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# Grounded at Kai Tak

Chinese Aircraft Impounded in Hong Kong,  
1949–1952

Malcolm Merry

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# Contents

1. The Saga of the Chinese Aircraft	1
2. Hong Kong in 1949	9
3. China in 1949	28
4. Great Britain in 1949	44
5. The USA in 1949	56
6. The Planes Fly In	68
7. Insurrection	80
8. The Tussle for Control	93
9. The US Ramps Up the Pressure	109
10. Waiting for Judgment	123
11. Sir Leslie's Surprise	137
12. Detaining the Planes	154
13. Two Opinions	167
14. A Most Unfriendly Attitude	180
15. Change in Mood	193
16. Back to Court	207
17. Full Court Again	219
18. And so to London	231
19. Aftermath	241
20. Appraisal	250
21. Epilogue	262
Timeline: Chronology of Principal Relevant Events	275
Acknowledgements	287

# The Saga of the Chinese Aircraft

This is the story of the struggle for possession of 71 aeroplanes belonging to the two main Chinese airlines which were stranded at Kai Tak airfield in Hong Kong at the end of the Chinese civil war. They remained there for three years whilst a contest for ownership of them took place in the courts and among politicians and diplomats on three continents. In the process the struggle became entangled with the anti-communist policies of the United States in the emerging 'Cold War', British hopes for restoration of her pre-war commercial position in China, disagreements between nations about recognition of the new government in Peking, and the delicate balance that the government of Hong Kong had to keep to preserve that colony's interests. The fate of the planes strained relations between London and Washington, London and Hong Kong, and Washington and Hong Kong, and prevented the establishment of formal relations between any of them and the new government in Peking.

The tale involves: five governments; two American war heroes; businessmen adventurers; secret intelligence services; the British Prime Minister Clement Attlee, his Foreign Secretary Ernest Bevin and other policy-makers at the UK Foreign and Colonial Offices; the US President Harry Truman, his Secretary of State Dean Acheson and principal officers of the Department of State; the Premier of the People's Republic of China Chou En-lai; the President of the Republic of China Chiang Kai-shek; the Governor, Attorney-General, two Chief Justices and three other Supreme Court judges of Hong Kong; leading advocates at the English and Hong Kong bars and a former Lord Chancellor of England. The saga incited the ire of the government of the People's Republic of China and raised anxiety about the future of Hong Kong.

## **The end of the civil war**

During the spring and summer of 1949 the civil war in China between the Nationalist Kuomintang government of the Republic of China under Chiang

Kai-shek and the insurgent Communists led by Mao Tse-tung was approaching resolution. As Communist forces progressively took control of mainland China, the two principal domestic airlines moved most of their passenger and cargo aircraft, together with maintenance workshops, machinery, spare parts and other valuable equipment, to safety at Kai Tak airfield in Kowloon, part of the then British Crown colony of Hong Kong. They also transferred their main offices from Shanghai to the central district on Hong Kong Island.

Both airlines were then controlled by the Nationalist government which hoped to keep the aircraft beyond the reach of the insurgents. The aeroplanes, 82 in all, were parked upon the airport perimeter and decommissioned by the suspension of their certificates of registration.

### **Troubled Hong Kong**

At first the Hong Kong authorities welcomed the aircraft but their attitude soon changed when they realized that the planes might become the subject of a factional squabble which would place Hong Kong in an invidious position between the warring sides and threaten to destabilize the colony. Hong Kong was already in a troubled condition: devastated by Japanese occupation during the Second World War and now inundated with people many of whom were fleeing the chaos in China, the city suffered from over-crowding and an acute shortage of housing. Availability of food was dependent upon uncertain supplies from the mainland. Unemployment and poverty were widespread. Social tensions were exacerbated by factionalism with supporters of one or other side in the civil war vying for support from and control of trade unions, schools and newspapers. The economy, which had been recovering quite well from the Japanese occupation, had been set back by disruptions, restrictions and blockades arising from the civil war.

The authorities were also concerned that the Chinese aircraft would impede expansion of the military facilities of the Royal Air Force base at the airfield. That expansion was part of the build-up of British forces in Hong Kong designed to deter aggression from the mainland. In 1949 a number of temporary army barracks were opened to accommodate a doubling of the garrison, roads capable of taking tanks and other heavy vehicles were constructed in border areas, and work began on another airfield in the rural New Territories. In the meantime the colony had to make do with modest Kai Tak which had been regarded as inadequate for future needs more than a decade earlier.

The small airfield was becoming packed with aircraft. However, the directors and managers of the Chinese airlines refused to move their aeroplanes. They saw advantages in keeping the planes in a jurisdiction under foreign control yet close to China. The American airline Pan Am had invested both

money and personnel in one of the airlines in anticipation of a boom in air carriage within and to the mainland once the civil war was over and saw no point in decamping to Formosa, as Taiwan was then commonly called in English, which was likely to be under Nationalist control whilst the rest of China became a communist state. The directors thought the Communists might look more favourably upon readmitting the planes if they were based in neutral Hong Kong. Approaches by the Governor to the US Consul-General and to local directors of Pan Am asking that the planes be removed proved fruitless.

## Uprising

The airlines' directors, now based in Taipei, were in for a shock, however. A few weeks after the declaration on 1 October 1949 of the formation by the Communists of the Central People's Government of the People's Republic of China, the new Premier, Chou En-lai, declared the planes the property of his government. The general managers and most of the staff of the airlines switched allegiance to that government. In mid-November they and members of a trade union sympathetic to the Communists seized control of the planes, claiming to act on behalf of the new government. Defectionist aircrew flew a dozen of the planes back to China. The Nationalists responded by dismissing the defectors, appointing new managers and asking the Hong Kong authorities for help. But the authorities maintained determined neutrality and refused to intervene, except to announce that the aircraft would not be permitted to fly pending clarification of whether the Communist government accepted the existing Anglo-Chinese air agreement.

To the discomfort of the Hong Kong and the British governments, which hoped to foster good relations with the new masters in Peking and were considering early recognition of the change in government, the dispute escalated with both sides resorting to the courts and to self-help measures. Court injunctions were granted but the communist sympathizers remained in possession of the aircraft. Political rhetoric raised the temperature.

Two American aviation entrepreneurs who operated a small third airline in China, Lee Chennault, a retired US air commander and founder of the Flying Tigers, and his business partner the unconventional Whiting Willauer, then stepped in. They obtained permission from Chiang Kai-shek to represent the Nationalist government in efforts to wrest back the aircraft. They surreptitiously let down the tyres of some of the aircraft and circulated rumours designed to discourage removal of further planes. They posted guards around the planes but the Governor of the colony, Sir Alexander Grantham, fearing that fighting and political trouble would break out, ordered the police to

remove the guards. Communist sympathizers then resumed control of the planes.

