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*From Empire Defence to Imperial Retreat:
Britain's Postwar China Policy and the
Decolonization of Hong Kong*

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Introduction

Attempts to examine Hong Kong as an issue in British postwar colonial policy often emphasize the unique nature of the colony, and therefore a special case in British decolonization. Hong Kong has been regarded as an unconventional colonial entity, an anachronism in the modern world. But others argue that the word colony is not an appropriate term to describe it, except in the most severely technical legal sense, because of its spectacular industrial and economic development since the end of the Second World War.¹ Nonetheless, Hong Kong has existed as a British crown colony since 1842, and its colonial political structures have remained more or less the same until the early 1980s. Hong Kong's special relations with China is an important factor making it an oddity in post-war British decolonization. Instead of becoming independent like most other British colonial territories, Hong Kong's political future is linked to China. This situation of 'decolonization without independence' has been an important theme of academic analysis on the colony's political development.²

Commenting on recent scholarship on post-1945 British colonial policies, R. F. Holland lamented that its quality has been marred by

¹ See for example: Nigel Cameron, *An Illustrated History of Hong Kong* (Hong Kong: Oxford University Press, 1991), p. 4; N. J. Miners, *The Government and Politics of Hong Kong* (Hong Kong: Oxford University Press, 1981), 3rd edn, p. xv; Peter Harris, *Hong Kong: A Study in Bureaucracy and Politics* (Hong Kong: Macmillan, 1988), p. 11.

² Lau Siu-kai, *Decolonization without Independence: The Unfinished Political Reforms of the Hong Kong Government* (Hong Kong: The Hong Kong Institute of Asia-Pacific Studies, The Chinese University of Hong Kong, 1987).

the narrow specialism endemic to the modern profession. One major problem is: 'each situation had a time-frame of its own, and any definitive study will face the laborious task of probing the common denominators in these multiple settings'.³ This task is very often further complicated by what John Darwin referred to as 'extraordinary and baffling inconsistencies' in British foreign and colonial policy after 1945. One example of such baffling inconsistencies was the fact that 'colonial withdrawal from South Asia was matched by the uncompromising re-assertion of colonial rule in Hong Kong'.⁴

This essay is not intended to define the general pattern of British postwar decolonization through a specialist study of Britain's policy towards Hong Kong. Instead of searching for a common denominator and building the pattern of postwar British decolonization, this is an attempt to explain Britain's attitude towards Hong Kong by placing it in the context of the evolution of British foreign policy in the postwar world in general, and its attitude towards the rise of Chinese communism in particular.⁵

The British Empire, China, and Hong Kong in the Postwar World

If Britain emerged from the Second World War with little resources for its imperial commitments, it certainly did not lack the will to maintain either the empire or its world power status. As early as 1942 Prime Minister Winston Churchill declared in his famous Mansion House speech that the British government was not prepared to surrender its imperial interests in the postwar world. In Churchill's famous words: 'I have not become the King's First Minister in order

³ R. F. Holland, 'The Imperial Factor in British Strategies: From Attlee to Macmillan, 1945-63' in R. F. Holland and G. Rizvi (eds), *Perspectives on Imperialism and Decolonization: Essays in Honour of A. F. Madden* (London: Frank Cass, 1984), pp. 165-6.

⁴ John Darwin, 'British Decolonization since 1945: A Pattern or a Puzzle?' in Holland and Rizvi (eds), *ibid.*, p. 190.

⁵ Newly opened classified British official documents in the Public Record Office in London have generated a large number of works on postwar British foreign policy. Some examples of the rapidly expanding research efforts in this area are: A. Deighton (ed.), *Britain and the First Cold War* (London: Macmillan, 1990); M. Dockrill and J. W. Young (eds), *British Foreign Policy 1945-56* (London: Macmillan, 1989); W. S. Lucas, *Divided We Stand: Britain, the U.S., and the Suez Crisis* (London: Hodder and Stoughton, 1991); J. T. H. Tang, *Britain's Encounter with Revolutionary China, 1949-1954* (London: Macmillan, 1992); J. W. Young (ed.), *The Foreign Policy of Churchill's Peacetime Administration, 1951-1955* (Leicester: Leicester University Press, 1988).

to preside over the liquidation of the British Empire.’⁶ When Britain emerged victorious after the end of the war a few years after Churchill’s utterance about defending the Empire in the postwar world, the domestic political scene in Britain as well as international developments had taken a dramatic turn.

The Labour Party’s stunning electoral victory in July 1945 ended the Conservative Party’s rule and Churchill’s Prime Ministership. Moreover the postwar international situation which the new Labour government under Clement Attlee faced was undergoing rapid transformation. It became clear that Britain, with limited resources, found it extremely difficult to be a serious rival to either the United States or the Soviet Union as a major power in the increasingly bi-polar world. More importantly, the transfer of power to India and Pakistan in 1947 practically ended Britain’s imperial position. As Phillip Darby put it in his fascinating study of postwar British defence policy east of Suez: ‘At a single stroke, the basis of Britain’s position as an imperial power was gone.’⁷

The end of the British empire, however, did not end British political leaders’ aspiration that Britain could still play an important role in world politics. While the extent to which British postwar leaders were committed to creating a ‘Third Force’ in world politics—the idea of developing Britain’s power and influence to rival that of the US and the USSR by combining the resources of Western Europe and former Dominions and colonies in Asia and Africa—remains controversial among scholars of postwar British foreign policy, there is little doubt that as Britain attempted to readjust its postwar overseas policies, British leaders envisaged that their country would continue to be a major player in world politics.⁸ The limit of British power and the growing apprehension of the Soviet-led communist bloc’s expansionist design eventually drove British policy-makers to seek a close Atlantic alliance with the United States and allied with Washington in the Cold War confrontation.⁹

⁶ C. Eade (ed.), *Winston Churchill War Speeches* (London: Cassell, 1951), ii, p. 344.

