

When the Time is Ripe: Hong Kong's Future

Tai-lok Lui

Professor of Hong Kong Studies,
The Education University of Hong Kong

"Prime Minister's Visit to Peking: Speeches." Visit by Margaret Thatcher, UK Prime Minister, to Beijing for signing of the Joint Declaration. January 1-December, 1984.

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PRIME MINISTER'S VISIT TO PEKING : SPEECHES.

1. WE UNDERSTAND THAT THE CHINESE HAVE POINTED OUT THAT THE PROVERB QUOTED AT THE END OF THE PRIME MINISTER'S BANQUET SPEECH (''WITH STEADY STEPS, IT IS POSSIBLE TO REACH THE SKY'') CARRIES CONNOTATIONS OF HELICOPTER PROMOTION AND HAVE SUGGESTED THAT WE FIND AN ALTERNATIVE.

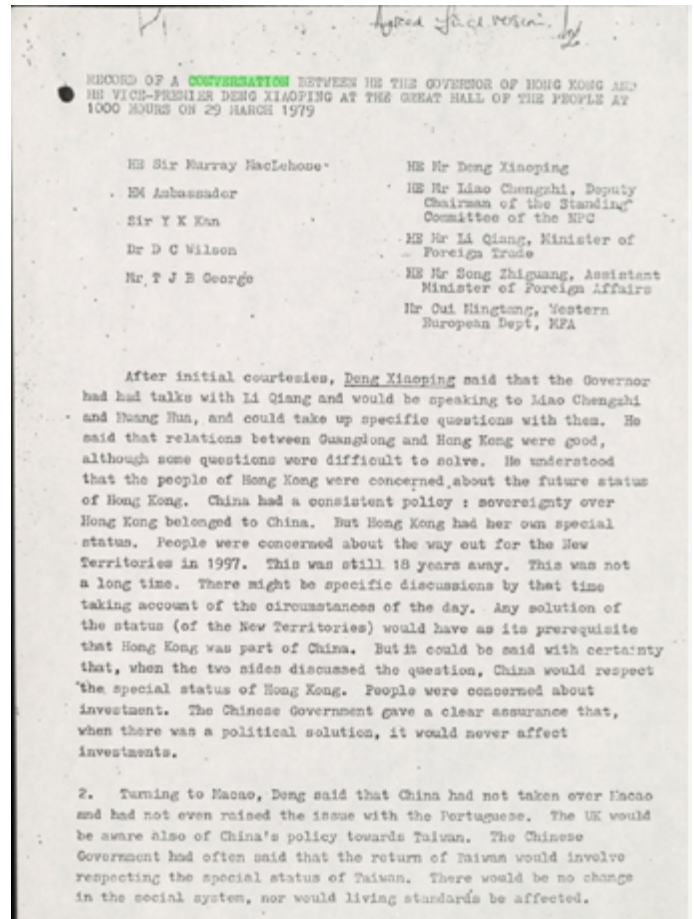
2. WE PROPOSE: ''BAI CHI GAN TOU GENG JIN YI BU (CCC NOS: 4102 1439 4557 7333, 2577 6651 0001 2975) ''HAVING GOT LET US STRIVE TO MOVE FURTHER STILL''.
...RECAPABLE ASSOCIATIONS.

In hindsight, Governor MacLehose's visit to China in 1979 (see FCO 40/1050) is almost an inevitable part of the evolution of Hong Kong's political transition from being a British colony to its return to China as a Special Administrative Region (SAR). When the Governor received an informal invitation from the Hong Kong office director of the New China News Agency in December 1978 (later formally in the name of Li Qiang, Minister of Foreign Trade of the People's Republic of China [PRC]), he sought guidance from London. The outcome of the deliberations at the FCO was accepting the invitation and taking the opportunity to raise the question concerning land leases in the New Territories. The strategy was to convert the expiry date of the leases into an open-ended phrase like "as long as Britain administered the New Territories" so that the 1997 deadline was blurred.