### **Sale and resale**

The plot thickened in mid-December when the Nationalists, now in Taiwan but still recognized by most countries as the government of China, agreed to sell the aircraft and equipment on complicated terms to Chennault and Willauer. They in turn swiftly resold the planes to an American company in which they and a group of shadow investors held interests. The scheme was devised and the investors led by a political fixer and Washington insider, Thomas 'Tommy the Cork' Corcoran.

The company engaged the colourful William 'Wild Bill' Donovan, soldier, politician and lawyer-turned-spy-master, to direct a campaign in Hong Kong, London and Washington for the release of the planes to the company.

### **American pressure**

The extensive influence of Donovan and the investors became apparent when the US State Department lent its support to the campaign. During the final weeks of 1949 and the early weeks of 1950, as an application was being prepared to Hong Kong's Chief Justice for the planes to be put under the custody of court-appointed receivers pending a decision upon their ownership, American interests in London and Hong Kong exerted unrelenting diplomatic and political pressure. Their concerns were to prevent the aircraft being used to invade Formosa and to ensure that American property rights be respected.

Urgency was given to their efforts by Britain's impending formal recognition of the new regime in Peking. Official recognition had been debated between Western governments for months. Now that the Central People's Government (CPG) of the People's Republic of China (PRC) was in charge of nearly all of mainland China, Britain's Labour government wanted to accept reality and extend formal recognition soon in the hope of striking up good relations with Peking and assisting British investment in China. But they also wished to move in step with their allies in the Commonwealth, Europe and, if possible, America. The US administration, however, had different priorities. Guided by the 'Truman doctrine' of defending freedom by resisting totalitarian expansion, constrained by an emerging anti-communist mood at home, and encumbered by a history of support for the failed Nationalists coupled with antagonism towards the Chinese Communists, the administration was in no hurry to accord recognition. Although both were reluctant to admit it, the UK and the US each adopted their own policy towards Communist China.



The Americans feared that recognition by Britain, and thus Hong Kong, would retrospectively bestow title to the aircraft on the new government which now controlled the airlines. They wanted Governor Grantham to take immediate executive action to release the aircraft into US control. Donovan confronted both Grantham and the colony's attorney-general, suggesting dire consequences for Britain and themselves if this was not done. The pair refused, saying that such action would amount to deciding title to the planes, a legal matter for the courts.

The Foreign Office in London was so concerned that it convened a meeting of its most senior policy and legal advisers to discuss their options and to suggest to ministers the course to take. Their meeting concluded that ownership was for the courts to decide and that the British government could not interfere with the process of justice. This became a mantra for both British and Hong Kong officials throughout the saga. But at the same time the Foreign Office was reassuring the State Department that the outcome would be acceptable.

In the first week of January 1950 the American company began legal proceedings claiming possession of the planes and other assets of the Chinese airlines. Later the same day the UK government extended formal recognition to the CPG of the PRC as the government of all China and confidently offered to establish diplomatic relations with them. The reply was: only if you give us our planes back and vote for us to join the United Nations.

## **Rival claimants**

The CPG having demanded the return of its 'sacred property' and intimated that future relations with Britain would be affected by the attitude of the authorities in London and Hong Kong to the return of the aircraft, the fate of British investments on the mainland seemed to hinge on the outcome of the dispute.

The US Civil Aviation Authority meanwhile cut corners to enable the airliners to be registered speedily as American. Registration was a pre-requisite to their being allowed to fly. The Nationalist government in Taipei certified the genuineness of the sale to the US investors. The authorities in Peking likewise registered the planes as belonging to the PRC. Hong Kong and Britain, caught in the middle, played for time and searched for excuses to impound the planes.

In anticipation of the court hearing, the Chief Justice asked the Foreign Office in London a series of questions about which regime was recognized by Britain as the government of China, and as of what dates. The reply, which took more than two weeks to prepare, was complex and revealing, yet turned out to be economical with the truth.

**Leading case**

As the legal case made its way slowly through the Hong Kong courts, authorities there and in London, fearing that the American company might abandon its appeal or that the communists might dismantle the aircraft and ship them out, continued to debate how best to prevent the planes' removal.

The legal issues were eventually resolved in mid-1952 by Hong Kong's then highest court, the Judicial Committee of the Privy Council sitting in London. There, removed by distance and time from the original realities surrounding the dispute, a more forensic analysis took place. The judgment, delivered by Britain's most experienced lawyer-politician, became one of the leading public international law cases on the recognition of governments.

By the time of the final adjudication, the planes had spent more than three years deteriorating in heat, humidity and storms on the apron at Kai Tak. For the winner it was to prove a costly, pyrrhic victory.

## The Tussle for Control

Willauer flew to Taipei on 10 November 1949. There he found General Chow, commander of the Nationalist air force, in a state of distress. Willauer's plan was to seek authority to represent the Nationalist government in matters concerning the two airlines, including their aeroplanes, in Hong Kong. He had prepared a memorandum for Chiang Kai-shek.

The memorandum warned that the defections of employees and loss of all the planes would place Taiwan in danger of invasion and undermine the morale of loyal staff and of Chiang's remaining supporters who would see that their last means of escape had disappeared. As a result, panic might spread in the parts of China remaining in Nationalist hands, it claimed.<sup>1</sup> Willauer asked to see the Generalissimo to explain the gravity of the situation. An appointment was made for 8:30 the next morning.

Willauer duly met Chiang, delivered the memo and requested permission to 'neutralize' the remaining airplanes on behalf of Chiang's government. He outlined his plan then began negotiations with government representatives.

### Flurry of activity

Meanwhile in Peking Chou En-lai was declaring all the aircraft to be the 'sacred property' of the People's Republic of China. On or about 12 November, the CPG's Minister of Communications purported to appoint C. L. Chen general manager of CATC and C. Y. Liu general manager of CNAC, the same posts that they had held under the Nationalists. Directors were appointed and instructions given.

That same day Chen and Liu were dismissed by the Nationalist government whose Minister of Communications came to Hong Kong urgently from Taiwan. Next day the minister appointed a loyal senior local employee, Ango Tai, as both a member of the Board of Governors of CATC and as Vice-President

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1. William M. Leary, 'Aircraft and Anti-Communists: CAT in Action, 1942-52', *China Quarterly* 52 (1972): 654-699, 656; Victor S. Kaufman, 'The United States, Great Britain and the CAT Controversy', *Journal of Contemporary History* 40, no. 1 (2005): 95-113, 99.

and Acting President of the Board and instructed Tai to regain control of the remaining planes. All employees were suspended until they had been vetted for loyalty.