⁷ Phillip Darby, *British Defence Policy East of Suez, 1947–1968* (London: Oxford University Press for the Royal Institute of International Affairs, 1973), p. 10.

⁸ A useful account of the idea of the ‘Third Force’ is John W. Young and John Kent, ‘British Policy Overseas: “The Third Force” and the Origins of NATO—In Search of a New Perspective’ in Beatrice Heuser and Robert O’Neill (eds), *Securing Peace in Europe, 1945–62: Thoughts for the Post-Cold War Era* (London: Macmillan in association with St Antony’s College Oxford, 1992).

⁹ General accounts of Britain’s post-war foreign policy include: Joseph Frankel, *British Foreign Policy, 1945 to 1973* (Oxford: Oxford University Press, 1975); F. S.

Britain's ambivalent attitude towards empire and the rise of communism in the early postwar years was fully demonstrated in East Asia; the changes in its policy towards Hong Kong as the communists took power in China were particularly revealing of this ambivalence. The Crown colony of Hong Kong—a symbol of British imperialism and a centre of commercial activities in South China—presented a particularly complex problem in Sino-British relations as the Cold War intensified. Britain was not willing to return Hong Kong to China after the war, at first because of its intention to maintain the empire, and later because of its aspiration to remain as a global power. The retention of Hong Kong, however, was turned into an issue in Cold War politics with the Chinese communist victory.

The rise of Chinese communism presented a dilemma for British policy-makers: on the one hand they had to demonstrate solidarity with their US ally who was at the forefront in the Cold War conflict with the Communist bloc; on the other hand, they had to protect British interests in China. British and Chinese policy-makers were caught in the web of an ideologically divided world and their countries' practical interests. As London's imperial ambition transformed into a determination to maintain Britain's great power status, its China and Hong Kong policies converged with Cold War politics.

An important outpost in the Far East of the British Empire, Hong Kong was a valuable trade centre to British commercial activities in Asia. British officials were proud of the fact that they had turned the colony from 'a barren rock' into 'one of the most important and thriving ports and markets of the world'.¹⁰ Britain's acquisition of the Hong Kong island under the 1842 Treaty of Nanking and the lease of the New Territories for ninety-nine years under the 1898 Convention of Peking, however, had long been regarded as unequal treaties forced upon the crumbling Qing government by many Chinese. Thus while the British considered Hong Kong as an important commercial outpost in the Far East, the colony was a symbol of Western imperial domination in Chinese eyes. As Alexander Grantham, Governor of Hong Kong from 1948 to 1958, observed: 'The fundamental political problem of the British Colony of Hong Kong is its relationship with China and not the advancement to self-government and independence as in the case of most British colonies.'¹¹

Northedge, *Descent from Power: British Foreign Policy, 1945-73* (London: Allen and Unwin, 1974).

¹⁰ Public Record Office, London (hereafter PRO) CAB 129/35 CP(49) 120.

¹¹ Alexander Grantham, *Via Ports: From Hong Kong to Hong Kong* (Hong Kong: Hong Kong University Press, 1965).

Thus Hong Kong's political status inevitably had to be linked with Britain's China policy. The outbreak of the Second World War and Japan's occupation of Hong Kong ended British administration of the colony. Even before the end of the war the Chinese government had pressed for the return of Hong Kong to Chinese sovereignty. As a result of American support for China's position, senior officials from the Colonial Office accepted in mid 1942 that Britain might have to return Hong Kong to Chinese rule as part of a general postwar settlement in the Far East. But that attitude was gradually changed towards the end of the war; increasingly the retention of British Far Eastern territories was seen as a matter of prestige which was crucial to the British Empire.¹²

London's concern for British possessions in East Asia was consistently shown in its discussions with other allied powers on postwar arrangements at the Cairo Conference which opened on the 23rd of November 1943 and again at Teheran when Churchill met President Roosevelt, and the Soviet leader Joseph Stalin. Churchill stated that Britain did not desire to acquire any new territory or bases, but it did intend 'to hold on to what they had'. He went on to say that 'nothing would be taken away from Britain without a war', and mentioned 'specially Singapore and Hong Kong'.¹³ The Yalta conference convened in February 1945 and did not alter Britain's status in its colonial territories in East Asia, even though Roosevelt and Stalin generally agreed that Western colonial powers should withdraw from Southeast Asia at a later stage.¹⁴ When the American ambassador to Britain, Patrick Hurley, raised the issue of British colonial possessions with the British Prime Minister in March, Churchill 'took him up with violence about Hong Kong and said that never would we yield an inch of the territory that was under the British flag'.¹⁵

If the Chinese leaders' desire to recover Hong Kong was equally strong, it was not always matched by official rhetoric. Their attitude

¹² Steve Yui-sang Tsang, *Democracy Shelved: Great Britain, China, and Attempts at Constitutional Reform in Hong Kong, 1945-1952* (Hong Kong: Oxford University Press, 1988), p. 13; Chan Lau Kit-ching, *China, Britain and Hong Kong, 1895-1945* (Hong Kong: Chinese University Press, 1990), pp. 293-309.

¹³ *Foreign Relations of the United States: The Conferences at Cairo and Teheran* (Washington, 1961), p. 554 quoted in Wm Roger Louis, *Imperialism at Bay 1941-1945: The United States and the Decolonization of the British Empire* (Oxford: Clarendon Press, 1977), p. 285.

¹⁴ For an account of the Yalta Conference and the agreements for post-war Asia see Akira Iriye, *The Cold War in Asia: A Historical Introduction* (Englewood Cliffs, New Jersey: Prentice-Hall, 1974), pp. 94-7.

¹⁵ Note by Churchill 11 April 1945 PRO FO371/46325, quoted in Wm Roger Louis, *Imperialism at Bay*, p. 548, see also Raymond A. Callahan, *Churchill: Retreat from Empire* (Wilmington: Scholarly Resources, 1984), p. 210.

was, using the Hong Kong historian Chan Lau Kit-ching's word, 'subdued' and the statements on Hong Kong they issued were 'half-hearted and sporadic'.¹⁶ Hong Kong therefore did not create any real difficulties in Sino-British relations during wartime.

