Macao in Sino-Portuguese Relations, 1949-1955

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CHINESE FOREIGN POLICY towards Macao up to the 19 December 1999 reversion always aimed at sustaining the status quo in this city-state, perched off its southern coast. In other words, it tried to secure the maintenance of the Portuguese administration and to reinforce the intermediary role played by the enclave’s Chinese business elite. This attitude was adopted with the aim of extracting the maximum political, trade, economic, and financial benefits that the enclave generated for the Chinese leadership. This overall policy goal was established in February 1949, i.e., 8 months before the CCP took power in mainland China. On the other hand, the Chinese authorities had to resort to the local Chinese business elite owing to the fact that the right-wing Portuguese authoritarian regime of António de Oliveira Salazar¹ staunchly refused the 1949/1950 and the 1954/1955 Chinese proposals to establish relations between the two countries.² Our main aim is to analyse the measures taken by Beijing to maintain the status quo in Macao and the principal underlying reasons for this attitude.

Beijing preferred the maintenance of the status quo in Macao

Even before they took power in mainland China, the Chinese leadership outlined a policy towards Macao and Hong Kong and decided that the status quo should be kept in place. This foreign policy goal was adopted in order to avoid a confrontation with the West, especially with the USA, and to maximize Chinese political, economic, financial, trade, and intelligence interests in the two Western-administered city-states and abroad.

The crucial decision on this matter was taken quite before the People’s Liberation Army (PLA) moved towards the southern part of the country. Between the 1 and the 3 February 1949, a series of secret meetings took

¹ Portuguese dictator from 1932 until 1968, that is, for 36 years. António Costa Pinto, ed., Contemporary Portugal: Politics, Society and Culture (Boulder: Social Science Monographs, 2003), 30.

place between the Central Secretariat of the CCP, headed by Mao Zedong, and Anastas Mikoyan, then Soviet Transport Minister, member of the Central Committee of the Soviet Communist Party, and special envoy of the Soviet dictator Stalin (1928-53) in Xibaibo, Hebei province. During these meetings, Mao argued that the CCP would win the civil war, that the Americans would not intervene in the conflict, and that after the eradication of all vestiges of imperialism in China they plan to begin establishing equitable diplomatic relations with foreign powers. For Mao, the elimination of all the privileges that the “imperialists” enjoyed in China, the payment of all debts they had with “New China”, and the exodus of all foreign troops and militias were his regime’s great priorities in foreign policy. However, in relation to Macao and Hong Kong, the Chinese leadership argued with Stalin’s envoy that it was

necessary to adopt more flexible solutions or a peaceful transition policy, which shall require more time. According to this opinion, an ill-judged solution to the questions of Hong Kong and Macao would not make any sense. On the contrary, maybe it will be more advantageous to exploit these territories’ status quo, above all Hong Kong, to develop our relations abroad and to foster our imports, through them.\(^3\)

This decision was highly important if we take into consideration the fact that the emerging regime decided to expel all foreigners from China in 1949 and did her utmost to eliminate the Western commercial, financial, and economic presence in China, Shanghai being the most paradigmatic case.\(^4\)

Five months later, Mao Zedong made an important speech in which he outlined the emerging regime’s guidelines for relations with foreign powers. In the speech delivered before the members of the preparatory meeting of the new Consultative Political Conference, which met in Beijing on 15 June 1949, the Chinese leader proclaimed “to the whole world that what we oppose is exclusively the imperialist system and its plots against the Chinese people”.\(^5\) However, the new Chinese leadership was


willing to discuss with any foreign government the establishment of diplomatic relations on the basis of the principles of equality, mutual benefit and mutual respect for territorial integrity and sovereignty, provided it is willing to sever relations with the Chinese reactionaries, stops conspiring with them or helping them and adopts an attitude of genuine, and not hypocritical, friendship towards People’s China. The Chinese people wish to have friendly cooperation with the people of all countries and to resume and expand international trade in order to develop production and promote economic prosperity.\(^6\)

Following this address, the Trade Department of the CCP created the Nam Kwong Trading Company (Sociedade Comercial Nam Kwong, Nam Kwong maoyi gongsi), on 28 August 1949, with the official goal to promote trade ties between Macao and mainland China and the other way around.\(^7\) Nonetheless, this company owed its existence to the fact that it operated as the unofficial representative and “shadow government” of the People’s Republic of China in Macao in relation to the Portuguese administration, disputed the functions of the Special Commissariat of the Ministry of Foreign Affairs of the Republic of China (Formosa/Taiwan)\(^8\) in the city-state, until 1965, and acted as Beijing’s top trade organization in the enclave. To head this company the Chinese government appointed O Cheng-ping,\(^9\) the youngest brother of Dr. O Lon, clinical director of the

\(^{[f]}\)rom now on our nation will belong to the community of the peace-loving and freedom-loving nations of the world and work courageously and industriously to foster its own civilization and well-being and at the same time to promote world peace and freedom. Ours will no longer be a nation subject to insult and humiliation. We have stood up. Our revolution has won the sympathy and acclaim of the people of all countries. We have friends all over the world,” Mao Zedong “Selected Works,” http://www.marxists.org/reference/archive/mao/selected-works/volume-5/mswv5_01.htm (2006).


