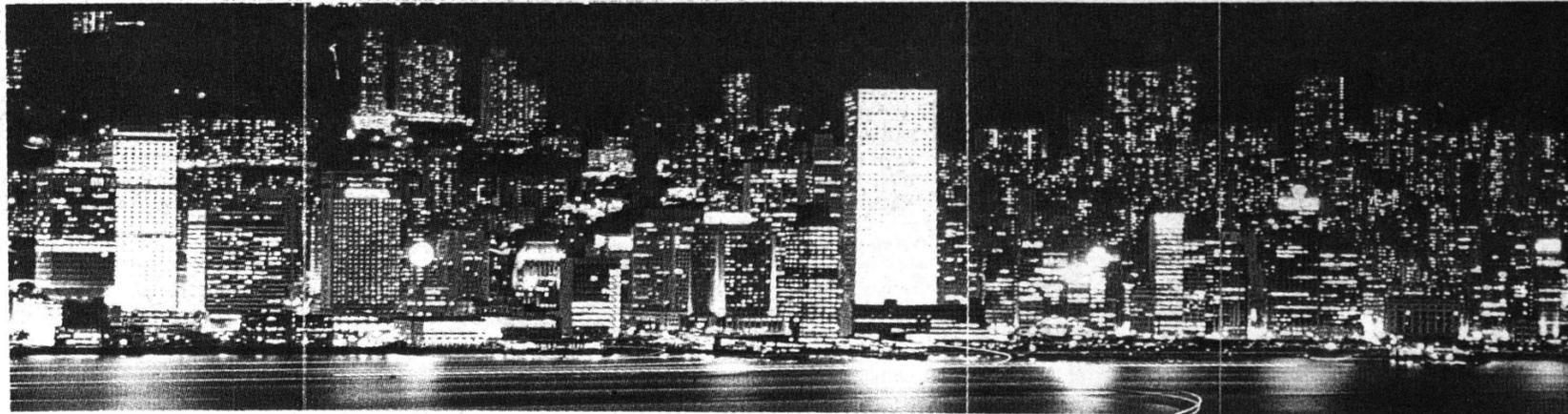


Hong Kong to lose lease



The British colony of Hong Kong has long been in a very peculiar situation. Despite having one of the world's highest population densities, it is one of the most prosperous places in Asia. Despite being next to the world's largest Communist country, its economy is one of the most capitalistic in the world. Yet despite its economic success, its future is threatened by the expiry in 1997 of the lease Britain has from China on most of its territory. In this article, a group of students from the Chinese Library Association look at Hong Kong's economy and politics, and speculate on what will happen when the lease expires.

The Hong Kong economy, similar to the Japanese, is a miracle of growth. Prior to being leased to Britain in 1895, Hong Kong was a minor trading center. Since the Second World War, it has been transformed to a world-status port. The huge influx of people from China since the 1940's has supplied Hong Kong with a large amount of capital and cheap labor. This has formed the foundation of her continuing rapid economic development.

Many factors have contributed to Hong Kong's international reputation as a leading manufacturing and commercial centre. The government deliberately refrains from frequent changes in its

The British are indicating that they may remain even after 1997.

economic policies so as to encourage business investment. Its industrious work force is equipped with up-to-date technological knowledge and facilities. An excellent world-wide communication network keeps Hong Kong in close contact with other major industrial and commercial centers. The government's laissez faire policies coupled with low taxation are strong incentives for foreign investment. No import tariffs and revenue duties are levied except on tobacco, alcohol and some oil products. The well-developed banking system catalyses the development of all kinds of businesses in Hong Kong.

Besides the long existing western investment, Hong Kong is welcoming another potential partner, namely China. Since the fall of the so-called 'gang of four', China has experienced a dramatic change in its attitude towards its trading relationships with foreign countries. Peking has begun to invest in Hong Kong's industries, directing the Chinese agencies to increase their cooperation with Hong Kong businessmen. They have no longer confined themselves to importing and exporting Chinese goods through Hong Kong. They have been given more freedom by the Peking government to invest, speculate and compete with local businessmen. This has enhanced the already prosperous economy of Hong Kong.

To date, Hong Kong has coped with its peculiar situation and thrived in spite of it. But can this continue?

