59 Ibid.
joint approach to combatting the spread of communism through Asia. Clear differences therefore emerged, with the Foreign Office noting the Board of Trade's objection to blockades and sanctions as the main reason for their doubts. Again, Acheson could not see how such 'administrative difficulties' could outweigh the importance of formulating a strategy to protect 'long term interests' in the region. In early August Acheson instructed Douglas to continue this 'frontal assault' on the British position, and in turn the Foreign Office went through the motions of considering its policy options. Having already clearly established Britain's economic interests, it was unsurprising that in a policy review circulated to Commonwealth High Commissioners on September 1st, the Foreign Office remained clear in its opposition to American policy stating 'We do not however think that the means proposed by the US government are likely to lead to the desired results'. The British and American position on the reaction to and treatment of Chinese communists remained as distinct as ever.

The British now favoured recognition of the Chinese communists at some stage. Coates observed in late July that delaying recognition in an attempt to gain concessions from the communists could do little other than undermine the British position. The Foreign Office was not only opposed to sanctions and trade restrictions, it favoured a swift transferral of recognition in order to avoid any further disruption of

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60 Ibid.
61 Ibid 693.419/8-549 Acheson to Douglas Tel:3277.
62 FO 371 75814 F13271/1023/10 1/9/49.
63 FO 371 75764 F10919/1015/10 20/7/49.
the British position in China. Whilst this was markedly different to the American position, Dening still urged that Britain demonstrated a willingness to co-operate with the United States.\textsuperscript{64} Significantly he argued that since the State Department now sought co-operation with London, Britain had been presented with an opportunity 'to keep American policy on the right lines', noting

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it will not involve us in any wider commitments, it will merely mean a more active diplomacy by us in Far Eastern affairs which we are well-equipped by past experience to conduct.\textsuperscript{65}
\end{quote}

Essentially Britain would not only compete with America for influence in China, it would actively seek to direct American policy in support of British policy aims. This now meant persuading the Americans to recognise and accept a communist victory in China, and to attempt to find a position where such a political reality could be accommodated. In short, Britain was to pursue a more aggressive policy in asserting its influence in China.

Recognition of a Chinese communist government had therefore become the principal tenet of British policy, arguing against punitive action and (hopefully) demonstrating that closer contact could produce mutual benefit. Stevenson argued at length that the United States were wrong to withhold recognition until the CCP were prepared to accept their international obligations, arguing that the KMT had done no such thing, and that since the nationalist government had fled Canton the communists

\textsuperscript{64} FO 371 75813 F10976/1023/10 Dening memo to Bevin 22/7/49.

\textsuperscript{65} Ibid.
controlled nearly all the country. As Coates observed in August, 'it seems ostrich-like to go on extending recognition to the bitter end only to the nationalist rump'. The Foreign Office were fully aware of the pit-falls of American policy-making, noting Acheson's assurances to Senate foreign policy leaders that the Senate would be consulted before any move towards recognition was made. American foreign policy, it seemed, was again to be formulated and conducted under close scrutiny, and therefore Britain had little hope of simply persuading the State Department to follow its lead. Whilst arguing against rushing into immediate recognition once a communist government was installed, London still sought a dramatic way of emphasising the desirability of America's acceptance of harsh political realities.

A significant event in this period emerged as the Chou Démarche, which the British first came across in August 1949. It appeared that Chou En-lai had suggested through journalist links in Hong Kong that moderate elements within the CCP would welcome closer links with the west in an attempt to shore up their position against the dominant hard-line leftists. Inevitably, the British were initially encouraged by such a move, seeing it as indicative of a split between Liu Shao-chi's pro-soviet group and Chou's more liberal following. However, the Foreign Office suspected the channel of the leak meant it was nothing more than a plant, and was simply a traditional Soviet method of gaining concessions from the West whilst pursuing a hostile policy. Either way, such a démarche had little effect on British policy, since it was already geared to

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66 FO 371 75816 F15141/1023/10 Stevenson to Bevin Tel:1707 8/10/49.

67 FO 371 75813 F11785/1023/10 Coates 13/8/49.

68 see FO 371 75766 F12075/1015/10.

69 Ibid., Burgess 15/8/49.
appealing to CCP moderates - Chou's apparent speech had little impact on such a position. More importantly, the United States had had access to all this information since June. They too had drawn a similar conclusion about Chou's intentions, and held a similar view that the communists would be judged only on their actions before they responded. They had chosen not to immediately impart this knowledge to the British, perhaps fearing that it would support British attempts to seek closer relations with the CCP and avoid hostile measures, which they had already made clear that they believed would drive the CCP towards the Soviet Union.

Dening still sought some solace in the incident, seeing it as confirmation that 'maintaining a foot in the door' was the correct policy to pursue. Even if the Chinese pursued a hard line and expelled all foreigners, Britain would have lost nothing by attempting to woo the moderates, with the added prospect of a Titoist split if ties became closer. Bevin was in no doubt that the move 'was in accordance with standard soviet tactics' and held out little prospect for any change, but the Foreign Office was fully aware that the State Department had held back the information when the story first broke. Bevin had mentioned to Acheson his desire for a discussion on China in 'a matey sort of way', and it now seemed vital to hold high-level discussions to resolve the growing policy differences between the British and the Americans. In late July

70RG 59 Box 7280 893.00/1-249 Clubb (Peiping) to Acheson.

71This issue was also discussed with Truman; see Box 7280 for full details.

72FO 371 75766 F12075/1015/10 Dening memo to Bevin 16/8/49.

73Ibid., Bevin 17/8/49.

74RG 59 Box 7284 893.00B/7-2049.
Acheson asked Douglas to request a 'frank exchange of views' on the issue, and a series of meetings were scheduled for Bevin's trip to Washington in early September.⁷⁵

It had not simply been the Chou Démarche which had illustrated the need for high-level meetings. A series of consultations between Bevin and Douglas in August, initiated by the Americans and demonstrative of their growing concern over British policy, had also emphasised the gulf which divided the two allies.⁷⁶ Talks had focused on the three most contentious policy issues - trade, evacuation procedures and the question of recognition. Bevin explained that British policy was now formulated on the assumption of communist domination in the near future, and that Chinese communism was orthodox and Marxist-Leninist in its orientation. As such it was also a serious threat to British political and economic interests in China and South East Asia. Britain always had observed notions of non-interference, hoping to avoid Chinese xenophobia, to emphasise the need for foreign trade and ultimately to underline the incompatibility of 'soviet imperialism and China's needs'.⁷⁷ The British would stay in China in anticipation of an NEP period which may open up a 'potentially vast' export market - Bevin also explained Foreign Office disagreements with American assessments that foreigners remaining in China were 'hostages to fortune'. In a clear statement of policy Bevin went on to emphasise British opposition to 'premature' abandonment through evacuation, although he stressed that the United

⁷⁵Ibid.

⁷⁶See Bevins report in FO 371 75767 F12604/1015/10 20/8/49, and his report to the King and Cabinet in 75814 F12843/1023/10 26/8/49.