\(^7\) Nam Kwong, Nam Kwong sibh nyan /The Forty Years of Nam Kwong, 1949-1989 (Macao, Nanguang [jituan] youxian gongsi, 1989), 53.

\(^8\) This office was established in Macao on 24 November 1945 by the Kuomintang regime. Officially it dealt with consular matters such as issuing passport, visas, and related issues. However, up to the mid-1950s it was one of the main interlocutors with the Portuguese administration and with the unofficial representative of mainland China’s interests in the enclave: the Nam Kwong Trading Company. Fernandes, “Macau nas relações sino-portuguesas,” 993-4.

\(^9\) O Cheng-ping had a profound political knowledge of the region. In 1930 he established a pharmacy in Hong Kong “to cover up his revolutionary activities” in favor of the CCP. After the occupation of Guangzhou by the Japanese, on 21 October 1938, O Cheng-ping became a member of East River (Río Oriental, Dongjiang) Guerrilla Force,
Macao Kiang Wu Chinese Hospital, since 1936, and first secretary of the Macao branch of the CCP.\textsuperscript{10}

To persuade the Macao Portuguese administration and the central government back in Lisbon of China’s interest to maintain the status quo in the city-state, the new Chinese authorities made use of at least three channels: Dr. O Lon, Commandant Uong Iok, and Carlos Basto.\textsuperscript{11} During the mop up operations in Guangdong province by the PLA, in October 1949, the new politico-military leaders gave political assurances to the Macao Portuguese administration that the status would be kept. Ten days after having officially set up the Military Affairs Control Commission (\textit{Comissão de Controlo dos Assuntos Militares, Junshi guanzhi weiyuanhui}), in Guangzhou, its head, General Ye Jianying, appointed, on 27 October 1949, Dr. O Lon: “to treat discreetly with our authorities all matters which are of particular interest between Macao and Guangzhou”\textsuperscript{12}

On the other hand, in an attempt to appease the Portuguese administration and the anxious inhabitants of the territory, Commandant Uong Iok, chairman of the politico-military administrations of Shiqi city and Zhongshan Island, gave a conciliatory interview to the largest Macao Chinese-language daily. In the statement made to the journalist Luís Chan,\textsuperscript{13} of the Masses Daily (\textit{Diário das Massas, Dazhong bao}), on 9 November 1949, Uong Iok stated that:


\textsuperscript{11} The Macanese Carlos Basto spoke Chinese and worked for the Chinese Maritime Customs Service at Lapa (Wanzai) Island located right in front of Macao’s Inner Harbor (\textit{Porto Interior, Neigang}). Despite the assurances provided by the CCP, he left the Portuguese-administered enclave shortly afterwards to become a top manager in a leading Portuguese corporation. Jorge Forjaz, \textit{Famílias Macaenses} (Macau: Fundação Oriente, Instituto Cultural de Macau e Instituto Português do Oriente, 1996), 1: 481.

\textsuperscript{12} “Secret telegram No. 117 from the Governor of Macao, Albano Rodrigues de Oliveira, for the Colonies Minister, Teófilo Duarte, 27 October 1949,” AOS/CO/UL/10/3, Pt. 4, 1.a Sbd. (5), fol. 236, Portuguese National Archives (AN/TT), Lisbon.

\textsuperscript{13} Leading member of the Macao Secretariat’s of the Chinese Communist Party. “Some Facts About the Actual Political Situation in Zhongshan District’ Report by the British Consul in Macao, H. Rabetts, 7 November 1947, p. 5,” CO 537/3720, United Kingdom National Archives (UKNA), London.
The People’s Liberation Army is not an occupation force; therefore, the position of neighboring Macao shall be fully respected. We hope also that the Macao Government will respect the PLA. (...) We have not sent troops to the border region between Macao and China or to the neutral zone between Portugal and China. This demonstrates clearly that the PLA troops stationed in Zhongshan district respect absolutely the behaviour of the Government of our neighboring territory.\(^{14}\)

To avoid fortuitous disagreements between the new Chinese authorities and the Portuguese administration resulting from the mop up operations by the PLA against the Kuomintang\(^{15}\) in the vicinity of Macao, Uong Iok, sent a message to the Portuguese administration through Carlos Basto, Portuguese deputy commissioner of the Chinese Maritime Customs Service at Lapa (Wanzai) Island, to the Governor of Macao, Navy Commander Albano Rodrigues de Oliveira, with the policy of the Chinese authorities towards Macao and Portugal. According to it:

First, the Chinese communist authorities shall respect Macao’s neutrality and no PLA member will attempt to enter our colony in uniform. Second, fluvial and other links between Macao and China will continue as before, the Chinese authorities expect though that we treat well the Overseas Chinese and that we do not forbid orderly and peaceful demonstrations exulting the Chinese Revolution. Third, the Portuguese authorities who wish to visit China can do it and they shall be welcomed.\(^{16}\)

All these initiatives were a great political relief for the Portuguese administration, the Portuguese central government, and all three communities in Macao (Chinese, Macanese, and Portuguese), since they were aware

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\(^{14}\) “A Posição de Macau Será Respeitada,” transcript of the interview granted by Uong Iok, chairman of the politico-military administration of Shiqi city and Zhongshan Island, to the journalist Luís Chan, of the Macao Chinese-language Masses Daily (Diário das Massas, Daehong bao), on 9 de November, published next day by the Chinese daily, and on 11 November in the Portuguese-language daily Notícias de Macau, (11 November de 1949).

\(^{15}\) The Chinese Nationalist Party, headed by Generalissimo Chiang Kai-shek, who after having lost the Chinese civil war against the CCP, in 1949, fled to Formosa/Taiwan.

of what had happened to the Macanese community in Shanghai.¹⁷ A week before the occupation of one of the most cosmopolitan cities in the world by the PLA, on 25 May 1949, a group of 130 Macanese, mainly the sick, women, and children, were evacuated by airplane to Hong Kong.¹⁸ By 1952, the Macanese community in Shanghai had dropped to less than 200 persons. According to an internal memorandum of the Portuguese Foreign Office, the number of Macanese repatriated to Macao reached 558 persons. Afterwards, due to the lack of proper economic and social conditions in the enclave, the vast majority immigrated to Japan, Thailand, Burma, and a small group to Portugal.¹⁹

The massive exodus by the Shanghai Macanese community in the first semester of 1949 instilled fear in Macao and amongst Portuguese decision-makers in Lisbon that the territory would have a similar fate. This apprehension intensified when students and commercial workers’ unions demonstrated in Guangzhou, on 18 November 1949, demanding the return of Macao to China.²⁰ This event placed, obviously, some pressure also on the new Chinese government to put an end to the Portuguese presence in Macao.

Although the PRC and the PLA were not interested at all in the latter outcome, the Portuguese central government reinforced the Macao garrison with 6,000 troops.²¹ The security concern over Macao was expressed by the Portuguese Premier in a speech delivered to the candidates of the regime’s ruling party, the National Union (União Nacional, Guomin tongmeng), at the Library of the National Assembly, on 20 October 1949. According to António de Oliveira Salazar:

The three biggest facts about Asia today is the appearance of two great Hindustani States, the changes which will occur in China following the Communist

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¹⁷ Shanghai’s Macanese community was made up by nearly 2,000 persons. In spite of this city’s occupation by the Japanese, between 1937 and 1945, no major changes took place in the number of Macanese living in China’s “capital of sin” due to the fact that the Japanese authorities forbade their evacuation to Macao. Manuel Teixeira, “Macau durante a Guerra,” Boletim do Instituto Luís de Camões 15 (1981): 35.


¹⁹ “Internal memorandum of Franco Nogueira, 19 October 1952,” PEA, 2.º P., M. 156, Portuguese Historic-Diplomatic Archives (AHDMNE), Lisbon.


takeover, and the emergence of Indonesia. Goa is geographically located in India, Macao is incrust in Chinese territory, and Timor is next door to Indonesia. From here derive our concerns, if not our present quandary. Ultimately, force will not be sufficient enough to prevail; it is difficult to ascertain if reason will be enough to avoid violence and to encounter a path of respect for the rights and for the conciliation of interests.\textsuperscript{22}

However, Mao Zedong’s pacifist and pro-status quo attitude taken towards Macao led the Chief of Defense Staff of the Macao Portuguese garrison, Captain Francisco da Costa Gomes, to reduce by half the reinforcements sent by Lisbon,\textsuperscript{23} between the end of 1949 and 1951.\textsuperscript{24}

The drop in the number of Portuguese troops stationed in Macao made all sense: it converged with Beijing’s general orientation to maintain the status quo in the territory. When the Macanese businessman José Maria Braga, a former British intelligence agent in Macao during World War II, came on holidays to Portugal in November 1951, he brought a message to the Portuguese Overseas Minister, Sarmento Rodrigues, from Zhang Naiqi, member of the Board of Directors of the Bank of China and deputy chairman of the All-China Chamber of Industry and Commerce,\textsuperscript{25} which confirmed Mao Zedong’s commitment to the status quo policy. Prior to his departure from Hong Kong, he had held secret talks with Zhang Naiqi about Macao and Sino-Portuguese relations. During these meetings, the latter told him that the Chinese central government “wanted to preserve the best trade relations with Macao”.\textsuperscript{26} According to José Maria Braga, Zhang Naiqi’s statement should be taken seriously due to the fact that he had a special relationship with the Chinese Premier, Zhou Enlai.\textsuperscript{27}

\textsuperscript{22} António de Oliveira Salazar, Discur**s e Notas Políticas, 1943-1950 (Coimbra: Coimbra Editora, 1951), 446.