After meeting Deng Xiaoping, MacLehose brought home the message that the investors should "put their hearts at ease." But during the brief conversation (for a summary, see FCO 40/1059), which lasted for an hour, Deng clearly stated, "Any solution of the status (of the New Territories) would have as its prerequisite that Hong Kong was part of China." Upon that political stance, he commented on the governor's suggestion: "it would be best to avoid wording which mentioned continuing British administration." Without spelling out the details, Deng further elaborated his view of "China's long term policy to regard Hong Kong as a special case" so that "it [Hong Kong] would be continuing with a capitalist system, while China was continuing with a socialist system." It is quite clear that at that point in time, Beijing had not yet formulated its overall strategy to resolve Hong Kong's political status. But Britain did pose a question that just some kind of general assurance from China would not be adequate to address emerging queries about Hong Kong's political status and, concomitantly, its socioeconomic and legal frameworks for doing business in the colony as 1997 drew closer. How to ensure the validity of contracts and lending beyond 1997 would be a matter of concern for local and international businesses in the colony. It seemed that neither London nor Beijing were fully prepared for going into an extended negotiation then. But, in a way, an agenda and a stage had been set up for the formal talks on Hong Kong's

political future in 1982.

It is important to contextualise the subsequent Sino-British negotiations over Hong Kong's future in a longer and broader context, reckoning that the question about the colony's status repeatedly popped up in different circumstances. Before the Second



Record of a conversation between Sir Murray MacLehose and Deng Xiaoping on 29 March 1979 (FCO 40/1059/164)

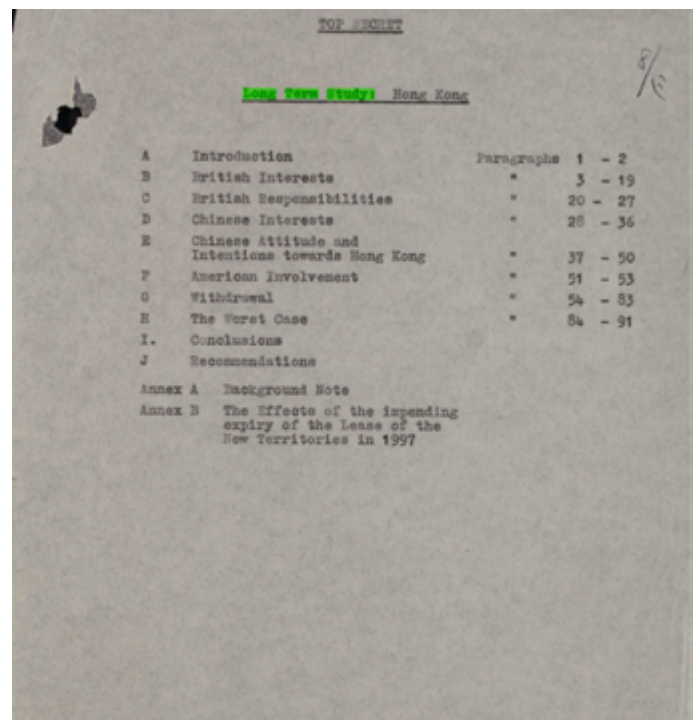
World War ended, the USA switched from supporting the Chinese Nationalist government to resuming its claim over Hong Kong to allow the British to restore its colonial rule when the Japanese surrendered in 1945. Political uncertainty arose in 1949 when the Communists' victory seemed unstoppable, and given their emphasis on national integrity and nation-building, they were likely to find Hong Kong's colonial status intolerable. However, the People's Army made no further advances after taking control of the southern provinces. The newly established PRC seemed more eager to focus on internal nation-building matters than engaging with countries like the USA and UK. In an international political environment

hostile to the spread of communism, such restraints on the Chinese side were outcomes of Beijing's political pragmatism. Later, the Beijing leadership worked out the rationale for maintaining Hong Kong's status quo. The approach was summarised as "long-term consideration and full utilisation" (長期打算, 充份利用). Hong Kong was a source of economic benefits and also a "window" for the PRC to maintain contact outside the Soviet bloc. Even during the Cultural Revolution, when radicalism prevailed, Beijing's leaders remained cautious in managing Hong Kong affairs.

Beijing's pragmatic approach was seen by the British in a different light. The British did not rule out the possibility of an attack from China. In the event of a direct attack or internal unrest provoked by the Communists, given the scale of the British garrison in the colony, Hong Kong was hardly defensible. But then, the Hong Kong question was always shaped by political calculations (most importantly, its significance to the containment of communism during the Cold War; yet sometimes economic considerations were also relevant given the colony's sizeable sterling reserve) and manoeuvring in international politics. In the 1950s, Britain was eager to seek help from the USA to defend Hong Kong when such a situation arose. It even succeeded in convincing President Eisenhower to agree to establish an Anglo-American Working Group on Hong Kong. This shortlived working group was discontinued in the late 1950s when a UK-USA joint effort to defend Hong Kong became inconceivable. The disengagement of the USA from playing a direct role in defending Hong Kong continued to be the accepted approach for the USA in the 1960s. From then onwards, the indefensibility of Hong Kong was very much a basic assumption in conceiving the colony's political future.