⁷⁷FO 371 75767 F12604/1015/10 20/8/49.
Kingdom would fully support those who chose to leave. Regarding recognition, the Foreign Secretary observed that de jure recognition could not be extended to one party unless it was withdrawn from another, and that since the communists had yet to claim to be a national government recognition would remain with the nationalists. However Bevin warned that Britain anticipated this issue becoming acute 'in the next few months'. He added that not only was it 'legally objectionable' to withhold recognition of a largely national government, it would also be harder to protect Western interests without a formal status. 78

Douglas's response emphasised the importance to the Americans of the control of trade, since economic sanctions were effectively the only method by which they could hope to influence the communists. The American Ambassador emphasised the United States wanted to 'administer' trade in order to emphasise to the CCP how important trade with the west was. 79 Bevin responded by noting that British foreign policy was influenced by history, and the 'the Chinese were first and foremost Chinese, and that they were not capable of becoming Russians overnight'. 80 Bevin went on to inform Douglas that the British were prepared to send supplies through the blockade, escorted by the Navy if necessary, and that since the State Department seemed to have abandoned Chiang, who would they now support given the lack of any viable alternative save the communists themselves? Douglas was forced to admit that there was 'some force' to this argument. 81

78 Ibid.
79 FO 371 75814 F12843/1023/10 26/8/49.
80 Ibid.
81 Ibid.
These discussions did little to change American policy. In a briefing note prior to the meetings scheduled for Washington, the State Department advocated a 'flexible interim policy', avoiding supporting or vitriolically opposing the communists until it was clear what Chinese communism represented. They also viewed the British preference for accommodation with the CCP as 'defective', noting that if no reorientation of CCP views occurred it would allow the CCP to consolidate their position without the west being able to revert to a pro-western alternative. The clear difference therefore was that whilst the State Department had to all intents and purposes written off Chiang, they were compelled to support him since the alternative was an accommodation with communism. The State Department viewed their interim policy as allowing the United States to enjoy all the advantages of moving to either of the more decisive positions by a series of steps rather than by a sizeable and perhaps irrevocable jump (ie immediate recognition)...

The British perspective was that any such policy lacked content or cohesive thought. Sanctions may very well fail, or even drive the CCP towards the Soviet Union, and the United States had no truly credible alternative regime to rival the CCP. The Americans had been forced onto a platform by a failed foreign policy and domestic pressure; Britain now worked to manouevre the Americans towards supporting British policy, or

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82 RG 59 Box 7281 893.00/9-149 'General considerations relating to forthcoming conversations with Mr Bevin regarding developments in China'.

83 Ibid.

84 Ibid.
force them aside as they created a more powerful position of potential influence within mainland China itself.

Bevin travelled to Washington in September to discuss a broader series of Anglo-American issues, and three meetings were scheduled for September 9th, 11th and 17th to specifically discuss China. The British position was generally to seek to co-operate with the United States whilst emphasising the desirability of pursuing a joint policy drawn up on British lines. Of course the State Department’s intentions, as outlined above, was similarly to prompt a closer more co-ordinated policy, but along their views of developments in China.

The differences between the two groups emerged almost instantly. In the first meeting Dening, the Assistant Under Secretary for Foreign Affairs responsible for the Far East, accompanied by Meades (Counsellor at the British Embassy), and Ford, the First Secretary at the Embassy, met Butterworth and Merchant from the State Department. Dening argued that the British were under great pressure from commercial interests and the far left of the Labour Party to recognise the CCP as soon as possible, but that Bevin was opposed to any sudden move, attempting to suggest that the Foreign Office was also opposed to any hasty action. He was evidently expressing foreign policy in terms of domestic political pressure since it was an explanation with which the embattled State Department could readily identify. Of course, whilst such pressures did exist, in reality they already embraced the logic of Foreign Office planning. Dening went on to stress the British desire for 'close and

85 RG 59 Box 7289 893.01/9-949, see also FO 371 75817 F15772/1023/10.
86 Ibid.
continuuous co-operation' with the State Department which had in reality been obviously lacking for some time. Butterworth and Merchant in turn presented the State Department line, arguing recognition now would have wider security consequences in South East Asia, and that any recognition of the CCP would have to include 'de-recognising' the nationalists in Formosa.⁸⁷ Dening argued that recognition at any time would have implications for South East Asian security, and that the Kuomintang had 'long since ceased to be a major factor in the political scene'.⁸⁸ Whilst Dening also argued that the British had an obligation to defend the British commercial position in China, Butterworth stated that the United States would not give in to blackmail. Whilst it was quite clear that serious divisions therefore existed, Dening summed up the meeting by asserting there was 'no disagreement over the present watching-waiting policy'.⁸⁹ In truth, while the United States and Britain erred on the side of caution, policy content was markedly different.

The main meeting took place at the State Department on September 12th.⁹⁰ Lewis Douglas, the American ambassador to London was present, along with Jessup, McGhee and Butterworth from the State Department, and Dean Acheson. Dening had been joined by Sir Oliver Franks, the British Ambassador in Washington, along with Bevin and Roderick Barclay, his private secretary. Acheson began the meeting with a review of Asian states attitudes and issues at that time, arguing that he did not want

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⁸⁷Ibid.
⁸⁸Ibid.
⁸⁹Ibid.
⁹⁰RG 59 Box 7289 893.01/9-1349, see also FO 371 75815 F14109/1023/10.
China to 'stand out' in the meeting. Yet American sensitivity towards the topic was emphasised when Acheson chose to read out a memo from Stuart since it seemed the best description of American policy. This carefully worded statement was in effect a direct attack on the British position, arguing that the United States shouldn't attempt to alleviate the CCP's position with trade in order to emphasise the harsh realities of any allegiance with the Soviets. There were to be no conciliatory gestures, and the United States would simply wait and see if Titoism was to emerge. In short, China should 'pay its way' and there should be no rapid move towards recognition.

Bevin began by observing that the British position was different because of the importance of trade with China. Having advised British businesses to stay, the Foreign Office could not readily now ask them to leave. Furthermore, maintaining consular positions had indicated Britain's desire to remain. Butterworth argued that the CCP may abrogate treaties and international obligations, threatening in particular Hong Kong, but again Bevin was firm. Not only did the Foreign Office think that the Soviets would not suggest such a move to the CCP, the British were also fully determined to defend Hong Kong from both internal and external attack. Whilst Acheson accepted that Britain and America had 'different situations' in China, he argued that despite these differences it should be possible to pursue a joint policy. Bevin replied that Britain was in no rush to recognise the CCP, and was prepared to see if they acted

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91 Ibid.
92 Ibid.
93 Ibid.
94 Ibid.
95 Ibid.
responsibly, but that obduracy could well drive the Chinese towards the Soviet Union when closer contact could feasibly wean them away.\textsuperscript{96} Here the Americans began to press their ideas more forcibly. Acheson argued that recognition may not be a strong card in keeping China from Russia; he also wanted to know the British position on the control of strategic materials heading for China.\textsuperscript{97} When Dening responded that 1-A controls were desirable but 1-B controls had to be reviewed, Acheson demanded to know if Chinese trade was to be under control or not, given the quasi-military nature of materials on the 1-B list. The British were resolute - Bevin argued one issue had to be taken at a time, and that the 1-B list was to be discussed by the British in Britain at a later date.\textsuperscript{98}

The British Foreign Secretary then reiterated his desire for closer co-operation regarding recognition, and that the United Kingdom would proceed with caution. However, he also expressed his concern that America and Britain were pursuing different courses, and that significantly the differences existed 'with malice aforethought'.\textsuperscript{99} Acheson tried to calm this view, stressing that differences were more with regard to situations rather than policies, and that the communists 'would be delighted if they could drive a wedge' between Britain and America.\textsuperscript{100} Bevin concurred, concluding the meeting by suggesting differences were over tactics rather

\textsuperscript{96}Ibid.  
\textsuperscript{97}Ibid.  
\textsuperscript{98}Ibid.  
\textsuperscript{99}Ibid.  
\textsuperscript{100}Ibid.
than objectives, a view with which Acheson agreed.\textsuperscript{101} In effect, the British and Americans had achieved little other than to agree to disagree. Whilst a public display of co-operation remained, the 'different tactics' were clearly leading the two partners in different directions. Indeed, despite the platitudes aired at the end of the session, the meeting had been ill-tempered and confrontational. The Americans remained intent on withdrawing and sanctioning the CCP, whilst the British sought a firm presence and close contact. Whilst arguing that they should proceed with caution and judge the CCP on the merits of their actions, Britain remained on course to recognise the communists once a national victory was assured.