\textsuperscript{23} Salazar’s original intent was to send 12,000 troops. Nonetheless, the Governor of Macao, Navy Commander Albano Rodrigues de Oliveira, was against “the expedition because he considered that if Mao Zedong wanted to take back Macao it would be rather easy, and it did not matter if we could send 6,000 or 12,000 troops, or even the entire Portuguese Armed Forces”. Cruzeiro, \textit{Costa Gomes}, 32.

\textsuperscript{24} Cruzeiro, \textit{Costa Gomes}, 33.


\textsuperscript{26} “Confidential memorandum sent by the Overseas Minister, Sarmento Rodrigues, to the Foreign Affairs Minister, Paulo Cunha, 17 November 1951,” PAA M. 130, Portuguese Historic-Diplomatic Archives (AHDMNE), Lisbon.

\textsuperscript{27} “Confidential memorandum sent by the Overseas Minister, Sarmento Rodrigues, to the Foreign Affairs Minister, Paulo Cunha, 17 November 1951,” PAA M. 130, Portuguese Historic-Diplomatic Archives (AHDMNE), Lisbon.
Regime consolidation, economic rehabilitation, and the Korean War

The pro-status quo policy of the new Chinese regime towards Macao and Hong Kong was reinforced by three underlying policy reasons. First, the urgent need to consolidate in power the new political regime. Second, to proceed as soon as possible with China’s economic recovery program. Third, to shatter the Western-led embargo in “strategic materials” against China, put in place after Beijing’s intervention in the Korean War.

The key concern of any new regime is to consolidate the power which it has gained. In the case of the CCP, its establishment in Guangdong was rather difficult. The Chinese leadership, especially Mao Zedong, predicted in 1948, that it would take around 5 years to gain full control of south China. However, the Kuomintang’s collapse was so swift that the PLA was able to reach Guangdong in October 1949. Considering that Guangzhou was one of the last major cities to come under the control of the CCP, its leaders were not “adequately prepared for the enormous burdens they assumed in Canton”. With the goal to surpass this dilemma, the CCP proceeded to gain control through peaceful means—mainly, the co-optation of various figures from Kuomintang to consolidate its power. In part, General Ye Jianying was appointed CCP party boss and government leader in Guangdong due to “his ability to command support from former Kuomintang followers”.

The second reason is related to China’s “economic recovery” after the civil war, which took place between 1950 and 1952. The new regime had as one of her main goals to restore domestic production and to stabilize the price of products. The aim was to provide minimal conditions for the planning and execution of the First Plan, envisaged to take place between 1953 and 1957.

The pro-status quo policy was reinforced with China’s intervention in the Korean War, on 25 October 1950. The maintenance of this policy became crucial for the survival of the Chinese regime. In a six-week period, key Western powers—namely, the USA and Canada—imposed an embargo

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29 Vogel, Canton Under Communism, 43.
30 Vogel, Canton Under Communism, 43.
31 Vogel, Canton Under Communism, 54.
against mainland China. Afterwards, the United Nations agreed and other Western powers joined efforts within the ultra secret COCOM to draft three long international lists that forbade the export of “strategic materials” to China. This international regime contributed to the enhancement of Macao and Hong Kong’s status before the Chinese leadership and strengthened the policy defended by Mao Zedong and the CCP’s Central Secretariat before Anastas Mikoyan, in February 1949.

In the meantime, Macao’s Chinese elite, which was quite experienced in the contraband business, was naturally inclined to cooperate with mainland China’s efforts to violate the Western embargo. During World War II and the Chinese civil war the Macao business elite collaborated with all sides in illicit business. On the other hand, they were aware that the Portuguese administration was quite dependent on the revenues gained from smuggling for its annual budget.