Once the war was over, both British troops and Chinese Nationalist troops were prepared to accept the surrender of Hong Kong. Indeed Sino-British differences emerged when Chiang Kai-shek insisted that he should accept Japan's surrender at Hong Kong as commander-in-chief of the China theatre, and the British insisted that Sir Cecil Harcourt, Rear-Admiral of the British Pacific Fleet, should accept the Japanese surrender on behalf of the British government. Eventually, after President Truman's intervention, Chiang agreed that Harcourt could accept Japan's surrender on behalf of both Britain and Chiang as supreme commander of the China theatre.¹⁷

China under Chiang's leadership was keen to regain Hong Kong, but occupying the territory by force was not feasible politically. The Nationalist government was preoccupied by its own internal economic problems and the communist challenge. It could hardly afford to antagonize Britain, the closest ally of the Nationalist government's most important backer, the United States. Although Washington, suspicious of British imperial ambition, supported Chiang's claim on Hong Kong, a unilateral move by China to regain Hong Kong was obviously out of the question.¹⁸

Hong Kong, however, remained a major question in Sino-British relations. Britain's defeat by the Japanese earlier on, as well as China's newly acquired status as one of the five great postwar powers, created a strong sense of national pride and identity with China among local Hong Kong citizens. The Chinese Nationalist Party also took the opportunity to obtain official recognition in Hong Kong and Party activities were for the first time organized openly in the colony. The Nationalist government's attitude towards Hong Kong's political status was also made clear when China's postwar representative in Hong Kong, T. W. Kwok, was appointed Special Commissioner for Hong Kong, concurrent to his appointment as Special Commissioner for Guangdong and Guangxi, rather than as Consul-General.¹⁹

The change of government in Britain in 1945 did not fundamentally

¹⁶ Chan Lau Kit-ching, *China, Britain and Hong Kong*, p. 314.

¹⁷ *Ibid.*, pp. 321–2; Steve Tsang, *Democracy Shelved*, pp. 19–20; Aron Shai, *Britain and China, 1941–47: Imperial Momentum* (London: Macmillan, 1984), pp. 120–2.

¹⁸ See Aron Shai, *Britain and China*, pp. 124–5.

¹⁹ Steve Tsang, *Democracy Shelved*, pp. 52, 28–9.

alter Britain's stance towards Hong Kong's status. While the Labour government was willing to allow self-government and attempted to initiate constitutional reforms in British colonial territories, it had no intention to relinquish British colonial rule immediately. Hong Kong's status was also made complicated by the fact that 'there was no possibility of decolonization without giving the territory to China.'²⁰

In the British Embassy's annual report in 1946, Ambassador Ralph Stevenson suggested that Hong Kong was the only major potential source of friction between Britain and China.²¹ Stevenson's prognostication proved to be accurate. The two governments soon became engaged in a dispute over the jurisdiction of the Kowloon walled city, a densely populated area on Kowloon side of the colony which was once used as a small garrison and administrative compound. Both governments issued official statements claiming the jurisdiction of the walled city, but neither side pursued the matter further and their different positions did not lead to serious difficulties in Sino-British relations.²² There was no doubt that London intended to maintain British rule in the colony, but its attitude towards whether or not Britain should seek to revive its former role in China was rather different.

Towards the end of the war Whitehall's position was that Britain did not have the resources to assert its former role as the predominant western power in China. Although some old China hands argued for a more active policy in China, it was not regarded as realistic. Most senior Foreign Office officials dismissed China's importance to Britain and argued that the British government should not assume a responsibility that it could not fulfil. Summing up the Foreign Office's sentiments on China, Assistant Under-Secretary Victor Cavendish-Bentinck stated: 'China is not vital to the maintenance of our empire and we can do without our China trade. So long as we maintain

²⁰ D. J. Morgan, *The Official History of Colonial Development, Vol. 5, Guidance Towards Self-Government in British Colonies: 1941-1971* (Atlantic Highlands, N.J.: Humanities Press, 1980), p. 20. Steve Tsang's *Democracy Shelved* remains the most fascinating account of the abortive attempt to bring about constitutional reforms in postwar Hong Kong.

²¹ PRO FO371 63440 F4491/4491/10.

²² See Ho Fung-shen, *Waijiao Sheng Ya Sishi Nian* [Forty Years as a Diplomat] (Hong Kong: Chinese University Press, 1990), pp. 201-3, and Grantham, *Via Ports: From Hong Kong to Hong Kong*, pp. 130-3. Other useful accounts of the Kowloon Walled-City included: Peter Westly-Smith, 'Unequal Treaty; Forlorn, Forbidden and Forgotten: Kowloon's Walled City', *Kaleidoscope*, vol. 1 no. 3; N. J. Miners, 'A Tale of Two Walled Cities: Kowloon and Weihaiwei', *Hong Kong Law Journal*, 12: 2 (1982).

control of seaways, a direct threat from the direction of China is not serious'.²³

Thus, paradoxical as it may seem, as far as British imperial interests were concerned, China was less important than Hong Kong at the end of the Second World War. This attitude had to be seen in the context of the general decline of British power and prestige in postwar East Asia.

Three developments were particularly unfavourable to Britain's postwar position in East Asia; first, it had been defeated by Japan during the war, second, the US had assumed the leading role in the war against Japan, third, the tide of Asian nationalism was rising quickly. Britain's attitude towards China and Hong Kong was spelt out in detail in a stock-taking memorandum in early 1947 by Esler Denning, the Foreign Office's Assistant Under-Secretary responsible for Far Eastern Affairs. In Denning's view: 'Britain's chief assets in China are her physical properties, experience, good-will and the possession of Hong Kong'. But Britain was not in the position to exploit these assets to the full and compete actively in the China market until the British economy was revived. Thus he recommended to keep 'a commercial foothold in China until better days come'.²⁴

The British government's attitude towards China and Hong Kong in the early postwar years was consistent with this line of thinking: Britain could not afford to reassert its pre-war position in China, but the retention of Hong Kong was important to empire, and later to Britain's role as a major world power, as well as to Britain's future comeback in the China market.