In the final meeting on September 15th, which also included the French group of Schuman, Bonnet and Clappier (the French Ambassador to the United States) since the agenda included Indochina, the Americans reiterated their position, urging consultations wherever possible, but noting that the CCP had to accept its obligations before it could be recognised.\textsuperscript{102} They would also not recognise communist China until it was 'perfectly clear' that they controlled all China's territory, stating 'We do not want to recognise them and thus acknowledge that they have won the war. We want events to dictate this'.\textsuperscript{103} In essence therefore, the meetings between Bevin and Acheson had done little other than confirm and perhaps accentuate the differences between British and American policy in China - there remained little room for any notion of co-ordination, yet crucially the Chinese Civil War was entering a decisive stage.

\textsuperscript{101}Ibid.

\textsuperscript{102}RG 59 Box 7289 893.01/9-1749.

\textsuperscript{103}Ibid.
On October 1st 1949, Chairman Mao Tse-tung proclaimed the creation of the People’s Republic of China, and the formation of a new national government. Nationalist forces had been routed, and since they now only held territory on Formosa itself it seemed that the stipulations of 'total control' insisted upon by both the United States and the British had been achieved. The Foreign Office, as ever, was keen to move policy along, and since the stand-off at the Washington meetings it was increasingly prepared to push China policy to the limits of the Anglo-American relationship. On October 6th W.G.Graham, the British Consul at Peiping, had sent a note to Chou En-lai, giving him the title of Minister of Foreign Affairs of the Central People’s Government, stating that His Majesty’s Government was considering the situation resulting from the formation of the people’s government. In effect, this note was an extension of de facto recognition to the communist regime, although the Foreign Office adopted an unsurprisingly quixotic view, stating

"The main purpose of our démarche was to keep things sweet, whether it achieves this object or not remains to be seen."  

Certainly Stevenson considered it to be appropriate action, in that it helped to alleviate the position of British citizens within China, and hadn't really diverged from the policy Acheson had outlined on September 12th. Furthermore, he crucially argued that since the communist government had not replied to the note it could not really be construed as an extension of recognition. The Americans were inevitably

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104 FO 371 75870 F16574/1191/10 5/10/49.

105 FO 371 75817 F15418/1023/10.

106 Ibid., Stevenson to Bevin Tel:875 13/10/49.
angered when they were informed by the British, as were the French and the Dutch. Acheson indicated his displeasure in a telegram to Douglas on October 14th, protesting at the lack of consultation and unsurprisingly viewing the act as a confirmation of recognition.\footnote{RG 59 Box 7289 893.01/10-1349.} The Foreign Office protested their innocence, arguing that London had despatched a note to Washington on the same day as Stevenson had been instructed to act, but that it had been sent by airgram rather than cable so there was no advanced warning. Whilst London recanted and accepted that the British Consul in Peiping had acted 'too precipitously', Scarlett fought a fierce rearguard action, arguing that consultation was only really needed if recognition were to be extended.\footnote{Ibid., 893.01/10-149.} Bevin also apologised in a meeting with Douglas on October 18th, and reprimanded the Foreign Office for their machinations, although he, too, vigourously defended Britain's right to pursue an independent line.\footnote{FO 371 75817 F15683/1023/10 18/10/49.} Dening too denied any 'skulduggery' in conversation with John Ringwalt, the First Secretary at the American embassy at London. He argued that his staff were undermanned and overworked, yet the incident had had a further negative effect on Anglo-American relations.\footnote{RG 59 Box 7289 893.01/10-2449.}

As the State Department concluded on the 18th,

The foregoing would appear to point to one of two conclusions; (a) singular lack of articulation and variance of interpretation within the British foreign affairs organisation, or (b) the move was planned to be
made without any attempt at prior consultation. Point (a) seems less credible than point (b).111

The central pillar of American policy throughout this period had been that the communists would have to accept their international obligations, and would have to be seen to do this before recognition could be accorded. Again, the British position was different, with the Foreign Office arguing they would seek no 'specific assurances' from the CCP. The State Department was quick to note 'how divergent have become the views of the British and American governments on this question'.112 At a meeting of the British, French and American foreign secretaries in Paris on November 11th 1949, Acheson went further in describing any move towards recognition as a 'stab in the back' for anti-communist forces. British and American positions over treatment of the Chinese communists were more distant in November 1949 as they had ever been in the previous five years.113

A crucial element in the development of British China policy as differences with America widened was its relations with Commonwealth states, and also with the French. The British were increasingly looking towards a Commonwealth policy in the Far East, or at least Commonwealth support for British aims. This was a new element to policy which perhaps best demonstrated the collapse of the Anglo-American policy position. Given the Commonwealth interest in the region, most notably from India, Pakistan, Australia and New Zealand, it was perhaps inevitable that Britain would look

111Ibid., 893.01/10-1849.
112Ibid., 893.01/11-1449.
113FO 371 75820 F16978/1023/10 11/11/49.
towards its new partners for support. Similarly, the spirit of European union was also
carried over into Far Eastern affairs, with Britain looking to reinforce its relationship
with France, the largest other European actor in China. In August, Commonwealth
ambassadors had reported popular support for a policy supporting a continued
presence in China and further attempts to establish satisfactory relations with the
communists. \(^{114}\) The French were concerned by the impact of a communist victory on
their position in Indochina, as indeed were the British given the nascent problems in
Malaya. \(^{115}\) A crucial stage was therefore the Commonwealth Conference at Bukhit
Serene held in November. Here the Commonwealth states came down firmly in favour
of supporting the British initiative, with Macdonald, the Commonwealth
Commissioner in Singapore, reporting on November 4th that ‘the Conference is of the
opinion that....recognition is desirable as early as possible and in any case by the end
of the year’, with no formal conditions to be attached. \(^{116}\)

By mid-November, India, Pakistan and Ceylon were in favour of recognition
soon; the Belgians, Italians and Dutch declared themselves in favour of the British
line, and only the New Zealanders and Canada were in favour of further delay - South
Africa and Australia sought further guarantees and co-ordinated action. On November
26th, the Commonwealth conference agreed to early recognition of the
PRC, backed
by proposals to stem the flow of communism and renewed attempts to appease
American opposition. \(^{117}\)

\(^{114}\) FO 371 75765 F11637/1015/10 9/8/49.

\(^{115}\) FO 371 75815 F13863/1023/10 14/9/49.