The flurry of activity continued as the Nationalists' Minister of Foreign Affairs, George Yeh, informed the Hong Kong government that the certificates of registration of all the aircraft had been suspended by the aviation authorities in Taipei and that the licences of all the aircrew had also been suspended. Yeh asked the Hong Kong authorities to immobilize the remaining aircraft and suspend the Kai Tak identification permits of all CNAC and CATC employees. In reply, Governor Grantham suggested that Yeh arrange for the collection and return of the permits. The 71 aircraft remained under the control of the airlines' (ex-)employees. Ango Tai and his colleagues could not reach the planes. Tai made efforts to regain control. He sought the advice of a firm of solicitors who in turn consulted counsel. Several legal actions were begun in Hong Kong with the intention of freeing the planes from the recalcitrant employees and their supporters.

On Tuesday 15 November the Central People's Government began to pay the staff of CATC, just before Ango Tai dismissed the defecting employees. Tai also appointed William R. Parker, an employee of CAT, to take charge of security and arrange for the planes to be guarded. Parker engaged a squad of Sikhs as guards. They took up position around the aircraft. This alarmed Grantham who feared that violence would break out between the guards and the defectors, each with support from political sympathizers and consequent risk of escalation. He ordered that the Sikhs depart, which they did, leaving employees loyal to Peking to retake control. Those employees expressed the intention to stay until the British government recognized the CPG.

Grantham also announced that the aircraft would not be permitted to depart until an air agreement had been made between the Hong Kong government and the new authorities in China. This ensured that the status quo would remain for the time being.<sup>2</sup>

## Stand-off

An impasse had been reached but it favoured the communists since they held the aircraft on the ground. Willauer was alarmed. Although the Nationalists were preparing for legal action, he feared that before any court ruling more of the planes would participate in unauthorized departures or that the workers

2. William M. Leary, *Perilous Missions: Civil Air Transport and CIA Covert Operations in Asia* (Tuscaloosa: University of Alabama Press, 1984), 656–657; Kaufman, 'The CAT Controversy', 99–100; Foreign Office memorandum, 'Chinese Aircraft at Hong Kong', 18 March 1950, 2; Gould J in *Civil Air Transport Incorporated v Central Air Transport Corporation* (1951) 35 HKLR 162, 172–175, 177–179; Howe CJ in *Civil Air Transport Incorporated v Central Air Transport Corporation* (1951) 35 HKLR 22, 36–43; *Civil Air Transport Incorporated v Central Air Transport Corporation* [1953] AC 70, 83.

would start to dismantle the planes preparatory to shipping them out by sea or road. So one evening he led a group of CAT employees on a foray to Kai Tak in which they let down the tyres of some of the planes. He also spread rumours that trucks would be driven across the path of any aircraft attempting to take off.<sup>3</sup>

On Thursday 24 November legal actions were started by Ango Tai for CNAC, by CATC and by the China National Resources Commission against 20 named former employees of those organizations who were believed to be communist sympathizers. The writs sought injunctions restraining the defendant ex-employees, their servants or agents from disposing of or dealing with the plaintiffs' assets, and damages for trespass. The solicitors for the plaintiff organizations were a long-established (and still existent) law firm, Wilkinson and Grist.

The matter was handled by Mr Blake, the senior partner of the firm. A survivor of military service in the First World War and internment in the Second, Denis Henry Blake was a pillar of the expatriate colonial establishment. He had been with Wilkinson and Grist for thirty years, since shortly after returning from the First World War during which he had been wounded and then chosen to undertake a speaking tour of the United States in an effort to stimulate army recruitment. He had been trained before the war as a solicitor in the office of the Town Clerk of his native Great Yarmouth in Norfolk. In Hong Kong, the firm promoted Blake to partner within five years. During the 1920s he had handled the legal side of the development of the country club, golf course and 23 'taipan houses' with out-buildings and grounds at Shek O on the then-remote southeastern promontory of Hong Kong Island. Blake had extensive business and community involvement, having been chairman of the Hong Kong Club and of the Automobile Association and serving on numerous councils and committees including those of the Law Society, the General Chamber of Commerce, and the Yacht Club. He held directorships of large companies.<sup>4</sup> He was a member of a Masonic Lodge much favoured by judges, lawyers and policemen.

No number of contacts or amount of influence, however, could readily solve a practical problem that faced Blake and his clients. This was the difficulty of identifying who was actually preventing access to the aircraft. Since Willauer and the Nationalist sympathizers could not get close to the planes and since those now in charge on the Nationalist side had not been involved with the airlines before in Hong Kong, they could not name all the people who were actually holding the aircraft. So the 20 names stated as defendants

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3. Leary, 'Aircraft and Anti-Communists', 657; Martha Byrd, *Chennault: Giving Wings to the Tiger* (Tuscaloosa: University of Alabama Press, 1987).

4. Carl T. Smith, *History of Wilkinson and Grist*, unpublished manuscript; this and other information was kindly provided by Mr John Budge of Wilkinson and Grist.

on the writs were somewhat speculative. Anyway, it is likely that those holding the planes changed from time to time.

Wilkinson and Grist promptly used a procedure designed for emergencies by which, without first giving notice to the defendants, they asked an available judge for an interim injunction, that is to say, an urgent provisional order preserving the current position until trial or further court order.<sup>5</sup> Their application was heard by the Chief Justice, Sir Leslie Gibson, who made a decision prohibiting the ex-employees from removing the airlines' planes or equipment from Kai Tak and from entering the airlines' property there. Sir Leslie set a date, 21 December, for all parties to come back to court and argue about whether the injunctions should be continued.

Next day, the defendants, or some of them, retaliated. Probably stung by the letting-down of the tyres, they engaged lawyers who asked another judge, Mr Justice Gould, for a similar order directed at the three plaintiffs. (Presumably Sir Leslie Gibson was not available.) These applicants were all believed to be communists or their sympathizers. The injunction was granted, so both sides were forbidden by law to touch the aircraft.

A few days later Wilkinson and Grist asked the Attorney-General, John Griffin, for government assistance in identifying those in control of the remaining aircraft. They were concerned that the injunctions would not be obeyed, for the defendants named in the proceedings did not seem to be those actually in control. They suggested that court bailiffs and the police had a duty to assist. The suggestion has the mark of Chennault and Willauer about it, for the Hong Kong solicitors would have been aware that the police would not be involved in helping parties to a civil dispute, especially one of such sensitivity, and that bailiffs are relevant only after a court judgment has been given. Griffin rejected the suggestion but, lest there be a breach of the peace, did arrange for the police to attend at Kai Tak to protect representatives of the plaintiffs as they questioned those guarding the aircraft and warned them of the terms of the injunctions. The police appeared at the airfield at the appointed time but the airlines' representatives did not. Presumably the representatives were afraid of being publicly identified as anti-communist. This may also explain why representatives of the plaintiffs did not act upon the Governor's suggestion, in response to George Yeh's request of 13 November that employees' permits to enter Kai Tak be suspended, that the airlines themselves collect employees' passes to enter the airfield so as to deny them access to the aircraft.