Very quickly Macao became a heaven for the importation of western “strategic materials”, which China needed. Important materials such as rubber, steel, copper, tires, car parts, gasoline, lubricants, and transport and electronic equipment were sent to mainland China. For example, Nationalist intelligence sources told the Bangkok Post that Nam Kwong Trading Company controlled enormous storehouses in the northern part of the Macao peninsula; near the Green Island (Ilha Verde, Qingzhou) were they kept oil,

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34 COCOM (Coordinating Committee for Multilateral Export Controls), was an highly secretive bureau created within NATO, in November 1949, which oversaw the international embargo regime against the Soviet Union, Eastern Europe, and mainland China. This committee was made up by nearly all NATO’s member-states, except Iceland and Japan. The latter became members in 1952. Portugal took up her membership, on 30 April de 1951, after an invitation by the British government. Fernandes, “Enquadramento das relações luso-chinesas entre 1949 e 1966,” 306.

35 Fu Tak-iam, Ko Ho-neng, Chong Chi-kong, and Y.C. Liang were leading Macao businessmen closely associated with Ho Yin. All of them, including the latter, had been deeply involved in smuggling activities during the Japanese occupation of China. For example, Fu Tak-iam, the owner of the gambling syndicate, from 1933 to 1961, was condemned to death by the Guangdong High Court after the war for collaboration with the Japanese occupation forces. Somehow, during the Chinese civil war he managed to get a new court ruling declaring him innocent. To ensure that this judgment would be well-known in Macao and Hong Kong he placed advertisements in the local press with the court’s new verdict. Fernandes, Sinopse de Macau nas relações luso-chinesas, 53.
rubber, scrap-iron, tires, car parts, chemical products, and other “strategic materials” mentioned in the international lists. These activities were confirmed by Kenneth R. Hansen, consultant for the Subcommittee on Export Controls and Policies of the United States Senate, who had visited Hong Kong, Macao, Japan and Korea, in 1951. This policy was being pursued due to the fact that, according the Taiwanese intelligence reports:

The Chinese communist leader Mao Zedong recently instructed Guangdong Province Governor Ye Jianying to purchase airplane engines, motor vehicles, gasoline, tires, medical products and communications equipment in Hong Kong and Macao, according to unofficial reports released here yesterday.

Effectively, between 1950 and 1952, Macao and Hong Kong were China’s second largest foreign trading partner, after the USSR, as can be seen in Table 1.

<table>
<thead>
<tr>
<th>Years</th>
<th>USSR</th>
<th>HK and Macao</th>
<th>UK</th>
<th>Poland</th>
<th>France</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>29,81</td>
<td>14,42</td>
<td>6,48</td>
<td>0,58</td>
<td>0,51</td>
<td>48,20</td>
</tr>
<tr>
<td>1951</td>
<td>41,35</td>
<td>31,93</td>
<td>1,79</td>
<td>2,56</td>
<td>0,24</td>
<td>22,13</td>
</tr>
<tr>
<td>1952</td>
<td>54,82</td>
<td>15,55</td>
<td>1,33</td>
<td>2,49</td>
<td>0,13</td>
<td>25,58</td>
</tr>
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In Macao’s specific case, these activities were recognized by Nam Kwong Trading Company. The firm’s official book designed to celebrate her 40th anniversary, published in August 1989, praised her past functions in breaching the Western-led embargo against China in the 1950s. According to her:

Early at its founding, the company got very few export business to handle, instead, through an individual way of trading, it mainly dealt with the purchase of special goods and materials required specifically by circumstances in mainland China at that time (sic).

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38 Nam Kwong, *Nam Kwong sihi nyan*, 50.
While the government of Hong Kong was, in part, successful in curtailing gradually these illicit acts, due to the enormous pressure applied by Washington and London, Macao continued to allow these activities. The pretext invoked by the Portuguese administration was that without these transactions the neighboring Chinese district of Zhongshan would not supply the territory with foodstuffs, according to the director of the Macao Government Economic Affairs and Statistics Bureau, the Timorese Pedro José Lobo. This opinion was shared by the Portuguese Governor of Macao, Navy Commander Joaquim Marques Esparteiro. The latter sent an extensive secret official letter to the Overseas Minister, Sarmento Rodrigues, arguing that:

An enormous quantity of fuel oil has been going to China, slowly and gradually, enabling us to establish a true modus vivendi, which secures the importation, in the needed quantities, of an absolutely essential product—rice. It is the exchange of these products which allows Macao, in spite of being Portuguese, and therefore, foreign, to have had the luck to get a special treatment as a friendly territory by the government in Beijing regarding the supply of rice, while other foreign countries and territories have been definitely refused the supply of rice. (Underlined in the original text)

With the objective to restrict the transgressions to the embargo in Macao and to obtain more realistic information about the amounts being sent to China, the British government invited the Portuguese authorities to join CHINCOM. In these two highly secret committees the Portuguese delegate, José Calvet de Magalhães, had to endure.

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41 “Secret official letter No. 1050/145 from the Governor of Macao for the Overseas Minister, 29 December 1952, pp. 3-4,” 2.º P., A. 6, M. 406, Portuguese Historic-Diplomatic Archives (AHDMNE), Lisbon.