Most people have long believed that once Hong Kong is returned to China, it will lose its prosperity. Thus, more and more people are showing interest in how China and Britain will shape Hong Kong's future as the expiry date comes closer and closer. This interest is enhanced by China's radical political change in recent years.

The political prosperity, stability and future of Hong Kong can be said to rest on a tripod of consent — consent of Hong Kong, consent of Britain, and most importantly, the consent of China. The withdrawal or disagreement of any one of these consents will certainly jeopardize the whole structure.

The attitude of China towards the Colony may be well illustrated by a statement sent in the early 1970's by China to the United Nations Special Committee on Independence for Colonial Countries and People: "Hong Kong and Macao are parts of Chinese territory occupied by the British and Portuguese authorities. The settlement of the questions of Hong Kong and Macao is entirely within China's sovereign right. They should not be classified as colonial territories. With regard to the questions of Hong Kong and Macao, the Chinese government has consistently held that they should be settled in an appropriate way when conditions are ripe."

What is meant by "when conditions are ripe" is unclear.

To China, Hong Kong became a colony under the unequal treaties signed in the nineteenth century, as it was dictated to a weakened China by aggressive imperialistic powers. Thus, China may at any time refute the treaties. On the other hand, Britain continues to regard the treaty as valid until the termination date — June 30, 1997.

However, although it is an affront to China's national pride, China still tolerates and accepts the present status of

Hong Kong. That is why most of the top government officials and the legislative posts are still occupied by the British.

As far as the people in Hong Kong are concerned, they are acclimatized to British rule. As long as the present prosperity and stability are maintained, British rule will still be acceptable to the people.

Various factors have caused the majority of the people to remain politically apathetic. Among these are the high illiteracy rate, the memory of the traumatic war experiences and the older generation's belief in traditional Confucian teachings. Another is the rapid economic growth, which allows the people to enjoy the third highest living standard in Asia, after Japan and Singapore. So most of the people are either satisfied with or indifferent to British rule.

However, these attitudes will probably change. This is because the younger generation is better educated and is influenced by western thought and culture. In the last decade, more and more young people have paid attention to and participated in social and political affairs.

Given the attitudes in China, Britain and Hong Kong, there seem to be only three possible solutions to Hong Kong's problem. The first would be to remove Hong Kong from the United Nations list of territories deemed to be 'colonial', and to make it an independent state. But China will hardly tolerate the existence of a 'Third China' on its southern border

ruled independently by the local residents. Hong Kong, indeed, has no easy road to independence.

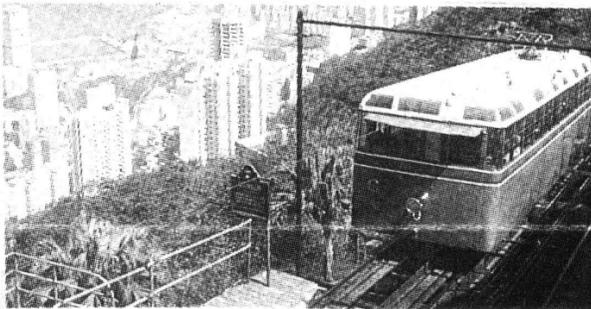
A second possibility is the cession of Hong Kong to China's rule. But, as mentioned above, this would harm the economic status of the Colony. With its vast population and the predominant capitalism Hong Kong would be more of a liability than an asset to China.

A third possibility is the renewal of the lease and continuation of British rule over the Colony. But this might imply a serious threat to China's national pride.

Excellent port facilities make Hong Kong a world leader in commercial trade.

Although none of the above possibilities seems desirable, there is the possibility that China might make a compromise. For example, after the expiry of the lease of the Colony, the land would be legally returned to China. But China would agree to maintain a neutral position and have the Colony remain as a capitalistic city under British administration. The economic benefits derived from Hong Kong would then be shared between the two great powers. Indeed, the recently finished \$2.5 billion (Canadian dollars) Mass Transit Railway Project is a strong indication that the British expect to continue their presence even after 1997.

▼ The funicular tram on its way up Victoria Peak.



Hong Kong. This is mainly because of the economic benefits which China has gained from the colony. In fact, more than one-third (roughly \$4 billion) of all China's foreign exchange is obtained from Hong Kong. Any change in the present status of Hong Kong might endanger this economic asset.

The British government's policy towards the Colony is that there shall be no major constitutional change. To the present, this policy has not been challenged by China or even by the people in



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