In their efforts to bar the Nationalists from the planes the dissident employees could call upon the support of trade unionists and other communist sympathizers working at the airport or living nearby. Just across the

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5. Now under Order 29, rule 1 of the Rules of the High Court.

road that skirted outside the airport's apron, between Kai Tak and the Walled City, lay a recently developed area of four- and five-storey buildings known as Kowloon City. The post-war expansion of population had turned this into a crowded residential and commercial area. During the war Kowloon City, with its ready access to the Sai Kung peninsula infested by Communist guerrillas, had been an urban centre for those resisting the Japanese. After the war a significant number of residents retained those sympathies. They were readily mobilized by trade unions to support the airline rebels.

The dissident employees could expect support from another source, the CPG. On 3 December 1949 Chou En-lai issued a statement that the right of his government to the two airlines' property in Hong Kong deserved respect and proper protection by the Hong Kong authorities. The statement was surprisingly mild and made no claim that the dissidents or their supporters were acting on behalf of the CPG.<sup>6</sup>

### The US steps in

With the legal route leading nowhere for the time being, Willauer and Chennault were keen to find a way to break the impasse. They had been agitating for action in Washington DC and through their friends at the CIA, emphasizing the potential of the aircraft for use against the large islands still in KMT hands, Formosa and Hainan. This led the US State Department on 1 December to inform the British Foreign Office of its concern. Although aware that legal processes must be allowed to take their course, they asked whether there might be some 'extraordinary measures' that the Governor could take to prevent the aircraft falling into Communist hands. The next day Livingston Merchant, the Deputy Assistant Secretary of State for Far Eastern Affairs, fortified the concern by orally telling the counsellor at the British Embassy in Washington DC of the importance of not allowing the Communists to have the planes. He requested that the UK government take all feasible and necessary steps to prevent that.<sup>7</sup>

This began a period of mounting agitation and complaint by US interests aimed at putting pressure on the British government, and also the Hong Kong government, to do something to help them. It continued throughout December 1949 and January 1950 until and beyond the hearing of the substantive legal issues by the Chief Justice in February. Arthur Ringwalt, the China specialist at the US Embassy in London, recalled going over to the Foreign

6. Shao Wenguang, *China, Britain and Businessmen: Political and Commercial Relations, 1949-57* (Basingstoke: Macmillan, 1991), 77, fn 66.

7. Foreign Office memorandum, 'Chinese Aircraft at Hong Kong', 2; Kaufman, 'The CAT Controversy', 101; record of proceedings of the US Senate Sub-committee on Appropriations for 1951, 272 and 718.

## Change in Mood

### **International law issues**

Although the Full Court's decision had been rendered academic by the intervention of the Order-in-Council, the judges' reasoning did bring into focus a number of issues of public international law that arose from the dispute and which might be expected to be raised, if not decided, in any new phase of litigation occasioned by the Order. There was of course the question of sovereign immunity, although that had been pushed out of the way by the Order and so would not be considered in future. In addition, there were issues of recognition, of succession and of international treaties.

Recognition in public international law may concern recognition of new states, of new governments, of territorial changes, of belligerency and of insurgency. The recognition in question concerned recognition of governments by other governments and particularly the retrospectivity of that recognition. In the case of the aeroplanes the focus was upon the effect of the British government's recognition of the Central People's Government as the *de jure* government of China, and the concomitant withdrawal of *de jure* recognition from the (Nationalist) government of the Republic of China, in early January 1950. What was the effect of that? Was it retrospective and, if so, to what extent? The Communists had been in control of most of China long before their formal recognition as the government. The Foreign Office certificate had indicated that before *de jure* recognition Britain had accepted them as the *de facto* government of those parts of China over which they had had control from the beginning of that control. Did the formal recognition relate back to then? Or did it relate back to 1 October 1949, the date upon which the PRC had been declared? Or did it relate back to later in 1949 when the UK government decided that it would recognize the PRC but had yet to decide upon a date for doing so? Or was there no relation back at all?

Another aspect was the role of the UK government's executive certificate concerning recognition, issued at the request of the Chief Justice in accordance with British practice which, unlike American practice, regards it as



impermissible that the courts should adopt a view of recognition different to that of the government. The issuance of such a certificate to a court was by no means the first time that this procedure had been used. The justification for judges asking for this guidance was that there should be no inconsistency between the views of the government and the conclusions of the courts. In this instance, the certificate was in the form of a number of answers to questions raised by the court rather than a statement by the Foreign Office of the position regarding recognition. The certificate was accordingly rather fuller than might have been expected. In the event, the answers given were artfully crafted and directed precisely to the questions. But what if the government had declined to answer the questions posed by the court, or had answered them incompletely or obscurely? The certificate in this case deliberately threw back the question of the retrospectivity of recognition to the court.

The doctrine of succession of governments in international law concerns the responsibilities that an incoming government 'inherits' or takes over from its predecessor. The Chinese Communist leadership had caused apprehension by its adamant statements to the effect that it would not be bound by unfair treaties and other obligations of past Chinese governments. In general, however, because of the desirability that there should be continuity of administration, the succeeding government is taken to accept what has been done by its predecessor. In the case of the Chinese planes the succession was specifically that of succession to property, namely the assets of the two airlines. Assuming that those assets had belonged to the Republic of China, did the CPG succeed to them, and if so, when? Again, there were a number of choices of date. If that date had been before the sale and transfer of title to the assets to Chennault and Willauer, the ROC would have had nothing to transfer to them.

The relevant international treaty in the planes case was the Chicago Convention on Civil Aviation 1944. As we have seen, this required that a commercial aeroplane be registered with the relevant authorities of its home state. Uncertainty as to the meaning of this had been the excuse for the Hong Kong government to detain the planes at Kai Tak. Might the uncertainty about their proper registration have a bearing on the outcome of the dispute?

A further aspect of international law was to be raised in the new phase of litigation. This was the concept of trusteeship, specifically of a government as trustee of state assets for the people of the state. Did it apply and if so, was it relevant to resolution of the legal issues?

### **Litigation again**

Chennault and Willauer lost no time in launching fresh proceedings to take advantage of the abolition of sovereign immunity for any future actions concerning the aircraft. On 19 May 1950 CAT, Inc. issued a new writ against

CATC for a declaration that the 40 aircraft which formerly belonged to it were the property of CAT, Inc. CATC was now undoubtedly controlled by the CPG and its representatives had undoubtedly been appointed by the CPG. Consequently, there was no need to sue the employees or others holding the aircraft as well.

The new Communist governors of CATC evidently had decided that it would be wasteful of time and money to become engaged in this new litigation. They refused to accept service of the writ. Normally service of a writ upon a foreign government or its agencies is arranged through diplomatic channels, in the case of Hong Kong in 1950 by the Colonial Secretary. That route having failed, CAT Inc.'s solicitors received permission from the court to use an alternative form of service, by leaving a copy of the writ at CATC's office in Hong Kong's Central district. This too was ignored. CATC did not acknowledge service or enter an appearance on the court record. The scenario envisaged by the Order-in-Council was unfolding.