42 The United States government was able to persuade key allies such as France, Canada, the United Kingdom, and Japan to set up a China Committee (CHINCOM) in late July and early August 1952. This new body worked closely with COCOM and had as her main task to coordinate the application of the trade embargo against mainland China. Guang-zhang, *Economic Cold War*, 48; Moisés Silva Fernandes, “Os incidentes das Portas do Cerco de 1952: O conflito entre os compromissos internacionais e os condicionalismos locais,” http://www.ics.ul.pt/publicacoes/workingpapers/wp2005/wp2005_2.pdf (2005), 3.
... for nearly five years (...) one of the most difficult diplomatic missions which I was ever entrusted. The violations committed in Macao against the embargo were a subject of frequent complaints presented to COMCO by American delegates and sometimes by other delegates, namely the British, which were overall more persistent and tough.\footnote{José Calvet de Magalhães, Macau e a China no após guerra (Macao: Instituto Português do Oriente, 1992), 78.}

The diplomatic fallout that resulted from the blatant infractions were so many and reached such a preponderance in Macao that the Portuguese Foreign Office tried to negotiate an “exception regime” for the enclave within CHINCOM, and afterwards directly with the United States. As a result of the 1952 border conflict between China and Macao and the efforts to reinforce the trade embargo against China, the Portuguese government submitted to CHINCOM “an application for the authorization of an exemption regime regarding certain exports to Communist China,”\footnote{Internal memorandum written by Adriano António de Carvalho, from the directorate-general of Economic Affairs of the Foreign Office, 28 October 1953,” PAA M. 130, Portuguese Historic–Diplomatic Archives (AHDMNE), Lisbon.} on 19 December 1952. However, the strong opposition by some member-states of CHINCOM rendered the proposal unworkable.\footnote{Internal memorandum written by Adriano António de Carvalho, from the directorate-general of Economic Affairs of the Foreign Office, 28 October 1953,” PAA M. 130, Portuguese Historic–Diplomatic Archives (AHDMNE), Lisbon.}

Meanwhile, due to the implied exercise of veto power by Portugal in COCOM regarding the easing of British trade to the USSR, the United States government proposed, under some British pressure, negotiations with Portugal to set up an “exception regime” for Macao. After having reached an understanding in Paris, an American delegation came to Lisbon, in March 1954, to reach a final agreement on the planned “exception regime”. However, due to the strong opposition by the Macao Portuguese administration and the Overseas Office the negotiations failed.\footnote{Internal memorandum on Portuguese-American negotiations to establish a modus vivendi in Macao, written by João Hall Themido, from the directorate-general for Political Affairs of the Foreign Office, 18 March 1954,” PAA M. 130, Portuguese Historic–Diplomatic Archives (AHDMNE), Lisbon.}

Despite this outcome, the Portuguese Foreign Office continued to pursue an agreement with the United States on this issue. In a last attempt to find a compromise, Portuguese diplomats tried to negotiate an agreement in Paris, in July 1954. Once again, however, the joint opposition of the Macao Portuguese administration and the Overseas Office made the talks incon-
In short, the Western trade embargo against China and the permissive attitude of the Macao Portuguese administration towards this issue reinforced Beijing's interests in maintaining Portugal in the enclave.

Mainland China was so deeply committed to maintain this policy, that it had repercussions in the regime's propaganda—namely, in the Selected Works of Mao Zedong. In spite of the fact that Mao Zedong and his supporters denounced imperialism and colonialism, they demonstrated in practice a great flexibility. From 1952 onwards, the essay on the "Chinese Revolution and the Chinese Communist Party", published in the Selected Works of Mao Zedong, dropped all the references to Macao and Portugal—namely the statement "that an insignificant country as Portugal has taken possession of our Macao". The new text said absolutely nothing. The editions made after 1952 until today never mentioned Portugal and Macao, including the ones made in Portuguese language, despite their target being the Lusophone African liberation movements. This self-censorship was essentially aimed at hiding from the Chinese people-at-large the Portuguese presence in Macao and the obvious political contradiction: if China was so strong how come that it did not do away with the Portuguese on her southern shore?

Beijing reiterated her support for the maintenance of the status quo

Mainland China's concern to maintain the Portuguese in Macao and to solve the territory's status in a distant future were clearly spelled out during two crises that took place in the enclave in the 1950s. The first was the 1952 border conflict, and the second was the cancellation of the 4th centenary celebrations of Macao, in 1955.