Cold War Politics and Britain's China and Hong Kong Policies

The situation in China changed dramatically towards the end of 1948 with the collapse of the Nationalist regime. Not only would British commercial interests in China be directly affected by the communist victory, the retention of Hong Kong as a British colony appeared uncertain. To complicate matters further, as the rivalry between the

²³ Minute by Coulson, 6 March 1945; minute by Victor Cavendish-Bentinck, 13 March 1945, PRO FO371 46232 F1331/409/10. See also Tang, *Britain's Encounter with Revolutionary China*, pp. 15–16.

²⁴ PRO FO371 63549 F2612/2612/10, also see Aron Shai, *Britain and China*, pp. 150–1; see also Tang, *Britain's Encounter with Revolutionary China*, pp. 16–18.

Soviet Union and the West intensified, developments in Asia were increasingly seen in Cold War terms by Western leaders.

In December 1948 the Foreign Office presented a paper to the Cabinet which contained a detailed assessment of the far-reaching implications of the communist victory for British interests in China and Hong Kong. This paper, CP(48)299, suggested that if the communists came to power in China, the retention of Hong Kong as a British colony would depend on 'whether the Communists found the existence of a well-run British port convenient for their trade with the outside world.' The paper said that even if the communists were to use a British Hong Kong for trading purposes, the colony would face a vast refugee problem. The Foreign Office warned that Hong Kong would be 'living on the edge of a volcano.'²⁵

Thus Hong Kong's political position would depend very much on Britain's relations with the Chinese communists. London had abandoned any hopes of reviving Britain's former role in postwar China; its primary interests in China were largely commercial. After a careful assessment of the situation and the limited options available, the Foreign Office recommended a policy of 'keeping a foot in the door' in China. CP(48)299 recommended that the government should seek *de facto* relations with the communist authorities because of British trading interests and British assets in China.²⁶

Cold War politics, however, made Britain's attempt to adopt a pragmatic China policy extremely difficult. In the context of the growing suspicion between the Soviet Union and the West, accommodating a communist regime would be interpreted as the weakening of Western resolve against communist expansionism. By early 1946, US policy towards the Soviet Union had hardened. Washington's stand, as the Cold War historian John Lewis Gaddis noted, was that 'expansionist moves by the Kremlin would be resisted, even at the risk of war'.²⁷ On 12 March 1947, in a speech to the Congress seeking approval for US assistance to Turkey and Greece, President Truman committed the United States openly to confronting the advance of communism in all parts of the world.²⁸

²⁵ PRO CAB129/31 CP(48)299. For a more detailed analysis of CP(48)299 see Tang, *Britain's Encounter with Revolutionary China*, pp. 32-4. ²⁶ *Ibid.*

²⁷ John Lewis Gaddis, *The United States and the Origins of the Cold War, 1941-1947* (New York: Columbia University Press, 1972), p. 356.

²⁸ For more details on the Truman doctrine see Gaddis, *ibid.*, ch. 10; Walter LaFeber, *America, Russia, and the Cold War: 1945-1980* (New York: John Wiley and Sons, 4th edn, 1980), ch. 3; Louis J. Hall, *The Cold War as History* (New York: Harper, 1967), ch. 12.

As the animosity of the US and the USSR grew, Britain had to reassess its foreign policies. Since London saw the Soviet-led communist bloc as the most serious threat to Britain's security, American support against Soviet expansionism was seen as vital to British security in Europe. In an often quoted Cabinet paper entitled 'The First Aim of British Foreign Policy', Foreign Secretary Ernest Bevin warned his colleagues in January 1948 that the Soviet Union and its allies were posing a direct threat to the West.²⁹ While British defence strategists were convinced that the Soviet Union would not take on the West immediately, in their eyes Moscow's long-term intention to eliminate capitalism from all parts of the world was clear.³⁰

For British policy-makers hoping that Britain could recover economically and maintain its global influence, persuading the US to provide necessary backing to a close Anglo-American alliance seemed to be the only viable policy option. Although the difficult process of decolonization had already begun, London still harboured the hope that with US support, combining with the resources of Western Europe and its influence with the Commonwealth, Britain's aspiration to remain a first-rate power could be achieved. There was no place for a colonial British empire in the postwar international order, but the reincarnation of the empire in a different form might still be possible. Bevin told his colleagues that Britain could be a major power equal to that of the US and the Soviet Union, 'provided we can organize a Western Europe system . . . , backed by the power and resources of the Commonwealth and of the Americas'.³¹ This was Britain's grand strategy for maintaining its status as a major power in the postwar world.

By allying closely with the United States, Britain was drawn into direct confrontation with the Soviet-led communist bloc and had to play a full part in the Cold War. The British government thus faced a dilemma as the Chinese communists rapidly took control of northern China at the end of 1948. While establishing a proper working friendly relationship with the communist authorities was crucial to immediate British commercial interests as well as for the return of an

²⁹ PRO CAB 129/23 CP(48)6, 4 Jan. 1948.

³⁰ A brief account of British analysis of British defence thinking about the nature of the Soviet threat is in Beatrice Heuser, 'Stalin as Hitler's Successor' in Heuser and O'Neill, *Securing Peace in Europe*, pp. 18–20.