### **Alterations in attitude**

During 1950 attitudes toward the new regime in China underwent significant changes. In Hong Kong, initial admiration for the success of the Communists in both winning the civil war and unifying the country, and a feeling that their government could only be an improvement on the Nationalist one, gave way to trepidation. In the course of 1949 the optimistic view that the Communists were at heart more agrarian reformers than hardcore communists had yielded to a no less deluded expectation that after some turmoil China would settle down and normal business and cultural relations would be resumed and even that the Communists would be unable to cope with all of China's problems and their regime would soon collapse. The only evidence to support this had been that the Communists had behaved better than expected towards British nationals and interests in the parts of the country which they had so far taken over.

The belief that relations would return to normal once Britain recognized the new regime was particularly prevalent in the business community. It was shared by American and Shanghainese, as well as British, taipans who viewed recognition as an inevitable if distasteful step and therefore better taken sooner rather than later. Speculation about early recognition was rife by late October 1949 after the declaration of the creation of the PRC.

Once recognition had taken place and the new year had progressed without any discernible change for the better, all that wishful thinking gradually was replaced by a more realistic assessment. A disruptive and bitter tram workers' strike which broke out at Christmas 1949 and lasted several weeks was thought to be backed by Communists, both local and from the mainland.

Waves of refugees continued to pour into the colony, increasing the pressure on housing and rents and also the number without work, as well as heightening fears of rises in crime, instability and communist infiltration. In response, the border was closed. The internal policies of the CPG were proving more repressive and nationalistic than anticipated. Many among the mass of ordinary Chinese inhabitants in the colony continued to identify with the CPG and were buoyed by the legitimacy given by international recognition of the new government. Others accepted communism in order to safeguard their livelihoods. The attitude among the colony's elite, however, was more sanguine. Business on the mainland was being hampered by restrictions and impositions, mainly by the new authorities but also by the Nationalist blockade of the China coast. The outlook for mainland trade deteriorated. A mood of gloomy foreboding descended. No one could be sure of the CPG's intentions regarding Hong Kong: perhaps they would decide to take it over. The outbreak of war in Korea, with the North being supported by China and the South by the USA and Britain, only heightened the anxiety.<sup>1</sup>

Similar disillusion struck the United Kingdom. The Labour government was disappointed and somewhat taken aback that what it saw as the realism and generosity of extending recognition did not lead to an immediate exchange of ambassadors. British recognition of the PRC had been at some cost to its relations with the USA. Establishment of diplomatic and political relations normally automatically followed recognition and were not matters to be haggled over, but all the Chinese would accept Hutchison's delegation for was preliminary discussions. Britain assumed that the discussions would be about formal and technical matters such as diplomatic immunities and facilities for consulates, so was further taken aback when the Chinese began to raise questions of policy and demand substantial concessions. Chinese radio broadcasts hinted that British properties and interests on the mainland would be raised at the talks, as would the position of Hong Kong. British business continued to experience difficulties in China. The nationalization of British-owned enterprises there caused further disappointment, although it would have come as no surprise to those who understood the Chinese Communist frame of mind. The regime's repeated denunciatory rhetoric, dogmatic, intransigent and directed at Britain as well as America, was a constant irritant.<sup>2</sup>

The idea of driving a wedge between Moscow and Peking received a blow when Mao visited Moscow for seven weeks from 16 December 1949 (ostensibly to celebrate Stalin's 70th birthday) and, among other things, negotiated a

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1. David Clayton, *Imperialism Revisited: Political and Economic Relations between Britain and China, 1950–54* (New York: Macmillan, 1997), 105; James T. H. Tang, 'World War to Cold War: Hong Kong's Future and Anglo-Chinese Relations 1941–1955', in *Precarious Balance: Hong Kong between China and Britain, 1842–1992*, ed. Ming K. Chan (Hong Kong: Hong Kong University Press, 1994) 107; Karl Lott Rankin, *China Assignment* (Seattle: University of Washington Press, 1964), 38.
  2. Evan Luard, *Britain and China* (London: Chatto and Windus, 1962), 83–85.

treaty to replace the one that the Nationalists had made with the USSR in 1945. It was Mao's first visit to any foreign country. He was joined by Chou En-lai for part of the negotiations. The main object of this Treaty of Friendship and Alliance, made in mid-February 1950, was to give the parties security against a threat which each perceived from the USA and Japan. It also reflected ideological solidarity and included agreements on economic matters, such as loans and railways, and territorial matters, such as Soviet control of Port Arthur (Loshun). This marked the end of a phase of strained relations between the two parties. Previously Stalin had cultivated Chiang Kai-shek, an ally during the Second World War. The presence of Nationalist armies had protected the USSR's eastern flank from Japanese incursions. During both that war and the Chinese civil war, Stalin had been indifferent if not suspicious towards the Chinese communists. The USSR's embassy had even followed the KMT government to Canton and Chungking as the Communists took over China. Stalin had acknowledged that he had been mistaken in supporting Chiang but never apologized to Mao, whom he regarded as a rival, for the mistake. Even after the likelihood of Communist triumph became apparent, Stalin postponed Mao's visit for almost a year.

In reality, relations between Mao and Stalin were strained and formal. After arriving, Mao was made to wait weeks before discussions began and sulked in his dacha far from town. He regarded the eventual terms (which were secret at the time), under which the PRC agreed not to allow foreigners to live in or pursue business ventures in Manchuria and Sinkiang and gave the USSR the right to occupy two Chinese ports and run the Manchurian rail line, as humiliating and redolent of imperialism. Even the Soviets' low-interest loan of US\$300 million to buy Russian industrial equipment was less than Mao had hoped for. But all this was overshadowed in Western eyes by the threatening prospect of cooperation between the dictators of two giant, communist, totalitarian states.<sup>3</sup>

British diplomatists tended to attribute the CPG's cool response regarding diplomatic relations to the Chinese complaints made in preliminary negotiations concerning establishment of formal relations. These were about the UK's abstention in January 1950 on the Soviet motion for the admission of the CPG to the United Nations, its maintenance of relations with the Nationalists in Formosa, and its retention of the planes and other Chinese assets in Hong Kong. However, these complaints may well have been excuses deployed to disguise ideological hostility and an isolationist policy and also to strike a pose of nationalistic anti-imperialism for domestic consumption. The Chinese Communist Party's attitude towards recognition of its government by foreign powers had been set in March 1949.

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3. Peter Lowe, *Containing the Cold War in East Asia: British Policies towards Japan, China and Korea, 1948–53* (Manchester: Manchester University Press, 1997), 112–114.