Unhappy with the Portuguese government's overall acceptance of the Western policy to curtail the violation of the trade embargo in "strategic materials" against China, with the creation of CHINCOM, and the international rehabilitation of Japan, mainland China instigated the 1952 border

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47 Fernandes, Sinopse de Macau nas relações luso-chinesas, 122-5.
conflict with Macao. While the Western powers convened in Washington, mainland China precipitated a border conflict in order to upset the meeting. Western powers pressured the Portuguese central government to approve legislation to strengthen the embargo against China. Under the instructions of the Overseas Minister, Sarmento Rodrigues, the Macao Portuguese administration published legislation imposing a very strict regime and created a Trade Coordination Commission (Comissão Coordenadora do Comércio, Maoyi xietiao weiyuanhui) to oversee the implementation on the ground of the new trade rules, on 23 January 1952. The latter had the power “to monitor and grant licenses for imports, exports, and transshipments of merchandise products”.

Shortly after, the Guangdong Province Chinese authorities reacted to this challenge. Two weeks later, the Governor of Macao, Navy Commander Joaquim Marques Esparteiro, sent a telegram to the Overseas Minister, Sarmento Rodrigues, to let him know that a meeting had taken place recently in Guangzhou between senior party and government officials from this Chinese province with leading Macao pro-Beijing businessmen. The latter were represented by Dr. O Lon, former clinical director of the Macao Chinese Kiang Wu Hospital and ex-first secretary of the Macao branch of the CCP, and Ma Man-kei, deputy chairman of the Macao Chinese Chamber of Commerce. These two persons advocated that no force should be used against Macao, while the remainder of Guangdong’s Chinese leadership recommended the use of force to teach the Portuguese a lesson.

Right after the Portuguese Overseas Minister, Sarmento Rodrigues, finished his thirteen-day official visit to Macao, the first ever by a Portuguese Cabinet Minister to the city-state, the Chinese precipitated a series of border conflicts with Macao. Between 25 and 31 July 1952, China pressured politically and militarily the Portuguese administration in Macao causing one dead and twenty injured, on the Portuguese side, and two dead

52 “Secret and urgent official letter No. 318 from the Chief of Staff of the Overseas Minister for the Chief of Staff of the Premier’s Office, 6 February 1952,” AOS/CO/UL-10A3, Pt. 12, 2ª Sbd., fol. 365, Portuguese National Archives (AN/IT), Lisbon.
and nine wounded, on the Chinese side. Confronted with this violent milieu, the Portuguese Government appealed to her American and British counterparts, and several COCOM member-states, to ease the trade controls in Macao.

In the meantime, the Chinese showed an immediate interest in starting negotiations with representatives of the Macao Portuguese administration. After the Portuguese central government was able to persuade some key Western governments to ease the trade embargo, the Chinese government accepted three envoys from Macao, Pedro José Lobo, Ho Yin, and Ma Man-kei. The conflict ceased only when the director of the Economic Affairs and Statistics Bureau of the Macao Government, Pedro José Lobo, signed on behalf of the Portuguese administration a written apology to the 5th Branch of the Frontier Defense Bureau of the Public Security Department of the Provincial People’s Government of Guangdong, in Zhumai, on 23 August 1952. In this document the Portuguese administration apologized for the occurrence of the incidents, in spite of the fact that they had been instigated by the PLA, and decided to pay compensation for the alleged dead and wounded on the Chinese side.

Eleven days after the celebration of this accord, the Chinese Premier, Zhou Enlai, made a visit to Moscow. During his meeting with Joseph Stalin, which took place on 3 September 1952, the Soviet leader inquired the Chinese Premier about the border conflict, since the international press reported that the Chinese leadership did not show any interest in taking over the enclave and had actually accepted the apology presented by the Portuguese and the compensation they paid for the dead and the wounded. In reply, Zhou Enlai stated that “Macau continues, as before, to be in Portugal’s hands”. Stalin objected by arguing that “this scum that has situated itself on the very entrance of China must be driven out”. The Chinese leader remained silent on the issue.

Despite Stalin’s harsh remarks, China gained quite a lot from the whole affair. On 5 November 1952, the Portuguese government presented a long

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memorandum to the governments of all COCOM member-states advocating the creation of an exemption regime for Macao. This was followed by another memorandum to the North Atlantic Council arguing the same position, on 16 December 1952. In short, Portuguese foreign policy in relation to this issue became conditioned by Chinese interests.

The Chinese leadership was so committed to maintain the Portuguese in Macao that three years later used backroom diplomacy to persuade the Portuguese central government and the Macao Portuguese administration to cancel the celebration of Macao’s 4th centenary, which was supposedly to be held in November 1955. When the Portuguese central government, under pressure from prominent Macanese and Portuguese nationalists and without much political tact, tried to celebrate the 4th centenary of the Portuguese presence in the enclave, they were interpreted by Chinese decision-makers as an affront. China’s reaction forced the Macao Portuguese administration to cancel the whole event. The special commemorative postage stamps which had already been printed in Lisbon were withdrawn, the ministerial visit cancelled, and the pedestal erected on Dona Maria Hill for the statue of Portuguese-Chinese friendship was taken down.