\(^{116}\) FO 371 75819 F16589/1023/10 Macdonald to Bevin Tel:919 4/11/49.

\(^{117}\) CAB 129 37/CP (49) 244 Singapore Conference Conclusions 26/11/49.
These views had also been forcibly argued in Cabinet. The success at Bukhit Serene gave British policy at Cabinet level further impetus, with Bevin arguing for a move towards recognition, accompanied by effective propaganda and a strengthening of anti-communist organisations and mechanisms. This had been backed since September by further arguments from Strang’s Permanent Under-Secretary’s Committee, which had worked to emphasise the bankruptcy of American policy. In late August the Committee had recommended that

The United States does not enjoy the same degree of prestige as the United Kingdom, partly because it lacks the historical connexions which we enjoy with the area, partly because of the failure of its policy in China, and partly because of its reluctance to play a leading part in South East Asia....there is no other power capable of undertaking the formidable task of trying to link South East Asia and the West and to create some kind of regional association which would be capable of effective resistance against communism and Russian expansion.

A final report in September had been even more condemnatory of the United States, observing

Our post-war policy in the Far East so far has been to allow the United States to take the lead in the development of western policy in the region. The result has not been a happy one. In China American policy has proved a total failure and shows a tendency to go into headlong retreat.

\[118\] See CAB 129 37/CP (49) 248 12/12/49 'Recognition of the Chinese Communist Government', also CAB 134 288/75.


\[120\] Ibid., PUSC (59) Final, 'Regional Co-operation in South East Asia and the Far East'.
On October 20th, the Foreign Office legal advisers observed that given the 'ostensibly hopeless' position of the national government, de jure recognition of the Chinese communist administration would be legally justifiable. Indeed, when Consul Graham had handed the note to the communists on October 5th, it had been done with the awareness by the Foreign Office that it would constitute de facto recognition, a point which Strang himself had clarified. However, the Foreign Office was aware that the CCP had no interest in de facto recognition, and would only officially accept de jure recognition. This view had been presented by an aide memoire drawn up on the subject on October 29th. This described the nationalists as 'no longer representative of anything but their ruling clique', leaving the CCP as the only alternative. The aide memoire was therefore a reiteration of British views - the CCP was orthodox Marxist-Leninist, but how long such orthodoxy lasted would depend on Soviet attitudes towards the Chinese. Obdurate action could well drive the CCP towards the Russians, but by keeping this 'foot in the door' and furthering any economic opportunities, the British hoped to retain some influence. As the document concluded, the success of this policy was now dependent on recognition, and therefore the Foreign Office should seek recognition on 'political and practical grounds'.

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121 FO 371 75818 F16028/1023/10 20/10/49.
122 FO 371 75816 F14782/1023/10 6/10/49.
123 FO 371 75819 F16452/1023/10 29/10/49 'Aide Memoire on Recognition of the Chinese Communist Regime'.
124 Ibid., paras 2-3.
125 Ibid., para 5.
The question now was one of timing. Bevin responded to Cadogan's request that recognition be delayed until after the UN assembly had met, arguing in turn that it would be best to delay recognition until after the Colombo Conference in December.\textsuperscript{126} The Joint Planning Staff of the Joint Chiefs of Staff also argued for more time, although they acknowledged that recognition would ease the position of Hong Kong, although the presence of a Communist Consulate in Malaya could cause problems.\textsuperscript{127} Whilst the Board of Trade reported that recognition would do little other than to ease the British position in China, and certainly wouldn't directly increase the volume of trade, Bevin seemed rejuvenated by the decision at Bukhit Serene, and despite further requests to go slow from the French and the Americans Bevin urged quick recognition to the Cabinet on December 15th.\textsuperscript{128} Arguing that India was rushing towards recognition, and that the United States would not now follow suit, Bevin convinced the Cabinet which agreed to de jure recognition 'at an early date'. On the 16th, Britain informed France that it intended to recognise the People's Republic of China on January 2nd 1950, since 'We can't indefinitely go on ignoring the effective government of a vast territory like China', and informed the United States on the same day.\textsuperscript{129} Again, Bevin's message to Acheson confirmed British differences with the Americans, arguing that the communists had to have contact with the west if they were to wean them away from Russia, and that Britain's position in Hong Kong also predicated

\textsuperscript{126}FO 371 75820 F16835/1023/10 9/11/49.
\textsuperscript{127}FO 371 75825 F18073/1023/10 'The military implications of recognition' War Office 18/11/49.
\textsuperscript{128}CAB 128 16/72 (49) 15/12/49.
\textsuperscript{129}FO 371 75827 F18918/1023/10 16/12/49.
recognition. The decision to recognise was then delayed until after the Colombo conference, and also until after the Australian and New Zealand elections. Burma had recognised the PRC on December 16th, and India was set to do so on the 30th. Consequently, on December 23rd Bevin agreed to set the date at the end of the first week of the New Year. On January 6th 1950, His Majesty's Government of the United Kingdom formally recognised the People's Republic of China.

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130 FO 371 75828 F19057/1023/10 Bevin to Acheson Tel:11571 16/12/49.
131 FO 371 75824 F17999/1023/10 28/12/49.
132 FO 371 75829 F19350/1023/10 Scarlett 23/12/49.
Conclusion

The thesis has highlighted the gradual polarisation of British and American attitudes during the five years of renewed Nationalist-Communist struggle in China after 1945. Such a view does not correspond with the traditional picture of broader Anglo-American relations during this period.\(^1\) Orthodox interpretations of the post-war transatlantic alliance emphasise co-ordination and co-operation based on shared ideals and common interests, yet it is clear that in the case of policy towards China such a solid foundation did not exist. Concerned by their view of American policy formulation and never adequately reassured by Washington, the British nursed growing doubts over the American role in China after the defeat of Japan. The apparent sense of drift in American policy after the inconclusive Marshall Mission of 1946 exacerbated British fears and prompted the creation of an alternative line. Slowly but unerringly British policy set itself in competition with the United States, and recognition of China in 1950 was the logical conclusion of a British attempt to establish an alternative position.

As the thesis has demonstrated, discord existed within the ‘Special Relationship’ over China. America’s role in the Far East meant that whilst there was an attempt to pursue a broadly co-ordinated policy, British and American interests and

\(^1\) In particular, American historiography fails to observe the very real frustration felt by the British over American policy. See, for example, E.Martin’s ‘Divided Counsel: The Anglo-American Response to Communist Victory in China’ (Lexington: University Press of Kentucky, 1986). Broader historical works considering America’s role in the origins of the Cold War tend to ignore Britain’s presence in China altogether.
the way in which they attempted to secure them, were markedly different. However, Britain’s unilateral recognition of the People’s Republic of China does not simply emphasise these points. It also demonstrates a separate dimension to the ‘Special Relationship’ which characterised Anglo-American post-war relations. Far from being an all-embracing and cohesive political strategy, relations in China demonstrate that there were circumstances when Britain and America failed to reconcile different political priorities, and actively competed for dominant positions.

