Cabinet minutes on the consequences of the Chinese Communists' advance for British relations with China, 8March 1949

SECRET

C.M. (49)18th Conclusions

8th March 1949

 The Cabinet had before them memoranda by the Foreign Secretary (C.P.(49)39)[[1]](#footnote-1) on the current situation in China, and by the Colonial Secretary (C.P.(49)52)[[2]](#footnote-2) on the situation in Malaya and Hong Kong.

 *The Foreign Secretary* said that there were as yet no indications that the Chinese Communists would pursue policies different from those followed by Communists elsewhere. The Communists had not yet advanced south of the Yangtse. But China was in a state of chaos, and they probably hoped that before long the whole country would fall into their hands without further serious fighting. They were doubtless anxious to avoid military operations which would cause destruction in towns which they hoped to take over. British trade in China was now at a standstill, but there were signs that Communist War Lords would be willing to make barter deals with British commercial interests. His advice to the British commercial community in China had been to engage in trade with the Communists, who would require many essential commodities from non-Russian sources if they were to raise the standard of living in China. The ultimate attitude of the Communists to foreign trading interests was, of course, unpredictable. He proposed to pursue the study of the situation with those friendly Powers with whom we were already in touch on the subject; and he also proposed to examine with those Powers possible economic measures in defence of British interests and the establishment of adequate liaison between the various police and intelligence organisations in South-East Asia.

 There was general agreement that every endeavour should be made to maintain trade with China, provided that no impression was created that the United Kingdom Government would compensate British merchants for any serious losses which they might incur.

[TNA, CAB 128/15]

Keywords: Post-war order, China

1. This memorandum, entitled ‘Situation in China’, was a detailed overview dated 4 March 1949. It can be found in TNA CAB 129/32/39. Bevin’s introduction runs: ‘Should the Russians establish bases in Southern China, the threat to South East Asia and to our sea communications might become serious. If Communism successfully spreads into the Indian sub-continent, our whole situation in South East Asia would become untenable.’ [↑](#footnote-ref-1)
2. CP (49)52, dated 5 March 1949, entitled ‘Situation in Malaya and Hong Kong ‘. The author is the Secretary of State for the Colonies Arthur Creech Jones; it can be found in CAB 129/33. [↑](#footnote-ref-2)