## Aftermath

### Swift reaction

Word of the final decision reached Hong Kong in the early hours of 29 July 1952. At 7 a.m. that morning a force of several hundred armed police, obviously primed and ready, descended upon Kai Tak and seized and impounded the planes. They were accompanied by three truckloads of soldiers. In fact they impounded all 71 planes, not just the 40 CATC ones which had been the subject of the Privy Council case, plus any equipment of the airlines which was kept at Kai Tak. They rounded up the guards who had been obstructing access to the planes and told them to leave. Those who refused to do so were arrested and taken to a police station; they claimed that some of them were beaten up. The police also raided the yards and warehouses in which the airlines' equipment had been stored and cleared them of workers.<sup>1</sup>

This was not the usual means of enforcing a civil judgment. The Hong Kong government justified its action by reference to the terms of the Order-in-Council of 10 May 1950 which empowered the Governor to take steps to prevent removal of the aircraft and ensure their maintenance and protection.<sup>2</sup> At last the Americans had been given the executive action that they had been craving.

### Squat-in

In all, about two hundred communist guards and workers were taken to either Kowloon City Police Station or Hung Hom Police Station. They were allowed to leave that evening, but many of those at Kowloon City refused to go,

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1. William M. Leary, 'Aircraft and Anti-Communists: CAT in Action, 1942-52', *China Quarterly* 52 (1972): 654, 664; Wenguang Shao, *China, Britain and Businessmen: Political and Commercial Relations, 1949-57* (Basingstoke: Macmillan, 1991), 79; Report, *South China Morning Post*, 30 July 1952.

2. Supreme Court of Hong Kong (Jurisdiction) Order 1950, s 5(1); Report, *South China Morning Post*, 30 July 1952.

squatting in protest in the station compound despite the onset of rain. They remained there until the early hours, wet, hungry and dispirited.

Meanwhile, military personnel were putting high net fences, topped with barbed wire, around the aircraft and searching storage areas for explosives. The public was barred entry to the airport. Sentry boxes were erected at the entrance, manned by helmeted armed police. Only genuine passengers were allowed in. Anti-riot vehicles patrolled the airport perimeter. At night, extra lights were placed to illuminate the planes.

Throughout the day, cases of equipment and spare parts were removed by truck from the New Asiatic Chemical Works godown and Bailey's Shipyard at Tokwawan to Kai Tak for safe custody. Both premises were cordoned off, with barricades across the roadway outside and police, supported by an armoured car, patrolling outside. The parts and equipment would later be transferred to the possession of CAT, Inc. The godown was boarded up.

A week later, once all had been secured and cleared, the Commissioner of Police, accompanied by the Director of Civil Aviation, toured the airfield, yards and storehouses to inspect his force's good work. He also inspected the grounded aircraft. With the planes bundled up, the guards ejected and the public barred, Kai Tak presented an eerie spectacle, recorded by a reporter from *The South China Morning Post*:

Within the field the great squat hulks of the 71 airliners themselves sat around hemmed in by their new barriers, many still bearing the red flag of Communist China on their tail fins. Rudders and ailerons had long been removed for protection from the elements and the craft were drab with weather resistant paint.<sup>3</sup>

### The governor reflects

Sir Alexander Grantham might well have been relieved that the operation to reclaim the planes had gone well. He was, however, dismayed though not surprised by the result of the appeal. From his perspective, the Order-in-Council had made a new law overriding the old one and the new law inevitably led to the planes being passed to the Americans. He felt it a 'sorry business' and that Britain had reason to feel ashamed, but 'who was I, a mere governor of a colonial dependency, to complain, and what good would it have done if I had?'<sup>4</sup>

A dozen years later in his autobiography Grantham passed over the fact that he had in fact resisted, if not complained about, British policy and that his resistance had been one reason for the British government to issue the Order-in-Council, taking the responsibility themselves and relieving him of

3. Report, *South China Morning Post*, 31 July 1952.

4. Alexander Grantham, *Via Ports: From Hong Kong to Hong Kong* (Hong Kong: Hong Kong University Press, 1965), 163.

embarrassment. His influence as the man on the spot was actually quite strong and he had pressed Hong Kong's interests more than a 'mere governor' of a dependency might have done. In the end, though, American pressure on Britain was too great for his influence to change the outcome.

### **Peking's displeasure**

In Peking there was a strong protest about the Judicial Committee's decision. Vice-Foreign Minister Zhang Hanfu objected that Britain had 'absolutely no jurisdiction whatsoever over the properties in Hong Kong'. He demanded that Britain 'cease its illegal acts of encroaching on the sovereign rights of the People's Republic of China', perhaps an oblique reference to China's state immunity that had been removed by the Order-in-Council in violation of international comity between nations.

Two weeks later Shanghai Dockyards, the main British-owned shipyard, and Mollers, a British-owned shipbuilding and engineering works, at Shanghai were taken over without compensation. The timing of the move and attendant publicity suggest retaliation for the Privy Council decision. However, under Communist policy they would have been nationalized anyway. Perhaps the process of seizing the Shanghai ship and dock yards had been accelerated by the unwelcome news from London. Both businesses had been losing money in the prevailing difficult economic conditions and would have had to close down if they had not been taken over by the local government.

There were no communist demonstrations on the streets of Hong Kong but the workers who had been dispossessed of the planes and equipment made their feelings known. They had been allowed back into the shipyard and the godown after all the equipment had been removed. Perhaps emboldened by Peking's reaction, the CATC workers immediately raised the Chinese Communist five-star flag at the New Asia Chemical Works (where they lived as well as worked) and posted guards outside. The CNAC workers did the same at Bailey's Shipyard. They then set about erecting a replica of the façade of Tian An Men and a portrait of Mao Tse-tung outside the shipyard as well, in anticipation of the third anniversary of the PRC on 1 October.

### **American pleasure**

By contrast, Chennault, Willauer, Corcoran, Donovan and their supporters were jubilant and relieved at the outcome in the Privy Council. The repeated losses in earlier hearings and lower courts were forgotten. Donovan described the outcome as the first Cold War victory in the Far East. It was a phrase used by Corcoran too when writing to the US Chief Justice Fred Vinson to thank him for his support. Corcoran added that he and his supporters desperately wished

## Epilogue

### The people

How did those whom had been caught up in the case of the Chinese aircraft at Kai Tak fare after the saga had ended?

**Claire Chennault** continued to advise Chiang Kai-shek on aviation matters and drafted memos proposing fantasy schemes for Chiang's return to the mainland. Chennault was the public face of CAT for several years, although he was effectively a figurehead, until he fell ill with lung cancer in 1957. In his final days he was visited in hospital by Dwight Eisenhower, the wartime commander who had become President of the United States. After saying goodbye, Eisenhower called Chennault a 'true American hero'.

Chennault died believing that by their actions in the planes dispute he and Willauer had saved Taiwan from assault by 'the Reds', according to his widow Anna (Chen Xiangmei). She described their coup as a 'brilliant capture by purchase'. Anna lived to a ripe age at the Watergate Apartments in Washington DC, promoting the ChiNat cause, courting politicians, funneling Taiwanese money to influential places and serving as vice-chairman of the Republican National Finance Committee.