The recognition of the People’s Republic of China by the United Kingdom in January 1950 was the logical outcome of the Foreign Office’s China policy since 1945. It was an act in pursuit of a flexible Far Eastern position which could offer options independent of any other state. Whilst the Foreign Office attempted to organise a broad coalition of countries to act in concert, the logic of British recognition was driven purely by its own national interests. The adoption of this stance was in stark contrast to Britain’s attitude in 1945, when London had emphasised the need for sustained collaboration and co-operation with the United States in dealing with China. However, such a level of interaction failed to materialise during the course of the Chinese Civil War from 1945 to 1949. Ambassador Hurley’s attacks on British ‘imperialism’ in China in 1945 set the tone of doubt and mutual suspicion at an early stage, which then came to characterise Anglo-American discussions of the China issue. The Foreign Office’s belief in its superior understanding and interpretation of events in China led London to promote a different perspective to that of the United States. Washington in turn viewed itself as the driving force among Western states with interests in China. The British were reluctant to cede dominance to America despite continued calls for co-operation from both sides. As each state’s strategic
interests prompted different reactions to the increasing frequency of communist victories, Britain began to press for its own leadership of Western states with interests in China. This assertion led to a series of acrimonious exchanges between America and Britain at meetings in Washington in the autumn of 1949. This ultimately led the United Kingdom to unilaterally recognise the ascendance of Mao’s regime, despite sustained American opposition.

Chapter One of the thesis highlighted the initial transition from Britain’s position of wholehearted support for the policy of the United States in China to one of hesitancy and consternation over American attitudes in mid-1945. Originally, policy specifics remained unclear as China’s political future remained uncertain, and the Foreign Office was concerned by American domestic opposition to Britain’s ‘imperial’ role in the region. The British view was increasingly that the views expressed by the United States lacked cohesion. Not only was American policy fiercely contested by competing domestic groups, Washington also failed to introduce clear policy initiatives to resolve the problems within Kuomintang-CCP relations. The result of such difficulties was that as early as 1946 Britain was moving to isolate its interests from direct American involvement, and to consider positions which could be independent of the United States.

The significance of Britain’s trading position, beyond maintaining an historical British role in China, was emphasised by the despatch of Sir Leslie Boyce’s Trade Mission in 1946. The importance of trade registered a greater priority than ideological commitments or more ephemeral political partnerships. However, the importance of trade enforced a degree of neutrality on Britain during the Civil War in China, it also brought broader benefits elsewhere. The Foreign Office not only wanted to maintain a position in China, it also wanted to guarantee and protect a British role in
Hong Kong during and after the end of Communist-Kuomintang hostilities. These specific British interests led London to avoid adopting antagonistic stances in an attempt to minimise adverse or hostile reaction to Britain both in Hong Kong and on mainland China. Britain trod a wary path in its relations with both the Communists and the Nationalists in an effort to preserve its fragile foothold in China's political future. Yet the notion of transatlantic co-operation was not easily relinquished. The Foreign Office supported American attempts at mediation with the Marshall Mission during 1946, since a peaceful conclusion to the Civil War, if possible, was clearly in the best of British interests. It was evident that the Foreign Office was also considering alternative positions lest these negotiations failed.

The importance for the British of such a dual position was emphasised in Chapter Two. By 1947 the Marshall Mission had been recalled from China, and the next high-level American visit, led by General Wedemeyer, returned to Washington calling for a substantial increase in arms and aid for Chiang Kai-shek's nationalist forces. This was not, however, the path that the Foreign Office wanted to follow. London had a clear interpretation of both Chiang's capabilities and the implications of a Maoist victory. They did not believe that Chiang was capable of defeating the CCP militarily, or implementing a satisfactory political settlement. The almost unquestioning American commitment to Chiang was for the Foreign Office to provide a constant reminder of the inadequacies of America's China policy, and Britain continued to consider alternative policies and independent positions whenever practical. It was conceivable that American support could help Chiang crush Mao, which would in any case be of benefit to all western states with interests in China, but to the China Desk it seemed more likely that Chiang would fail, and Britain did not want to be tied to such a comprehensive commitment.
The fluidity of this policy was a direct result of the Civil War. It was virtually impossible to pursue an active economic policy against the backdrop of war, rampant inflation, corruption and widespread mismanagement. There was little that could be done to actively promote British policy until the war was resolved, hence British support for the Marshall Mission and more tellingly its readiness to accommodate cooperation with the Communists as a CCP victory seemed increasingly likely. Financial restrictions also limited scope for British action. If the desire to trade was representative of British economic difficulties in the period after 1945, so too were the severe limits under which policy operated. The restrictions placed on Sir Leslie Boyle’s Trade Mission of 1946 had demonstrated that there could be little support for British nationals who tried to continue during the uncertainties of the Civil War, and there was certainly no large-scale aid programme with which to seek political favour. The Foreign Office continually struggled against these self-imposed constraints, particularly in 1947 over whether to continue the arms embargo to China once America had removed its parallel restriction.

Whilst the period in Chinese politics from 1945 to 1947 had been characterised by uncertainty, by 1948 it was clear that Chiang was losing the war, and that the only way to reverse the process, large-scale American aid, would not be forthcoming. As Chapter Three showed, whilst the Foreign Office had hitherto benefitted from the flexibility such uncertainties offered, it now had to clearly delineate policy interests and objectives. These in turn were defined by the likelihood of a communist victory. London was not convinced that Mao would immediately adopt a Stalinist line and seek to exclude all Western states. The potential for further trade, coupled with the need to protect existing British interests, therefore necessitated a degree of communication with the CCP. The Americans were increasingly unlikely to adopt this position, given
the failure of the Marshall Mission, popular support for Chiang, and Wedemeyer’s recommendations. Britain increasingly sought a more flexible position, which would inevitably be separate to and distinctive from the American approach to the Chinese Civil War.

The final two chapters of the thesis documented the decline of Chiang’s position, and the readjustment of British policy as the Communists advanced rapidly through central and southern China in 1949. British readiness to accommodate a Communist victory was now the obvious distinguishing feature from that of American attitudes. The United States withdrew consular staff where possible in the face of Communist gains. The British determination to remain in China was demonstrated by their steadfast response to the attacks on HMS Amethyst, whereas the Americans moved rapidly to support Chiang’s position following his flight to Formosa. By mid-1949 policy differences were obvious and explicit. The Americans supported the Nationalist blockade of Shanghai, which was crippling British interests in the city-port, and similarly advocated an extension of sanctions and embargoes against CCP-held territory, with obvious implications for the survival of British trade. Such problems accentuated the differences which had affected Anglo-American relations in China since 1945, and were bluntly confirmed during the Washington meetings of September 1949. Here, the tensions and problems which had come to define the relationship between Britain and the United States during the Civil War were given official expression for the first time. By this late stage of the conflict it was clear to the Foreign Office that co-operation and co-ordination in policy with the State Department was clearly impossible, and in December 1949 they recommended the unilateral recognition of the People’s Republic of China to both the Cabinet and the King.
An examination of this period of British policy-making, and the context in which decisions over China policy were made raises a series of interesting themes. To understand the British view of the United States in China, it is necessary to understand the way in which British perceptions and policy in China were formulated. This specifically relates to the role of the ‘Old China Hands’ in the creation and presentation of British options in the region. The thesis demonstrated the importance of this exclusive group in their formulation of British policy. The fluidity of the British approach in China is also emphasised. Policy was defined not simply by broad overall objectives, but rather was pragmatic and responsive to political change in the region. Since the British had a different agenda and different views to the United States, they were prepared to support the Americans if their policies could produce a peaceful, pro-western government: however, if this outcome were not achieved, the British were fully prepared to pursue their own options alone.