³¹ Cabinet paper, PRO CAB 129/23 CP(48)6, 4 Jan. 1948. For a discussion of the linkage between Britain's postwar imperial ambition and the Cold War see John Kent, 'The British Empire and the Origins of the Cold War, 1944–49' in Deighton (ed.), *Britain and the First Cold War*, pp. 165–83.

economically recovered Britain to the China market in future, such a policy might not be politically acceptable in a Cold War climate. However, London could still delay making the more difficult decision of diplomatic recognition as long as the Chinese communists had not taken effective control of the whole of China. When the People's Republic of China was inaugurated on 1 October 1949, the British government could no longer delay the decision further.³²

London, however, could not go ahead and recognize the Beijing government without taking into account sentiments in Washington. Sino-US relations deteriorated rapidly in 1949, and the Truman administration had publicly announced that it did not support London's decision of recognizing Beijing. In private, however, Washington's position was not totally rigid. It rejected 'premature' recognition of the Beijing government, but not the principle of according it. The Truman administration's concern was centred on the question of timing arising partly from the anti-communist domestic political climate. The Secretary of State, Dean Acheson, adopted the position that the US should 'wait until the dust settles', and accepted that Britain would have to pursue a different China policy because of its more extensive commercial interests there. The British government eventually accorded diplomatic recognition to the People's Republic on 6 January 1950.³³

Since Anglo-American solidarity was the cornerstone of Britain's postwar foreign policy, as Washington's position towards the communist government in Beijing hardened, London was under strong pressure to toe the US line. When the limit of British power became more

³² Two detailed accounts on Britain's decision to accord recognition to the People's Republic of China are: Ritchie Ovendale, 'Britain, the United States, and the Recognition of Communist China', *The Historical Journal*, 1 (1983), and D. C. Wolf, "'To Secure a Convenience': Britain Recognizes China—1950", *Journal of Contemporary History*, 18, 2 (April 1983). Also see Tang, *Britain's Encounter with Revolutionary China*, ch. 2.

³³ For a comprehensive discussion of the US attitude towards the recognition question see Nancy Bernkopf Tucker, *Pattern in the Dust: Chinese-American Relations and the Recognition Controversy, 1949-1950* (New York: Columbia, 1983). The Anglo-American differences were clearly shown in the exchanges between Bevin and Acheson during a meeting in December 1949: Memorandum of Conversation by the Secretary of State, 8 Dec. 1949, *Foreign Relations of the United States*, 1949, Vol. IX, pp. 219-20; Washington to Foreign Office, 8 Dec. 1949, PRO FO371 75826 F18418/1023/10. Two more general discussions are: Roderick McFarquhar, 'The China Problem in Anglo-American Relations' in Wm Roger Louis and Hedley Bull (eds), *The 'Special Relationship': Anglo-American Relations Since 1945* (Oxford: Clarendon Press, 1986), and James T. H. Tang, 'Alliance Under Stress: Anglo-American Relations and East Asia, 1949-51' in Heuser and O'Neill (eds), *Securing Peace in Europe*.

evident, London's imperial ambition was quickly turned into a sober realization that Britain's status as a great power in the postwar world could not be taken for granted. In order to secure US assistance, Hong Kong was increasingly used as a political symbol and referred to as the Berlin of the East by British officials and politicians. The British were themselves engaged in a bitter war with the communists in Malaya and Singapore; failure to meet a communist challenge in the colony would have dealt a severe blow to British morale and prestige in Southeast Asia. The defence of Hong Kong thus became a vital link in the common front against communism in Asia.³⁴ British arguments for the retention of Hong Kong shifted from defending the British Empire to defending Western interests against communist encroachment.

Although Hong Kong became embroiled in Cold War politics in 1949 as the communists took power in China, British policy towards Hong Kong was not shaped simply by political and strategic considerations. Another crucial factor was the colony's commercial value. The Colonial Office estimated in 1949 that the total amount of British capital in Hong Kong was about 156 million pounds. The colony was also a good operating base for British businessmen to prevent Japan from acquiring a dominant position in the commerce of the Far East in future. Losing the colony, the Colonial Office maintained, would be 'a serious blow' to the British economy.³⁵

While there were a number of political, strategic and economic advantages in keeping Hong Kong British, London could not ignore the colony's vulnerable position if the Chinese government were determined to take it back. Although the Hong Kong garrison was reinforced in 1949, British policy-makers were well aware of the fact that without China's acquiescence, it would be impossible to maintain Hong Kong as a trading port under British rule. At the same time, if keeping the colony was important to British interests, London had to make a firm stand in Hong Kong. This balancing act, however, was not always possible in the context of the Cold War. At the beginning of 1950 Washington's stance towards the Beijing government had toughened, reflecting growing anti-communist sentiments in the US. Britain also encountered difficulties in its efforts to develop a proper diplomatic relationship with the People's Republic.³⁶

³⁴ Note of meeting between the Foreign Secretary and Commonwealth Ambassadors in Washington, 16 Sept. 1949, PRO FO371 76024 F14305/1024/61G.

³⁵ PRO CAB 129/35 CP(49)120.

³⁶ A detailed study of the tortuous Sino-British negotiations for the establishment

Anglo-Chinese relations were troubled by a number of problems including Britain's attitude towards Chinese representation in the United Nations, and its attitude towards Nationalist organizations and properties in British territories. One tricky question involved seventy aircraft in Hong Kong which belonged to two Nationalist agencies, the China National Aviation Corporation (CNAC) and the Central Air Transport Corporation (CATC).³⁷ In November 1949 the managing directors of the two agencies flew to Beijing with eleven aircraft. This set off a round of claims and counter claims over the ownership of the remaining aircraft which involved not only the Communist and Nationalist governments, but also the US government because the aircraft were purchased by CNAC and CATC under American lend-lease.³⁸

The US government was concerned that the aircraft could fall into communist hands. After the Chief Justice of Hong Kong ruled in April 1950 that the planes belonged to the Beijing government, the Americans threatened that if the British government failed to keep the aircraft in the colony, the continuance of Marshall Aid and the Military Assistance Programme might be seriously endangered.³⁹

The British government's attempt to develop a working relationship with the Chinese authorities and to steer Hong Kong away from getting into trouble with China was once again affected by Cold War politics. Although British officials feared that turning the aircraft to American hands might provoke the Chinese government 'to organise strikes, disturbance and sabotage' or to impose an economic embargo on the colony as well as affect the Sino-British negotiations on the establishment of diplomatic relations, they backed down under American pressure. Eventually London instructed the Governor of Hong Kong 'to hold up the aircraft by any means which did not involve the formal use of statutory powers' and obtained an Order-in-

of official diplomatic relations is in Tang, *Britain's Encounter with Revolutionary China*, chs 3 and 4.