Meanwhile, British rule in Hong Kong became an issue of concern in the early 1960s. The United Nations set up a Special Committee on Decolonisation, and Britain and its colonies would inevitably be the focus of attention. Though the emphasis fell on territories other than Hong Kong, it would still be a source of embarrassment. When the USSR criticized China in 1963, as hostility between these two socialist countries intensified, about the

latter's tolerance of colonial rule in Hong Kong and Macao, Britain was conscious of how such arguments would spill over and touch on its nerves. And it was relieved when a statement appeared in *People's Daily*, indicating that Beijing had no intentions of changing the status quo. But this reinstatement of China's pragmatic approach was soon disturbed by the outbreak of riots led by the local communists in 1967. Again, uncertainty arose, and an evacuation plan (FCO 40/92, 40/93) was worked out after witnessing the escalation of conflict in the colony. The Labour Government in the UK pondered on the Hong Kong question, seeing how the colony would burden London. Yet, at a time when China was



Cover page of Long Term Study: Hong Kong (FCO 40/158)

undergoing political radicalism during the Cultural Revolution, the environment was not favourable for diplomatic negotiation.

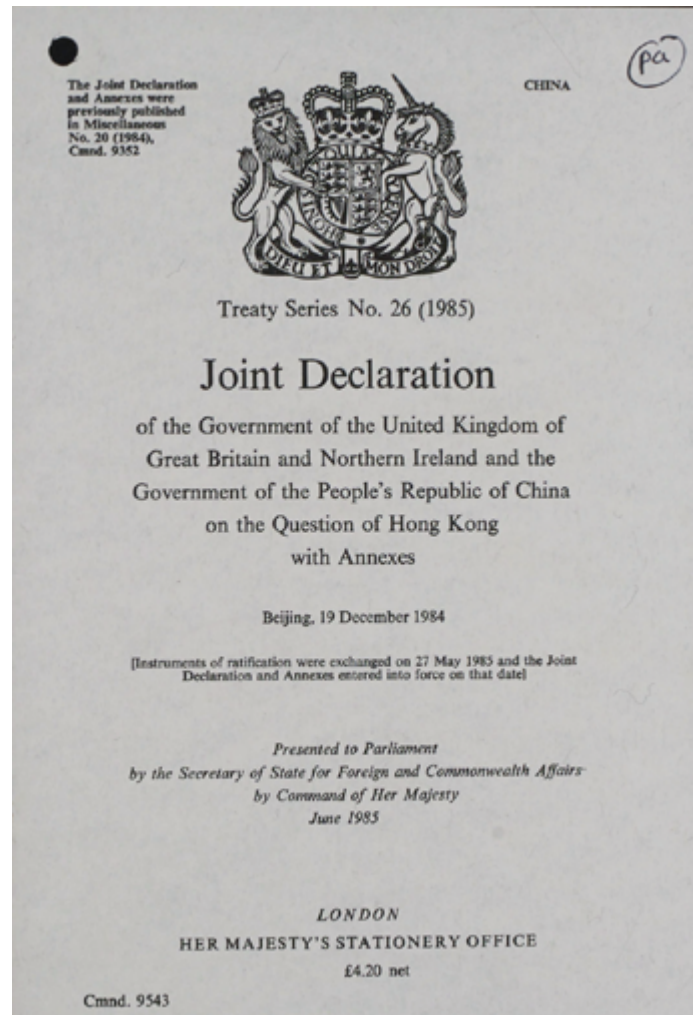
Britain began drafting a paper on a long term study of Hong Kong (FCO 40/158, 40/159, 40/160). With a changing political environment and atmosphere in the background (e.g., anti-British demonstrations in Beijing), the study's analysis, mood, and tone also changed during the course of internal discussion and deliberation. But increasingly, London had moved towards a position of preparing itself for a limited range of options for handling the colony's political

future. First, it was simply to put the question aside because not much could be done. Second, it was to manage a voluntary withdrawal, but this would likely face objections from Beijing. Third, Britain initiated a discussion with Beijing when the right moment arose. However, the outcome, whether this would mean the British eventually withdrew orderly or the Chinese allowed for the continuation of the British presence after 1997, was by no means obvious. Britain reckoned that informally flagging their concerns to China under a suitable political climate might well be an appropriate course of action.