The Chinese leadership demonstrated her dislike for the planned events through diplomatic circles and the press. The Governor of Hong Kong and the British mission in Beijing served as a kind of a “section of Portuguese interests” in Beijing. The situation was deemed so serious that it led to the intervention by Zhou Enlai. According to Sir Alexander Grantham, the Chinese Premier told him that

a) the Chinese people considers the celebrations a provocation; b) the Chinese Government had not raised the Macao question in connection with the dispute about Goa, in spite of their friendship with India, but if the proposed celebrations took place the Chinese people would not understand a failure by their Government to react; c) China would regret such a development as she wanted peaceful coexistence with all her neighboring territories, including Macao and Hong Kong.

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63 “Memorandum from the Chinese Central Government presented through the British Embassy in Lisbon to the Portuguese Foreign Affairs Minister, Paulo Cunha, 18 October 1955,” 2.º P., A. 62, M. 214, Portuguese Historic–Diplomatic Archives (AHDMNE), Lisbon.
However, the most important aspect of this crisis was the campaign orchestrated by the Chinese propaganda apparatus on this issue, not only to denounce the celebrations, but, more importantly, to claim, for the first time, since 1949, that Macao was Chinese territory, i.e., six years after the establishment of the PRC. The two most important articles were published by the People’s Daily (Diário de Notícias do Povo, Renmin ribao) and Xinhua she. The commentary by the People’s Daily’s “observer” (observador, guanchajia), of 26 October 1955, was important because: “... the paper’s main function is to articulate and interpret policies in an authoritative way once China’s top leaders have defined them”.\(^{64}\) The “observer” argued:

Macao is Chinese territory. The Chinese have never forgotten Macao, nor have they forgotten that they have the right to demand the recovery of this territory from the hands of Portugal. (...) The fact that Macao has not yet been returned to China does not mean that the Chinese people can tolerate the long continuation of the occupation of Macao.\(^{65}\)

It added that the Portuguese administration should not misjudge the Chinese policy of peaceful coexistence “as a sign of weakness”, criticized the celebrations as a provocation and an insult to the Chinese people and Asians, and warned “that China today is not the China of six years ago, let alone the China of 400 years ago”.\(^{66}\) The importance of this editorial was quite considerable because it was broadcasted by Beijing Radio and published in the news bulletins of various Chinese Embassies abroad.\(^{67}\)

Two days later, Xinhua she’s central office published a piece entitled “A Brief History of the Portuguese Occupation of Macau” in which it condemned, in a vigorous language, the occupation of Macao by Portugal for the last 400 years, the change in the official designation of the enclave, from “Colony” to “Province”, by the Portuguese government, and reiterated the principle that “Macao is Chinese territory”.\(^{68}\)

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\(^{66}\) “A Warning,” 36.

\(^{67}\) Fernandes, *Sinopse de Macau nas relações luso-chinesas*, 135 and 621-2.

\(^{68}\) “A Brief History of the Portuguese Occupation of Macau,” (Beijing, dispatch from Xinhua she, in English, 28 October 1955), reprinted in Survey of China Mainland Press
The reaction by the Chinese propaganda apparatus made quite clear that the Chinese leadership had no intentions whatsoever to take over the Portuguese-administered city-state. Quite the opposite, it wished to preserve the local status quo. Four years later, Mao Zedong restated the same guiding principle. On 14 October 1959, the Chinese leader told the Soviet Embassy’s chargé d’affaires in Beijing, S. F. Antonov, that:

In China up until the present time there are even colonies of foreign states, like Macao. A small country, like Portugal, 400 years ago grabbed from China this chunk of land. How should we proceed in this case? The CC CPC (Central Committee of the Communist Party of China) considered this question, and worked out a course, which for now consists of not touching Macao.\(^\text{69}\)

In short, the attitudes taken by the Chinese leadership during 1952 border incidents, the 1955 cancellation of Macao's 4th centenary, and Mao Zedong’s statement to the Soviet chargé d’affaires reveal that mainland China was committed to the maintenance of the status quo in Macao.

**Conclusions**

For this six-year period, Mao Zedong’s regime did her utmost to maintain a status quo policy towards Macao. The tiny city-state was important politically, financially, and commercially for China and therefore it conditioned her policy towards the enclave. To sum up, China endorsed the presence of a weak colonial power on her southern coast, in spite of the fact that it had expelled all foreigners from mainland China and was officially committed to the promotion of a world-wide revolution against imperialism and colonialism.

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\(^{69}\) Fernandes, *Sinopse de Macau nas relações luso-chinesas*, 166.
Research Articles

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