³⁷ *Dangdai Zhongguo Waijiao* (Beijing; Zhongguo Shehui Kexue Chubanshe, 1990), pp. 12–23, an English edition is available: *Diplomacy of Contemporary China* (Hong Kong: New Horizon Press, 1990), pp. 17–18. The original Chinese version of the Sino-British exchanges can be found in *Zhonghua Renmin Gongheguo Duiwai Guanxi Wenjianji*, vol. 1: 1949–1950 (Beijing: Shijie Zhishi Chubanshe, 1957), p. 123. The English version can be found in PRO FO371 83295 FC1022/518.

³⁸ An official account of the aircraft incident can be found in Annex A to Cabinet Paper 3 April 1950, PRO CP(50)61.

³⁹ Memorandum by the Colonial Secretary and the Minister of State at the Foreign Office, 3 April 1950, PRO CAB 129/39 CP(50)61.

Council on 10 May 1950 to keep the aircraft in the colony before handing them over to the Americans in 1952.⁴⁰

London's decision to interfere with the legal process in Hong Kong was made because of its concern over Washington's reaction; Anglo-American solidarity was obviously more important than Sino-British relations. The Governor of Hong Kong was not happy about London's action, but there was little he could do; the colony was dragged into the wider Cold War confrontation in East Asia. Fortunately, Beijing only made an official protest when the British government announced that the aircraft were to be detained in Hong Kong; it did not attempt to undermine the political stability of the colony.

The Impact of the Korean War on the British Attitude towards China and Hong Kong

Britain's policy towards China and Hong Kong took another turn with the outbreak of the Korean War in June 1950. The Cold War was turned into a hot war when North Korean troops marched across the 38th parallel which divided the Korean peninsula into two halves. The United States responded swiftly by committing itself militarily to resist the North Korean troops from taking over the whole of Korea. To American leaders, the North Korean invasion of the South confirmed their fear of the world-wide expansionist intent of communism. When President Truman was on his way back to Washington from Independence, Missouri, where the President was spending the weekend, he reflected on the plane that: 'if South Korea was allowed to fall, Communist leaders would be emboldened to override nations closer to our own shores'. The President therefore publicly condemned the North Koreans and deployed the Seventh Fleet to 'neutralize' the Taiwan Strait.⁴¹

In a meeting on 27 June the British Cabinet decided to give full support to the American position, but not all Cabinet members shared the American interpretation that the invasion was 'centrally-directed communist imperialism'. They were also concerned that the

⁴⁰ Cabinet meeting, 6 April 1950, PRO CM(50)19th meeting; Cabinet paper, 21 April 1950, PRO CAB 129/39 CP(50)74; Cabinet meeting 24 April 1950, PRO CM(50)24th meeting.

⁴¹ Harry Truman, *The Memoirs of Harry S. Truman*, vol. 2: *Years of Trial and Hope*, 1946-53 (New York: Doubleday, 1956), p. 351.

deployment of the Seventh Fleet to the Taiwan Strait would make Britain's relations with China more difficult and provoke the Beijing government to foment disorder in Hong Kong.⁴²

As the military situation in Korea turned critically, American pressure on Britain to take part in the Korean conflict also increased. London's military advisers, however, held the view that the Korean conflict did not directly threaten Europe, and the Soviet Union might 'stage a diversion elsewhere and we must continually guard against this eventuality'. They were concerned that resources vital to the security of Europe would be diverted to Korea, an area which was considered to be of less strategic importance. However, the British government yielded to pressure from Washington again, and deployed ground troops to Korea in July.⁴³

Direct Chinese military involvement in Korea after October 1950 further widened the gap between the communist Chinese leadership and the West. While Britain's diplomatic representatives who were in China for the negotiations of the establishment of diplomatic relations still remained in Beijing, the two sides became enemies on the Korean battlefield. In January 1951 Britain, somewhat reluctantly, supported a UN resolution introduced by the US in condemning China as an aggressor in Korea. In May the UN Assembly adopted a resolution on a strategic embargo. In June the British government imposed license controls on all exports to China and Hong Kong. The colony together with Macau were blacklisted because China could break the embargo by obtaining Western goods through its traditional trading connections with both places.⁴⁴

Thus the outbreak of the Korean War had far-reaching consequences for Britain's China policy and Hong Kong's position. As long as the hostility in Korea persisted, any hopes that Britain could establish official diplomatic relations with the People's Republic would be unrealistic. It was in fact rather surprising that British diplomats were still allowed to station in China. The Chinese government condemned the UN embargo resolution as 'a malevolent

⁴² Cabinet meeting, 27 June 1950, PRO CAB 128/17 CM39(50). Full text of Truman's statement in *Department of State Bulletin*, 3 July 1950.

⁴³ Chief of Staff Meeting, 30 June 1950, PRO DEFE COS(50)100th Meeting item one. See also Ritchie Owendale, 'Britain and the Cold War in Asia' in Ritchie Owendale (ed.), *The Foreign Policy of the British Labour Governments, 1945-1951* (Leicester: Leicester University Press, 1984), pp. 131-2.

⁴⁴ UN Doc.A/1799 5th session, General Assembly item 76, pp. 20-1; General Assembly 5th session supplement no. 20A R.500(v), p. 2; Hansard, *House of Commons Debates*, series 5, vol. 489, cols 245-52.

attempt to extend aggressive war' and a violation of the UN Charter. Apart from the US, Britain was the only country singled out for criticism. By agreeing to the embargo, the Chinese government said, the British government had 'closed the door for possible negotiations and revealed its determination to be the enemy of China.'⁴⁵ Sino-British relations entered a most difficult period, even though their informal diplomatic links were not severed.