**Whiting Willauer** left CAT in mid-1953 when the death of his son in an accident obliged him to return to the USA. Once Chennault informed him that an arrangement with the Nationalist government concerning the aeroplanes had finally been settled, Willauer wrote back expressing relief 'after all the sweat and tears we put into this quixotic gesture' and stating that 'despite the hell we went through . . . we probably saved Formosa, if not from a takeover by parachuters' then 'from a very nasty situation'. He felt that they had not been given full credit by the Nationalist government.<sup>1</sup>

Willauer's decade of clandestine efforts in China aviation for the USA was however rewarded by the administration. Through the influence of his long-term sponsor 'Tommy the Cork', Willauer was appointed US ambassador to

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1. William M. Leary, 'Aircraft and Anti-Communists: CAT in Action, 1942-52', *China Quarterly* 52 (1972): 654, 668.



Honduras. It was thought that his experience would be useful in training guerrillas to parachute into neighbouring Guatemala to liberate it from socialist government.

**Tommy Corcoran** continued his career in Washington as congressional facilitator, political fixer, leg man and legal counsel. He formed a close relationship with Anna Chennault after her husband and his own wife had passed away. Corcoran died in 1981.

Willauer, Chennault and Corcoran's long-term secret service associate **Alfred T. Cox** remained vice-president of CAT until 1955. He wrote an account of the airline in 1967 as part of the CIA's clandestine services history.<sup>2</sup> It was publicly released in 2011. Wild **Bill Donovan** kept up a relentless pace, in 1953 becoming US ambassador to Thailand from where he could keep a wary eye out for communists in neighbouring Vietnam. However, even he could not overcome dementia, perhaps the result of the physical toll of his early years on the sports field and in combat, which set in as the 1950s progressed. He died in 1959, aged 76.

**Alexander Grantham** continued as Governor of Hong Kong until late 1957, which made him one of the longest-serving. He is also regarded as one of the most successful, having guided the colony through a difficult decade. Interviewed on American television in 1954 as 'Governor-General' of 'the island of Hong Kong' he gave a contented view of its present and an optimistic view of its future: life in the colony was 'tolerable' though 'very overcrowded' but 'people carry on', he said. Originally welcoming, they were disillusioned with the Communists whose true colours could now be seen, he thought. Hong Kong was definitely an asset to the free world, he asserted: the chances of war were not great, Hong Kong was a fortress, China was talking about increasing trade and Hong Kong was the best place to get information from behind the bamboo curtain. He did not mention the aeroplanes recently removed from Kai Tak that had caused so much trouble.

Grantham did mention the planes dispute in his autobiography of 1965 but only briefly, concluding that it was 'altogether a sorry business'. He thought that 'the British Government was more scared of what the US might do to Britain than what China might do to Hong Kong'. Grantham wrote nothing there about the disagreements between him and Whitehall, although he was more forthcoming in an interview for Rhodes House in Oxford some years later.<sup>3</sup> He lived until October 1978.

The captain who led the eleven defecting planes to Tientsin (Tianjin) on 9 November 1949, the former CNAC pilot **T. L. Chen** (Dali Chen), was

2. Alfred T. Cox, 'Civil Air Transport: A Proprietary Airline, 1946–1955', *Clandestine Services Historical Paper No. 87* (Washington DC: Central Intelligence Agency, 1969).

3. Alexander Grantham, *Via Ports: From Hong Kong to Hong Kong* (Hong Kong: Hong Kong University Press, 1965), 130–132, 163.

employed in Peking for CAAC, the successor airline to CNAC founded in the PRC. He and his fellow mutineers worked hard to make a success of Chinese aviation despite the loss of 71 aircraft. He attended CNAC reunions, looking sturdy and fit, until his death in 1990.

Chen suffered persecution during the ‘Cultural Revolution’, as did anyone in China who had the slightest overseas connections in their past. Chen’s friend **C. H. Tang** (Tang Chong Huang) was jailed for seven and a half years. In 1988 Tang emigrated to Houston in the United States where he passed away at a great age in 2014. Similar punishment befell several other of the insurrectionists, including **Gordon Poon**, the pilot of the one plane that had reported to Peking.<sup>4</sup>

**Chou En-lai** relinquished his foreign ministry role in the late 1950s but remained Prime Minister of China until his death in 1975. **Chairman Mao** presided over a famine and then unleashed the terrible Cultural Revolution on the country in 1966 yet remained untouchable and was even revered by some up to and after his death in 1976. His great rival **Chiang Kai-shek** remained in charge of Taiwan until his own death in 1975 when he was succeeded by his son. Under American protection, Taiwan became an economic success and later a lively democracy.

For **Hartley Shawcross**, the Attorney General who had gotten the British government out of the difficulties created by the Hong Kong courts by the device of an Order-in-Council and who subsequently won the case in the Privy Council, an eventful life still had a long way to run even though he was then in his 50s. He had been a minister during the final months of the Labour government but the subsequent job of an opposition spokesman bored him. He felt increasingly out of step with his socialist colleagues—so much so that he was nicknamed ‘Sir Shortly Floorcross’. He resigned from the House of Commons in 1958 and became a Life Peer, beginning a third career as a confirmed member of the Great and the Good. He became a serial chairman of countless private companies and public bodies. The most prominent of these were the Press Council, the Takeover Panel, Thames Television and the civil liberties organization Justice.

In old age Shawcross became rather impatient, earning another sobriquet, ‘Sir Shortly Very Cross’. He lived up to the earlier nickname by joining the new Social Democratic Party in the 1980s. He outlived two wives and took a third when in his 90s: his family opposed the last marriage, claiming Shawcross had become mentally incompetent. He proved them wrong by eloping with his fiancée to Gibraltar to marry. Shawcross explained that he took on so many offices so as to keep busy and interested in life. He claimed that he had seen

4. See [cnac.org/tlchan01.htm](http://cnac.org/tlchan01.htm) and [cnac.org/chtang01.html](http://cnac.org/chtang01.html) (accessed 9 September 2021). Another who travelled as a passenger on the defectors’ flights, Ed Chin Man Wai, died in Hong Kong in 1988.