This combination of issues allowed for pragmatic policy-making based on a distinctive clarity of thought which could envisage an accommodation with Chinese Communism. The readiness of the British to adopt such an approach underlined that the Foreign Office was prepared to pursue a contrary line to the United States, even if it led to a collision with their ally over China policy. That they were prepared to pursue this policy to such an extent confirms the confidence the China Desk held in their analysis, and also the manner in which British long-term interests and objectives in China had been clearly identified.

The thesis emphasised that British policy towards China from 1945 to 1950 was researched and formulated by a small and highly influential set of individuals. The authority of Stevenson’s ambassadorship was complemented by the competency of staff at the British Consulates, and reinforced by the coherence and clarity of
recommendations from the China Desk. Policy was discussed, debated and contested within the Department, but unified and cogent interpretations of developments were always presented in official memoranda. Whilst Bevin’s minimal role in the making of China policy up to 1949 was perhaps a reflection of China’s position in British priorities, it was also a demonstration of Bevin’s confidence in his China staff. The manner in which both Orme Sargent and Esler Dening, and later William Strang, were to promote the ideas of the analysts to the Foreign Secretary and the Cabinet, and indeed the concurrence of senior Foreign Office staff with Departmental recommendations, demonstrates the clarity of British thinking on the China issue, which allowed policy to progress so smoothly. As noted above, whilst China was not the first priority of British foreign policy, nonetheless the unity of thought and support for policy is striking, particularly since it was ultimately to lead Britain to oppose and defy its major wartime ally.

British interests in China after 1945 were defined by the China Desk in imperial and economic terms. A friendly China would help Britain to safeguard its imperial possessions in the Far East whilst trade would revitalise the economy and further underwrite Britain’s significance as a major Far Eastern power. The most specific and long-standing aim of British policy was therefore to protect its trading interests in China during the Civil War, and to develop them thereafter. Whilst the Foreign Office monitored developments during the conflict and continually assessed the relative merits of the warring factions, its principle aim was to protect and ultimately develop British influence within China. Although London was initially anxious to collaborate with the United States over policy issues, by 1950 it was clear that British policy was driven largely by its economic interests in China itself.
estimated to be worth £300 million in specific business enterprises. The Foreign Office sought both to safeguard and promote the British business community in China, which was focused on Shanghai. It similarly sought to exclude Hong Kong from discussions over China, since it would provide a valuable base from where British imperial interests could be reasserted after the war.

In the context of this thesis, Britain's economic interests in China are particularly significant since they created tension in their relationship with the United States. Feng's recently published doctoral thesis demonstrates the role of economic interests in the formulation of British policy towards China. In the current analysis this issue is significant, however, for the problems these different perspectives created for Anglo-American co-operation.² The Americans had poured aid into the Kuomintang coffers, and their economic interests in China were significantly reduced by Chiang's flight to Formosa. The British had more permanent, longer-term interests to protect, and hence transatlantic relations suffered as America attempted to place sanctions on exports to China, and ultimately to support the Nationalist blockade of Communist-held ports. There were no specific long-term policies in place for Britain - broader economic aims demanded a physical presence in China, but the uncertainties of war necessitated short-term manouevering to exploit limited advantages or to respond to unforeseen challenges.

Whilst Britain therefore had long-term aims dictating its China policy, there were no clear guidelines as to how to achieve them beyond a desire to avoid damaging confrontation with either of the warring parties. Crucially, this allowed Britain to

avoid permanent, fixed perspectives in a way that the United States could not. As American foreign policy in China became defined by its suspicion of communism, and therefore its desire to support the Nationalists, the Foreign Office avoided making such a commitment. Supporting British trading interests and attempting to secure existing positions was little more than an attempt to preserve the status quo and to shore up Britain’s position during a debilitating civil war. There was no clear overall policy as to how this could best be done; indeed, little progress could be made until the war had ended, and up until that time Britain simply had to manouevre as best it could to defend what it already held. There were no defined minimum and maximum positions around which British policy was orientated (short of a determination to resist any attempted invasion of Hong Kong) - the logic of British policy during the Civil War was to protect and support British interests as much as possible.

Having established the rationale and content of Britain’s China policy, it is evident that a number of issues require further consideration. The introduction to the thesis raised a series of questions regarding the Foreign Office’s attitudes and expectations in China, centred upon whether Britain sought to guide or even to ‘control’ American policy in that country. It also asked whether British policy was ever an important element in the formulation of American views, and whether the act of recognition was short-term and ameliorative, or had a longer-term focus in reorientating American policy towards accommodating Chinese communism. The thesis has emphasised that recognition was an attempt to direct American policy by demonstrating alternative, coherent policy options to those circulating in Washington. As such, it confirms that Britain sought to guide American policy, but was incapable of controlling it. British policy was not a central issue for American policy towards
China, whereas the reverse was true for the United Kingdom. However, having acknowledged American dominance in the region in the five years following the defeat of Japan, the British were reluctant to follow the logic of American thought. The act of recognition, as recommended by the Foreign Office, was therefore an attempt at an independent policy aimed at replacing the United States as the pivotal Western power in post-war China.

The thesis also highlights broader issues beyond the narrow remit of this research. The fate of China was significant to Britain not only because of the level of potential trade, but also because of the implications a communist victory may hold for Britain’s strategic position in South East Asia. Given that by 1949 Britain was marshalling the Commonwealth towards a common cause, it is evident that the United Kingdom was prepared to perceive its security in the Far East in Commonwealth terms if an American commitment proved to be either elusive or entirely absent. This stemmed from British concerns over America’s China policy, and suggests therefore that the ‘Special Relationship’ did not operate effectively in the region. Indeed, the issue arises as to whether this relationship was special at all, given Britain’s readiness to abandon the notion of a joint policy and pursue its main objectives in China alone.

Despite American suggestions that Britain and the United States were pursuing ‘parallel policies’ in 1949, it was clear that by this late stage each state was pursuing quite separate interests. It had been evident since 1948 that the ‘Special Relationship’ was simply not functioning in China. These differences were defined on a number of levels. Whilst Britain sought to trade with China, America wanted to rebuild China’s economy principally to support Japan. Politically, the United States could not reconcile itself to close relations with the Communists whereas the British retained a
flexible position, and ideologically whilst the British viewed the Civil War as an internal struggle within a state the United States were constantly wary of the implications of a communist victory for the expansion of soviet power. As such, American policy was principally defined by its commitment to support the Nationalists against the Communist forces. Despite attempts at third party mediation with the Marshall Mission the Americans had few policy options available to them. Whilst there was increasing frustration within the State Department over Chiang’s failure to introduce effective reform and the increasing disenchantment of both Marshall and Acheson as Secretaries of State, policy remained tied to support for the Kuomintang. This in itself clearly demonstrated the way in which domestic political opposition to the communists (and powerful lobby support for Chiang) effectively restricted choice and frequently dictated action in the formulation of America’s China policy. In the sense that British policy was not vigourously contested at home, the Foreign Office approach was more clearly focused and underpinned by a firmer rationale than that of the United States. Policy was firmly grounded in a desire to retain independence and flexibility at a time when the United States was firmly shackled to the Kuomintang. This in itself created tensions between the Atlantic powers, as America pressed for a full diplomatic withdrawal as the communists advanced, and urged a full blockade of Shanghai’s port - neither of which policy options the British were prepared to countenance.