Hong Kong also entered a turbulent period as a result of the Korean War. Although Beijing made no attempts to de-stabilize the political situation in the colony, the economy of Hong Kong suffered considerably following the UN embargo on China and the imposition of export license control on Hong Kong by London. For years Hong Kong had been an entrepot; over two-thirds of the colony's trade was with China. The embargo was thus extremely serious for the colony. China trade, in the words of Governor Grantham, was Hong Kong's 'life-blood', and with the imposition of the embargo, it was cut down to a 'mere trickle'. In addition to the economic difficulties, the colony was burdened by a massive inflow of refugees from China. As Grantham recalled, many visiting journalists sent home gloomy dispatches which predicted 'the early demise of the Colony'.⁴⁶ Hong Kong's economy gradually recovered; the colony was able to shift from an entrepot to a thriving manufacturing and industrial city because the influx of refugees brought capital and labour.⁴⁷

After the Korean War London continued to rule out any possibility of self-government for Hong Kong.⁴⁸ Since an independent Hong Kong was regarded as not possible on political grounds, the British government did not seek to alter the status of the colony. Britain's relations with China remained strained even though the Korean truce in 1953 had brought about a more relaxed international climate. The attitude of both sides had been hardened by the Korean conflict. The Conservative Party under Churchill's leadership which had returned to power continued to attach great importance to the Anglo-American alliance. By then the British commercial empire in China had virtually collapsed and London was no longer as enthusiastic about the

⁴⁵ *ZhongHua Renmin Gongheguo duiwai guanxi wenjianji, 1951-53* (Beijing: Shijie Zhishi Chubanshe, 1958), p. 27.

⁴⁶ Alexander Grantham, *Via Ports: From Hong Kong to Hong Kong*, p. 167.

⁴⁷ For a study of the movement of capital into Hong Kong during this period see Wong Siu-lun, *Emigrant Entrepreneurs: Shanghai Industrialists in Hong Kong* (Hong Kong: Oxford University Press, 1988), ch. 3.

⁴⁸ Morgan, *Guidance Towards Self-Government in British Colonies*, p. 20.

establishment of official diplomatic relations with the People's Republic as in 1949 and early 1950.⁴⁹

Britain and China moved gingerly towards a better relationship only in 1954 when the Geneva Conference in 1954 provided the opportunity for meetings between the British Foreign Secretary Anthony Eden and the Chinese Foreign Minister Zhou Enlai. Subsequently, the two governments agreed to exchange Chargé d'Affaires with each other, thus establishing formal diplomatic relations. By this time the Chinese communists had firmly established their political control over China.

The British government's acceptance of Hong Kong's vulnerability, in many ways, also shaped its policy towards China during the 1950s. For example, during the Taiwan Straits Crisis in 1954 and 1955, the British government attempted to mediate between the People's Republic and the US. The British government was keen to prevent an escalation of the crisis because if war broke out it would be caught in a situation in which 'the Americans would be bitterly resentful if we stood aside and in any case we might be drawn in first over Hong Kong if the war became world-wide.'⁵⁰

Sino-British Declaration on Hong Kong: The Last Chapter of Britain's Imperial Retreat

The signing of the 1984 Sino-British Joint Declaration on the future of Hong Kong closed the final chapter of British imperial venture in the Far East. But the decline of British power can be traced to the early postwar years when the British political leadership's inability to prevent Britain's retreat from East Asia was already evident. She was denied inclusion in the ANZUS Treaty, a defence pact concluded in September 1951 between the United States, Australia, and New Zealand. Later attempts by Churchill, who was returned to Office in November, to join ANZUS were also unsuccessful.

Although the British government was unhappy about Britain's exclusion from ANZUS, there was little it could do to change what

⁴⁹ 'Policy in the Far East', Cabinet paper, 24 Nov. 1953, PRO CAB 129/64 C(53)330. For an analysis of the changes in Britain's China policy as a result of the Korean conflict see Tang, *Britain's Encounter with Revolutionary China*, chs 3 and 4.

⁵⁰ James Murray, Minute, 14 Aug. 1954. PRO FO371/110187, quoted in Michael Dockrill, 'Britain and the First Chinese Off-Shore Islands Crisis, 1954-55' in Dockrill and Young (eds), *British Foreign Policy, 1945-56*, p. 192.

Anthony Eden referred to as an ‘anomaly’ in the Pacific’s collective defence. For British leaders, who still sought a world role for Britain, the defence against communism in East Asia was not just a matter in super-power Cold War conflict; it was a matter of Commonwealth responsibilities. When Britain became part of the South-East Asia Treaty Organization, a collective security arrangement created by the US in 1954, British colonies in the region—Hong Kong, Malaya, and Borneo—were excluded from SEATO’s care.⁵¹

As late as December 1964 the British Prime Minister Harold Wilson still insisted that Britain intended to play a world role by maintaining a military presence east of Suez. In a Parliamentary debate, Wilson asserted: ‘I want to make it quite clear that whatever we may do in the field of cost effectiveness, value for money and a stringent review of expenditure, we cannot afford to relinquish our world role’.⁵² Economic and political realities, however, soon suggested otherwise: Britain’s formal retreat from East Asia took place when London announced on 16 January 1968 that British forces would be withdrawn from the Far East and the Persian Gulf by the end of 1971.⁵³

The Beijing government has been consistent in rejecting the legality of the Sino-British treaties which led to the establishment of the colony of Hong Kong, but effective British rule over the colony remained unchallenged until the early 1980s. The Chinese government avoided confronting the British authorities in Hong Kong directly even when pro-Beijing elements in the colony became involved in some of the most serious civil disturbances in the colony during the 1950s and the 1960s. Although Beijing’s official stance towards the British presence in Hong Kong has been described as ‘virulent opposition’, the colony has enjoyed a high degree of political stability after the Chinese communists took power in 1949. In fact the British-administered territory has made a significant contribution to the Chinese economy, and provided China with a door to the world when Beijing was diplomatically isolated by the West.