# Timeline: Chronology of Principal Relevant Events

## 1949

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January	<ul style="list-style-type: none"><li>• Communist armies victorious in battles at Hwai Valley</li></ul>
April	<ul style="list-style-type: none"><li>• Nationalist (KMT) government moves from Nanking to Canton</li><li>• Chiang Kai-shek resigns as KMT President</li><li>• <i>Amethyst</i> incident (until July)</li><li>• CNAC and CATC establish offices and workshops in Hong Kong</li><li>• CNAC and CATC airplanes start to be based at Kai Tak airfield</li></ul>
May	<ul style="list-style-type: none"><li>• Shanghai under Communist control</li><li>• KMT blockade of China coast</li></ul>
June	<ul style="list-style-type: none"><li>• British and French governments favour early recognition of Communist government in China but USA urges caution</li><li>• CATC headquarters in Canton</li><li>• RAF reinforced in Hong Kong</li><li>• Hong Kong authorities ask CNAC and CATC to vacate Kai Tak (refused)</li></ul>
July	<ul style="list-style-type: none"><li>• More than 80 CNAC/CATC planes and equipment at Kai Tak</li></ul>
August	<ul style="list-style-type: none"><li>• USA begins to close consulates in China</li></ul>
September	<ul style="list-style-type: none"><li>• CATC headquarters moved to Hong Kong</li><li>• Hong Kong and Kowloon Aviation Workers Union founded</li><li>• US and British foreign ministers Acheson and Bevin meet to discuss Far East policy</li><li>• Chiang Kai Shek relocates to Formosa</li></ul>

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		<ul style="list-style-type: none"> <li>• Claire Chennault and Whiting Willauer's airline CAT busy evacuating KMT supporters from Communist advance</li> </ul>
October	1	<ul style="list-style-type: none"> <li>• Declaration at Peking of Central People's Government (CPG) as government of People's Republic of China (PRC)</li> <li>• Dismissal of Nationalist ministers by CPG</li> <li>• CPG in control of all but five provinces of China</li> </ul>
	2	<ul style="list-style-type: none"> <li>• Soviet Union recognizes CPG</li> </ul>
	5	<ul style="list-style-type: none"> <li>• UK consul in Peking sends note to Chou En-lai as foreign minister of CPG proposing relations</li> </ul>
	12	<ul style="list-style-type: none"> <li>• Nationalist government abandons Canton and moves to Chungking</li> </ul>
	20	<ul style="list-style-type: none"> <li>• Foreign Office (FO) legal adviser Beckett advises Bevin that British formal recognition of CPG legally justifiable</li> </ul>
	21	<ul style="list-style-type: none"> <li>• Emergency (Control of Ships and Aircraft) Regulations made by Governor of HK</li> </ul>
	End	<ul style="list-style-type: none"> <li>• Canton under Communist control</li> <li>• Britain consulting Commonwealth and other governments about CPG recognition</li> <li>• Discontent among CNAC and CATC staff in Hong Kong: some declare allegiance to CPG</li> </ul>
November		<ul style="list-style-type: none"> <li>• CPG Minister of Communications purports to appoint new directors of CNAC with Head Office in Shanghai</li> <li>• Chou En-lai instructs managing director Liu Ching Yi to take control of assets of CNAC</li> <li>• Chou declares CNAC property of CPG and expresses hope that all officers and workers will unite under Liu to protect assets</li> <li>• US embargo on export of strategic goods to China</li> </ul>
	4	<ul style="list-style-type: none"> <li>• Representation of Foreign Powers (Control) Ordinance enacted in HK</li> </ul>
	9	<ul style="list-style-type: none"> <li>• Chen Cheuk Lin and Liu, managing directors of CATC and CNAC, fly to Peking with 12 (two CATC and 10 CNAC) planes and report to CPG's Civil Aeronautical Administration, leaving emergency committee in control of other planes etc at Kai Tak</li> <li>• Majority of airlines' staff defect to CPG</li> </ul>

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- 10
  - Willauer of CAT flies to Taipei to see KMT air force commanders and Chiang Kai-shek
  - Chou En-lai declares planes 'sacred property' of PRC
- 11
  - Chiang agrees with Willauer's proposal that CAT act as agent of Nationalists to secure remaining planes
- 12
  - Chou En-lai (re)appoints Chen and Liu as general managers of CATC and CNAC respectively
  - Chen dismissed by KMT
  - Nationalist Minister of Communications comes to HK from Formosa
  - Nationalist government moves to Chengdu
- 13
  - Ango Tai appointed Acting President (governor) of CATC by Nationalists
  - Nationalist Minister of Foreign Affairs, George Yeh, informs HK Governor that aircrafts' certificates of registration suspended and aircrew licences of no effect
  - Yeh asks HK authorities to immobilize aircraft and suspend Kai Tak identity permits of CNAC and CATC employees; Governor suggests staff collect permits and return them (not done)
  - Communist employees and sympathizers remain in control of aircraft
- 14
  - CPG begins to pay airline staff
  - Tai engages law firm Wilkinson & Grist which asks Attorney General of Hong Kong (Griffin) for help in protecting planes; AG suggests firm obtain court order
- 16
  - Defecting employees dismissed by Tai who hires security guards for planes
  - Willauer and accomplices deflate tyres of planes
- 17
  - Governor Grantham announces aircraft will not be allowed to depart until Sino-British air agreement clarified
  - Grantham orders removal of guards; employees loyal to CPG retake planes
- 24
  - CATC begins legal action against 20 named employees/sympathizers
  - Injunction granted to CATC prohibiting defendants from removing CATC assets and from entering CATC's property at Kai Tak (disregarded)

- SE Asia Chiefs of Staff consider action to prevent shipment
  - *SS Empire Dirk* sails for northern China with shipment
  - 18 • Memo 'Chinese Aircraft at Hong Kong' finalized by FO, forming part of brief to English Law Officers for advice and basis of circular to British diplomats
  - Instructions from Colonial Office and FO to Law Officers finalized by departmental legal advisers
  - 21 • Circular 'Chinese Civil Aircraft at Hong Kong' prepared by FO giving answers to criticisms of UK policy
  - Grantham seeks clarification of his rights under Colonial Air Navigation Order
  - 23 • Minute by Sir Eric Beckett, FO, re powers under Colonial Air Navigation Order
  - US Senate sub-committee on appropriations hears complaints by Senator Knowland re planes, demands evidence from State Dept
  - 27 • Senate sub-committee hears and questions State Dept representatives; British attitude and policy criticized by Republicans; threat to oppose further military and economic assistance to UK
  - Acheson asks Franks, British ambassador in Washington DC, to ensure Grantham is aware of larger issues, including US-UK relations
  - 28 • Applications by CAT, Inc. for injunctions dismissed
  - Younger FO note: trouble flowed from Nationalist and US refusal to remove planes
  - Debate on foreign affairs in House of Commons
  - 29 • FO circular telegram to ambassadors and other diplomats outlining history and blaming Nationalists/Americans
  - 30 • More spare equipment dispatched from HK
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- April
- 2 • Time bombs set off by Nationalist agents damaging seven planes at Kai Tak
  - 3 • English Attorney-General Hartley Shawcross' first written opinion on legal position given to Colonial and Foreign Offices: advises use of Art 60 of Colonial Air Navigation Order to prevent planes from leaving
  - Memo 'Chinese Aircraft in Hong Kong' provided to British Cabinet