

Some solutions to Hong Kong's 1997 problem

First of a Two Part Series

Hong Kong is something of an international curiosity. A genuine city state, it remains a Crown Colony of Britain, which acquired it from China.

Britain acquired Hong Kong Island, which measures 78 square kilometres as a port of access to the China Trade under the Treaty of Nanking, which concluded the Opium War. Following the Second Anglo-China War, an additional 11 square kilometre peninsula known as Kowloon and Stonecutters Island were ceded to Britain by the Chinese in perpetuity.

Under the 1898 convention of Beijing (Peking) the New Territories, covering some 970 square kilometres were leased to Britain for ninety-nine years. That lease runs out June 30, 1997.

In this feature, Annie Tsui and Wei Ouyang of the U of A Hong Kong Graduate Students' Association look at Hong Kong's history, its problems, and the future.

The port of Victoria, as Hong Kong's anchorage is called, provides one of the largest and finest natural harbours in the world. It is this feature, and its proximity to the commercially important Chinese city of Guangzhou (Canton) that first attracted the British to a place that was so barren not a single house could be seen, as one former British politician stated.

The Chinese Communist government in Beijing (Peking) has repeatedly declared its intention to assert its sovereign right to control the whole territory of Hong Kong by 1997 "at the latest." Its leaders regard the treaties as "unequal" imposed upon China by imperialists.

"Hong Kong is a remnant problem of history" which the Chinese Government says will be solved peacefully through negotiations. In 1972, China's United Nations representative successfully asked the world body to strike Hong Kong off the list of colonies. China has now reiterated that the status quo of Hong Kong would be maintained until the "appropriate moment."

While Britain has never contradicted Beijing's claims to Hong Kong, it continues to base its sovereignty over the territory on the Qing Dynasty Treaties (which China says are unequal and have never been accepted by the Chinese people). Since 1945 the economic life of Hong Kong Island and Kowloon has become thoroughly intertwined with that of the New Territories and the population has increased dramatically. About 2 million of the estimated 5.4 million residents are immigrants who fled across the

Chinese border attracted by the opportunities in a booming capitalist city state. To house this huge influx and to provide space for factories to employ the population, the area called the New Territories is vital.

Thus, all land in Hong Kong is Crown Land from which leases can be sold for up to 99 years. Land in the New Territories is sub leased until 1997. Most investors and residents in Hong Kong subscribe to Britain's legalistic interpretation of the territory's relationship with the hinterland. Now that there are but 13 years left before Britain's scheduled pull-out of the New Territories, local Hong Kong residents are nervous about their future. In the past few years, local stock markets dropped about 25 per cent, real estate prices fell to all-time lows, and the Hong Kong dollar is weaker than ever against its US counterpart.

"Hong Kong is a remnant problem of history."

Even though they live "on borrowed time in a borrowed place," Hong Kong citizens generally see Hong Kong as a heaven compared to the austere order of its communist neighbour. And while many still have firm roots in mainland China as well as seeing China as their true mother country, they are reconciled to the fact that submission to the sometimes high-handed rule of the British is the price to be paid for political stability, economic liberty, and a high standard of living. There seems to be a large consensus among Hong Kong people to remain under British administration, even if it is to be only symbolic.

Because many bank loans and mortgages carry a 15 year repayment deadline, businessmen are beginning to balk at making longterm investments. The uncertainty surrounding 1997 has stifled local and overseas business expansion plans in the territory.

There is another generally unspoken but crucial factor. It is not feasible for Britain to provide a military defense of the colony in the event that diplomatic negotiations with China break down and Beijing tries to expel the British from Hong Kong. It simply would be unrealistic to expect the token British-Gurka force of 8000 troops to hold the long land frontier with China intact.

One feature of the Hong Kong situation makes it the most complex and daunting of all the decolonization problems. In an age of general decolonization,

Hong Kong stands out as a bastion of 19th century capitalistic colonialism. Although the colony is tiny militarily and politically, its importance as a financial centre is enormous. By the late 1970's, Hong Kong had become one of the top exporting nations in the world. Over 40 per cent of the active population engages in manufacturing. Along with the innovative and determined drive of its business community, the colony ranks among the world's top 20 trading 'nations'.

The benefits of this huge economic development have not clung exclusively to Hong Kong itself or to the large number of foreign companies and investors (several of which are Canadian) with a stake in Hong Kong's economy.

China has been a major beneficiary. The People's Republic sells 25 per cent of its exports to Hong Kong and obtains approximately 40 per cent of its hard currency earnings from it. China also uses Hong Kong as a window for use of Western technology, financial methods, management and other expertise valuable for China's own economic development. The Chinese government over the years has entered many direct investment projects with Hong Kong companies.

Here is the irony of Hong Kong's decolonization problem. On the one hand, for ideological, historical, and emotional reasons, China is adamant that it will assert full sovereignty over the territory. China maintains that it is capable of running Hong Kong. On the other hand, the qualities of the colony's economy that have led to its remarkable growth - laissez-faire capitalism, free competition, free access to the international economy and technology, huge differentials in personal income and lifestyle - are the antithesis of Chinese Communism.

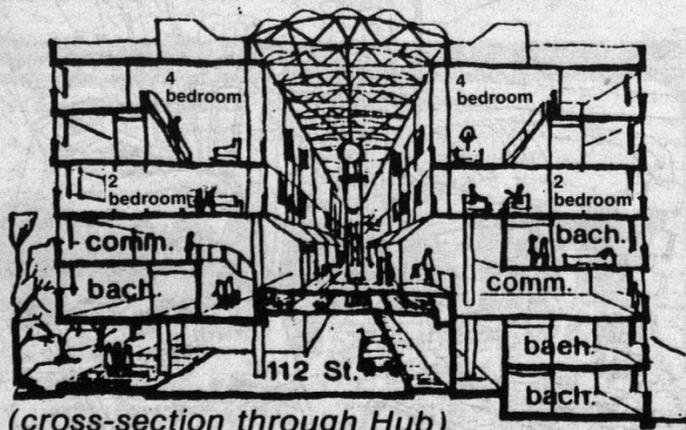
Can the British diplomats in Beijing and the Chinese government conjure some method whereby China's sovereignty is fully recognized?

The British government insists on secrecy concerning future negotiations, and possible solutions to the Hong Kong problem. This avoids potentially destabilizing conflicts in the colony and its sensitive business community. Public statements on both sides have caused flurries of panic in Hong Kong's stock and property markets and financial confidence is ebbing as the talks seem to drag on without any real solution.

There is good reason to believe that Chinese leaders do not want to take the initiative in addressing the problem of Hong Kong's future. After all, the Communist regime has lived with the ambiguity and anomaly of the situation for more than three decades.

Part Two on Thursday

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For further information on the NATIVE INTERNSHIP PROGRAM contact:
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