⁵¹ Anthony Eden, *The Memoirs of Sir Anthony Eden: Full Circle* (London: Cassell, 1960), p. 93. A brief discussion of Britain’s exclusion from ANZUS and the Commonwealth responsibilities in Southeast Asia is in J. D. B. Miller, ‘The “Special Relationship” in the Pacific’ in Louis and Bull, *The ‘Special Relationship’*, pp. 382–4. One useful book on SEATO is Leszek Buszynski, *SEATO: The Failure of an Alliance Strategy* (Singapore: Singapore University Press, 1983).

⁵² Hansard, *House of Commons Debates*, series 5, 16 Dec. 1964, cols 423–4.

⁵³ For a discussion of the final British decision to withdraw completely from Asia see Darby, *British Defence Policy East of Suez*, pp. 316–26.

Anglo-Chinese relations suffered when radical politics swept through China during the Cultural Revolution in the 1960s, but their relations improved rapidly in the 1970s following the Sino-US rapprochement. Direct negotiations over Hong Kong's future began in 1982 when the British Prime Minister Margaret Thatcher visited Beijing. By this time, Britain has ceased to be an imperial power in Asia. When the imperial ambition disappeared, London began to view China as far more important for Britain politically and economically than the tiny British colony at the door-step of China. As Britain and China began negotiations on the political future of the territory, the two governments were, in Ian Scott's words, 'not only seeking a settlement on the future of Hong Kong but were also, more subtly, laying the foundations for their own future relationship.'⁵⁴

For both London and Beijing, much could be gained to their mutual benefit if the question of Hong Kong could be resolved with minimum political fuss. Britain's position was clear: Hong Kong's reversion to China was inevitable. The negotiations were therefore about the terms of the reversion, rather than the principle of it. After one and a half years of protracted negotiations Britain and China agreed in 1984 that Hong Kong was to be returned to China in 1997, when the lease of the New Territories expired under the Convention of Peking.

There are clearly a number of divergent views on the Sino-British Joint Declaration on Hong Kong's future. As David Bonavia observed, the agreement was 'variously called a sell-out, a master-stroke of diplomacy, a betrayal of five million people, the best thing possible in the circumstances, a disgraceful surrender, an historic act of justice, and so on.'⁵⁵ However, as far as Britain's attitude towards the colony's political status is concerned, perhaps London's position has been more consistent than it sometimes appeared to be if viewed from the perspective of Britain's postwar foreign policy changes.

Conclusion

In 1949 when the Chinese communists came to power in Beijing, policy-makers in London had no illusions about the nature of commu-

⁵⁴ Ian Scott, *Political Change and the Crisis of Legitimacy in Hong Kong* (Hong Kong: Oxford University Press, 1989), p. 174.

⁵⁵ David Bonavia, *Hong Kong 1997: The Final Settlement* (Bromley: Columbus, 1985), p. 7.

nism in China. Indeed British administrations were facing a communist insurgency in Southeast Asia, but Britain was a reluctant partner to the Cold War in East Asia. Its postwar policies towards China and Hong Kong must be seen in the context of its ambition to remain a major international power and to compete, after its economic recovery, in the East Asian market with the US, the USSR, and a revived Japan. The policy options available to London, however, were very much constrained by the limit of resources, and the bi-polar international system.

Hong Kong remained important to British trading interests in East Asia and in Cold War politics from the end of the Second World War to the mid 1950s. The retention of Hong Kong was first justified in the name of empire and later the struggle against communist aggression. The shift in Britain's policy from empire defense to becoming a partner in the Cold War should not obscure its long-term foreign policy objective in the postwar world—to remain a leading world power. London's determination for keeping Hong Kong in the late 1940s and early 1950s was consistent with its ambition to maintain Britain's great power status.

The extent of the decline of British power, however, had become fully evident after the Korean War. In other British territories in East Asia, the process of decolonization had already begun; Malaysia was to become independent in 1957. British ambition to play a leading role in international politics was shattered in 1956 when Britain was humiliated in Suez—after which the final stage of Britain's painful process of gradual retreat from Asia began. The transition from imperial glory to decolonization and finally the acceptance of a diminished British world role was completed by 1971 when British troops stationed east of Suez were pulled back. As long as Britain had an Empire to defend, or an ambition to remain in East Asia as a world power, Hong Kong would be kept British.

In the final analysis, when decolonization converged with the realization that Britain could no longer play a leading world role, Hong Kong ceased to be crucial in the eyes of policy-makers in London. Economic reason alone is not sufficient for a medium power to maintain an outpost thousands of miles away without adequate military backing, in a region of little strategic and political interests. By the 1980s, the remnants of empire, as Christopher Hill suggested, were little more than 'high-level nuisances', and Britain could gladly get rid of them if 'it could be done without political embarrassment.'⁵⁶

⁵⁶ Christopher Hill, 'The Historical Background Past and Present in British For-

But the moral question remains: should the British government hand over a city of six million people, among whom a large number are British subjects, to a regime not known for its tolerance of individual liberty and political dissent? The answer is provided by a Cabinet paper which has not been made available to the public at the Public Record Office. In 1949, on the eve of the communist take-over in China, the British Cabinet discussed the question of Hong Kong. The Cabinet agreed that the British government 'should not discuss the future of Hong Kong with a central Chinese government unless that government were friendly, democratic, stable and in control of a unified China'. The word 'democratic' was later deleted.⁵⁷

eign Policy' in Michael Smith, Steve Smith and Brian White (eds), *British Foreign Policy: Tradition, Change, and Transformation* (London: Unwin Hyman, 1988).

⁵⁷ Memorandum by the Foreign and Colonial Secretaries, 19 Aug. 1949 CP(49)177, closed in the PRO, but available in Arthur Creech-Jones papers, Hong Kong, Box 57 File 1, Rhodes House Library, Oxford. See also Tang, *Britain's Encounter with Revolutionary China*, p. 185.