Differences were similarly reflected on a political level. Between 1945 and 1948 the British did not oppose American support for Chiang - British interests in China were after all more easily guaranteed by his pro-Western Nationalist forces. Even when reports of Chiang’s mismanagement grew, the Foreign Office was willing to continue to support the Kuomintang if Chiang were removed and an adequate
successor found. Crucially however, the British also continually assessed other options, most notably the possibility of good relations with the CCP and the nature of Chinese communist attitudes to the West should they gain power. By 1948 the British were prepared to jettison the Kuomintang if they believed they could secure their interests with Communist patronage. American interests were however embodied by the Nationalists, and American foreign policy was tied economically and politically to supporting Chiang’s regime. For the United States the political ramifications of a communist victory were seen as more severe than any economic implications. American policy was driven by a suspicion of communism and a wariness of Soviet expansionism. China was not viewed as a state in isolation, but as a strategic element both for containing the Soviet Union and defending and revitalising Japan. It was for this reason that America continued to support Chiang after he had moved to Formosa since the island would contribute to a protective rim against the further expansion of the perceived communist threat in the Far East. Similarly, the State Department argued for tighter restrictions on trade with the Communists (leading to the fierce stand-off between Britain and America over the 1-B list of sanctions) in an attempt to restrict their expansion of power and capabilities once the Civil War was won.

The specific differences in British and American policies also demonstrated the broader differences in each states ideological approach to the Civil War in China. Britain was not prepared to steadfastly oppose communism; it would not consider a complete rejection of communist overtures or the possibility of contact between the themselves and the CCP. Significantly, London’s interpretation of the CCP’s values was never clearly defined. Issues such as Mao’s ‘Titoism’, or his commitment to a Stalinist line were never adequately resolved between 1945 and 1948. Furthermore, it was never viewed as essential that such a process should be completed. By 1948 the
mere prospect of a ‘NEP’ period or some form of Anglo-Communist economic ‘honeymoon’ was sufficient to convince the Foreign Office that they should stand firm and maintain a ‘foot in the door’. The imperative of trade clearly affected British interpretations. Unwilling to read too much into Mao’s ‘lean to one side’ policy, or CCP pronunciations over the division of land, the Foreign Office readily received any news which suggested that the communists would be willing to trade with the West. This was perhaps because by 1949 Britain had to accept the political reality of a communist victory, and seek what succour it could from that position. Undeniably however, Britain’s economic interests had committed it to a fluid position from where it could defend what remained of its interests and exploit whatever possibilities for trade emerged.

The United States by way of contrast was again committed to a far stronger position. It was unwilling to accommodate Communist successes, withdrawing Consular Staff and following Chiang across the country from Nanking to Canton via Chungking, and thence to Formosa. When Shanghai came under Communist pressure the United States favoured a rapid evacuation of American nationals whilst the British stayed put, and ultimately it sought to blockade communist-controlled ports. Even when America was prepared to actually discuss issues and negotiate with the communists, the United States sought international guarantees as a precursor to further relations. It was clear that American policy was disorientated by the communist victory, and had few tools with which to deal with the situation short of withdrawal and military stand-off.

Given such different interests and strategies, it is unsurprising that differences should occur between Britain and the United States over how to react to the Communist victory. The thesis has highlighted that in 1949 the State Department’s
readiness to observe the notion of ‘parallel policies’, wherein both states had the same aim but different timing over policy, was misleading. Whilst the Foreign Office was willing to pay lip service to such notions since they papered over cracks in the alliance, the fact remained that since 1948 Britain had been pursuing a separate policy to America, and that it had been planning to do so for some time before then. Throughout 1949 the British promoted contact with the CCP, actively seeking to meet the Party leadership in order to establish some form of relationship. Beyond the issue of the true content and nature of the Chou Démarche lies the significance of America’s unwillingness to share its information about the incident with the British. It demonstrated not only the lack of co-operation and collaboration between the United States and Britain, but also a clear difference in instinct and content to each states’ policy. Recognition of the Communist Government after October 1949 was a logical step and part of a longer-term British policy of pragmatism in China which had developed since 1945, and which was finally unconstrained by notions of an Anglo-American partnership in the country.

From 1945 to 1950 the Foreign Office had grown increasingly dismissive of America’s attitudes and capabilities in China. As high-level meetings took place between the two states throughout 1949 these views seemed to be confirmed. The American policy-making process was divided and disorganised, pulling in several directions at once. Occasionally, even Acheson as Secretary of State was unhappy with the actual content of the policy he was forced to pursue. The British move towards recognising the CCP victory not only confirmed that differences existed between the two states, but also went further in causing clear tension in Anglo-American relations. By September 1949 Acheson and Bevin were contesting policy, and America pressured Britain to remain firmly behind the American line. Curiously.
whilst £300 million of investment was clearly worth protecting, the Foreign Office only expected at best a brief improvement in its relations with the new communist regime. Furthermore, British interests had been reduced to a greater extent by the processes of the Civil War, and had particularly suffered under the blockade of Shanghai. Why then did Britain see fit to push Anglo-American relations to such a position of acrimony, for limited gain in an even further restricted time period, with no long-term guarantees? It is evident that the Foreign Office was increasingly concerned by the tone and perspective of America’s Far Eastern policy to the extent that it was perceived as seriously mismanaging issues. American attempts to resolve issues in China had repeatedly demonstrated difficulties in both the formulation and execution of American policy; the arms embargo, sanctions, the blockade of Shanghai and resolute opposition to recognition also emphasised to London the depth and strength of America’s ideological commitment to fight communism. The Foreign Office believed that the United States in pursuing this ideological rationale was focusing purely on its own strategic interests in East Asia, namely Japan, Korea and the Philippines. Britain, already concerned over the fate of Hong Kong, was also increasingly worried about its own position in Singapore and Malaya (particularly after the beginning of the ‘emergency’ there in 1948). The Foreign Office not only felt justified in pursuing an independent line given America’s preoccupation with its own strategic concerns, it also wanted to refocus American thinking along a broader strategic plane. By 1950 Britain had imperial commitments which it could not adequately defend, and it therefore needed to emphasise to the United States the need for broader support throughout Asia.

Therefore, the unilateral act of recognition by Britain was intended to ‘secure a convenience’: a move of political pragmatism in keeping with the broader aims of
British policy in the region. Yet it was also intended to send a wider message, particularly in emphasising to the United States that policy options existed. In the belief that Communist China would need the West, and that a NEP period would soon begin, the Foreign Office sought to demonstrate to America that communism need not be met simply with a ring of steel and massive military aid. More explicitly, it emphasised that Britain sought to treat the People’s Republic as a state rather than as an ideological enemy. Recognition and the establishment of at least courteous relations would provide a more active foundation for policy; it would also create options to either neutralise or counter a perceived threat beyond the blunt instrument of deploying preponderant military force. Of course, recognising the CCP administration in an attempt to reorientate American foreign policy had little prospect of success, particularly given the heated debate within the United States over the direction of American policy within China. However, if recognition was a successful policy, and workable relations with the Chinese were established, Britain would then take a paramount position as the foremost western power in China as America supported the regime in Formosa. There was no reason to suppose that good relations could not be cultivated; Britain expected China to need to trade with the West, and they were uncertain of Mao’s relationship with Stalin. There was essentially nothing to be lost by recognising the Communists, but potentially there was much to be gained.