It would surely be an overstatement that London had long worked out a plan for how to handle Hong Kong's political future. Its position, approach, and strategy kept evolving as the Sino-British relationship unfolded, the domestic environment in the colony changed, and the broader contexts of geopolitics and international relations in the Pacific region were reconstituted. To some extent, both parties, Beijing and London, were ready to discuss the Hong Kong question only when the time was ripe. However, they did not necessarily assess the situation from the same perspective and look at the issues at stake with similar concerns. While Beijing seemed to find their words of broad and general reassurance enough to ensure business as usual in Hong Kong, London believed they were insufficient to maintain popular confidence as Hong Kong society stepped into the 1980s. So, it was not an accident when Governor MacLehose brought up the issue of land leases in the New Territories in his meeting with Chinese leaders in Beijing. Nor was it a hasty move without prior deep deliberations. But once the British took up the subject and placed it onto the diplomatic agenda, the discussion had its own momentum. The rest is history.

Was Governor MacLehose's visit in 1979 the appropriate moment to raise the question? It looked like a suitable moment for the British to push for a deal for the Hong Kong question then. Still, in the early stage of recovering from the pains of the Cultural Revolution, China was eager to enlist Hong Kong's support for its economic reform and the Four Modernisation drive. The latter could assume the role of a "window" to the world economy, an interface for importing technical and management know-how, and

a source of capital and investment to promote new economic initiatives. At the same time, as feverish Maoist radicalism faded, a pragmatic leadership was taking control in Beijing. Such conditions, which were unavailable previously, gave London some leverage in discussing Hong Kong's future.



Cover page of Long Term Study: Hong Kong (FCO 40/158)

It was suggested that not very long after the meeting between MacLehose and Deng, with the British continuing to raise questions concerning the colony's political status, China started its preparations in early 1982 for a plan for Hong Kong's future too. Drawing insights from Marshal Ye Jiaoping's nine principles for working out a policy of reunifying Taiwan, Deng developed his preliminary framework for resuming sovereignty over Hong Kong after 1997 while maintaining its stability and prosperity. The stage was set for more serious exchanges when the British Prime Minister, Mrs Thatcher, visited Beijing in 1982. As we know now, the discussion and negotiation

processes between Britain and China were by no means straightforward. There were twists and turns before the signing of the Sino-British Joint Declaration in December 1984. The outcome was that on 1 July 1997, Hong Kong became a Special Administrative Region under China's sovereignty. While this put an end to the discussion of the British having any role in Hong Kong after its return to China, arguments continued as finer details of the political, economic, and social framework of the future SAR were subjects of diverse interests and contending interpretations. The student movements in China in 1989 and their political aftermaths greatly impacted Hong Kong society. They also posed new challenges to Sino-British diplomatic relations. Underlying differences and conflicts surfaced. They, in turn, affected Hong Kong's political transition. The course of the political transition was sometimes a rough ride. But the direction was moving towards setting up the SAR within the framework prescribed by the Basic Law. The undergirding principle of administering the SAR was "One Country, Two Systems", with the assurance that "The socialist system and policies shall not be practised in the Hong Kong SAR, and the previous capitalist system and way of life shall remain unchanged for 50 years" (Article 5 of The Basic Law). It was further elaborated that "The Hong Kong SAR shall be a local administrative region of the PRC, which shall enjoy a high degree of autonomy and come directly under the Central People's Government" (Article 12).

It is interesting to observe that prior to the assumption of his governorship in November, MacLehose joined the discussion of a long term study of Hong Kong and expressed his view on the colony's future. He wrote on 27 October 1971: "I do not dissent at all from the conclusion that we should negotiate, at the right time, for the best terms that we can get, not even excluding renewal of the Lease. For my part I think it likely that the best we could hope for would be some form of special status for Hong Kong under which sovereignty would return to China, but Hong Kong might be defined as a special administrative district to be managed in a way that would facilitate the continued residence of foreigners." (FCO 40/331) On this note, perhaps both London and Beijing always saw Hong Kong as having a special status. The point was how to find the space to allow Hong Kong to continue to be unique and special.