Both these elements, the reorientation of American policy or the reassertion of British influence in China, had been supported by Britain specifically since 1948. Whilst the British had been concerned by American policy for some time, once the CCP had secured a strong and probably unbeatable position in the Civil War Britain had begun to consolidate Western approval behind its developing strategy. In particular in 1949 the Foreign Office moved to create a Commonwealth framework
focusing on India, Australia and New Zealand should the United States prove resistant or disinterested. By 1949 Britain was actively creating alternative positions based on the alternative strength of regional co-operation. In essence, Britain, disheartened and concerned by America’s lack of coherence, moved towards an independent position to pursue its own aims - recognition of a communist China was a final attempt to persuade the United States of the error of its ways.

British policy-making in China after 1945 provides an interesting perspective on how the Foreign Office viewed the post-war world. Specifically it demonstrates a separate dimension to Britain’s relationship with the United States beyond European issues. Europe was the crucial political theatre after World War Two, where central issues were decided and vital interests secured. Political priorities dictated a search for a Western common front, since the Soviet Union was now placed in direct confrontation with the West. Such a front could only be underwritten by the overwhelming strength of the United States: it would consequently assume a dominant position in post-war Western security structures. There was no such over-riding imperative in China. The central element of British policy was economic, and beyond the interests of trade and the British community in China, Britain had few pressing commitments. Furthermore, the threat to Britain’s Far Eastern position was not as specific or defined as the Soviet threat to Europe, and the lack of such constant pressure allowed scope for a flexible policy - the Foreign Office therefore geared its policy to exploit such flexibility for as long as it possibly could. As such it tested alternative positions, examined wider policy options and was ultimately prepared to pursue an independent position in order to secure its own interests.
The most important difference between British policy-making in China and British policy in Europe was therefore that Anglo-American co-operation was not necessarily a defining feature of China policy. Whilst Anglo-American relations in the country were shaped to some extent by the Transatlantic Alliance in Europe, Britain was prepared to move beyond or outside of that structure if it felt it was necessary to do so. Similarly, Britain was prepared to exploit American strength to pursue its own objectives, both in allowing America to shore up the Kuomintang, and in its attempts to mediate a negotiated settlement to the Civil War. Indeed, by 1949 Britain was attempting to direct American policy along British lines, since persuading Washington to recognise the CCP would allow British interests to be underpinned by the strength of the United States, and may generate American support for Britain’s South East Asian position. A consistent theme in British policy after 1945 was the belief that Britain held a closer understanding of China and its social and political structures. It also viewed the United States as less capable, frequently irrational and often over-reactive to developments during the conflict.

Foreign Office assessments were based on a belief that the ‘old China hands’ could formulate and implement a more effective policy than their American counterparts, a view which was compounded by continuing difficulties evident in American policy-making throughout the period. Whilst inadequate resources dictated that the British could not take the lead in China policy immediately after the end of the Second World War, it is evident that Britain organised its policy so that if American policy failed it would be able if necessary to pursue what it perceived to be a more successful path. It also believed that a more successful policy could highlight the error of American ways, and hopefully reorientate or readjust American policy towards China. Even in September 1949 Dean Acheson accepted the desirability of closer
contact with the CCP, and was partly receptive to British plans for closer links. Britain's recognition policy was intended to demonstrate to a broader audience that there were alternative ways to view and to deal with the CCP.

It is evident therefore that if the 'Special Relationship' between the United States and Britain had been forged in China it would have emerged in quite a different form to that in Europe, if it had emerged at all. Whilst a political partnership ostensibly based on co-operation and collaboration operated in China between 1945 and 1949, it is clear that these elements were notional aspects of a harsher realpolitik. There were rare incidents of mutual exchanges of sensitive information (particularly from the United States to Britain); both states largely pursued their own policies as and when it suited them. By late 1949, amid acrimonious meetings and duplicity by both sides, it was clear that Britain and America were competing for control of a Western approach towards China. Whilst Britain agreeably consented to representing American interests after the State Department had withdrawn its consular staff from Communist-held territory, disagreements emerged over the Shanghai blockade and the export of strategic materiel to China. The Americans suppressed information over the 'Chou Démarche', whilst the British favoured 'loosely sealed envelopes' to indicate to the CCP their readiness to talk. If anything, the Special Relationship only functioned in China in defining parameters and constraining action within which the uneasy standoff between the British and Americans eventually emerged. Problems over China were countered and contained within a broader Anglo-American framework, and perhaps ultimately China was not for Britain a crucial theatre where joint action was a political priority. Both Britain and America believed they had a better or at least a more sustainable policy, and they were ultimately prepared to go their own separate ways to secure broader aims.
The ‘Special Relationship’ therefore functioned in a broad context over China issues. It restrained British action in a limited sense between 1945 and 1948, when the Foreign Office sought co-operation and a joint policy (however ill-defined) in the interests of transatlantic relations at such a crucial stage of European issues. However, the Foreign Office was all too ready to pursue an independent line once issues in the Chinese Civil War were clarified. Having frequently sought consultation and clarification over policy, London had been increasingly dismayed by America’s lack of ability to respond to the changing situation in China. Similarly the British were frustrated by the lack of American co-operation over policy. There were frequent problems which stemmed from an American unwillingness to support the British as their closest allies. This was particularly the case over Hong Kong, and the British were not reassured by incidents such as Hurley’s outbursts and the hostility to British ‘imperialism’ in America’s domestic politics. Ultimately Anglo-American relations in China were disfunctional because their interests and aims were different. Britain was engaged in realpolitik, shoring up its Far Eastern position, seeking enhanced trade as a bonus with the possibility of better contacts in China to come. America, on the other hand, was distracted by broader ideological impulses and a divided and fractious policy-making process. Indeed, the defining factor of British policy towards China between 1945 and 1949 was its parasitic relationship with the United States. Britain set out to hide behind the American shield and manoeuvre for a better position which would maximise benefits and minimise losses, but was prepared to abandon the United States once it had nothing left to offer. The Foreign Office supported the American position as long as it was beneficial to British interests, and it readily distanced itself once potential liabilities became real.
Overall, the thesis therefore supports D.C. Watt’s observations on the nature of Anglo-American relations in China, in that it questions whether adequate political foundations, or the political will, ever existed to make the ‘Special Relationship’ work in the region. The emergence of a unilateral British policy, as demonstrated in the thesis, further reinforces the importance of the United Kingdom as an independent actor in the origins of the Cold War. With regard to China, Feng’s thesis on the importance of British economic interests provides a useful starting point from which to evaluate British views of China, and the American role in the Chinese Civil War. In examining the notion of Anglo-American competition, the thesis also follows Ovendale’s explanation of problems within the transatlantic alliance in the twelve months leading up to British recognition. It is therefore intended to complement Feng’s work and extend the logic of Ovendale’s analysis over the period from 1945 to 1950. The thesis has argued that British policy was defined and driven by its relationship with the United States in China between 1945 and recognition on January 6th 1950, and has demonstrated that such a position was developed by a small and influential group within the Foreign Office. It has demonstrated that the ‘Special Relationship’ did not function properly in China. Policy was ultimately contested between the two states, with each drawing markedly different conclusions over future

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4 See Feng, op.cit.
opportunities within China. This ultimately led to a broad and public split over their approaches to, and treatment of, the CCP victory in the Chinese Civil War.
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