
Chapter Four

China Trader

In early 1956, Charles Forsyth-Smith arrived in Hong Kong to take over from Tom Fletcher. With a degree in Arts and decorated for wartime service in Italy, France and Germany, Forsyth-Smith taught before joining the Department. He had already served in Wellington and Sydney before coming to Hong Kong. His would be the longest and possibly most interesting tenure in Hong Kong.

The post was reduced in size as the Acting Trade Commissioner, Milton Blackwood, had been withdrawn the year before. As the only Canadian officer, he now handled all trade matters at the office. The post territory included Hong Kong, Macau, the Chinese mainland, Taiwan, Laos, Cambodia and Vietnam. The decision to eliminate the second officer position was based on the fact that in 1956, Canadian exports to Indo-China were negligible, and exports to Taiwan and Hong Kong were small. The old entrepot trading relationship with the Mainland had been destroyed by the communist takeover, and the new manufacturing sector was just starting to become important.



"Max" Forsyth-Smith decorating the messenger Chow King Yee for 25 years service in the employ of the Commission. September, 1956.

Conditions in Hong Kong were very grim at the beginning of Forsyth-Smith's posting. Refugees were pouring in as China suffered one of its many paroxysms. In 1956, the population density of northwest Kowloon

was over 2,000 per acre – the highest in the world. The Hong Kong Government's emergency housing program seemed unable to stem the proliferation of squatter communities that accompanied the refugees. Building records for housing estate construction were broken every month, as a new block housing 2,500 people went up every sixteen weeks. The Triad Societies, Nationalist groups, and the Communists were all quick to exploit the unemployed, ill-fed and exiled. The refugee baggage, unfortunately, included hatreds and feuds from the Mainland, and a spark was all that was needed to set it aflame.

Within the new Trade Commissioner's first six months, the Colony erupted into rioting. The population had long lived with the two important October festivals: October 1st, when the Communists celebrated the anniversary of the formation of the People's Republic; and ten days later, when the Nationalists marked the anniversary of the founding of the 1911 Chinese Republic. Quick to exploit the unease and excitement of that fortnight, the Triads forced exorbitantly priced flags – Nationalist and Communist – on shopkeepers and householders alike. As both sides overflowed into each other's territory's, the violence was finally stopped when the Army was called out, but not before 59 people had died, and factories, shops and homes were looted and burned. A taxi, carrying a diplomat and his wife, was overturned and set on fire – the woman later died in hospital.

The 1956 riots made the business community realize how tenuous the stability of Hong Kong was, and that only the influence of trade and industry could prevent a re-occurrence. About this time, the Canadian Trade Commissioner pressed Ottawa for permission to investigate trade prospects in Indo-China and the PRC. Taiwan, Forsyth-Smith realized, was about to become an industrial giant, but because of Hong Kong's proximity to the Mainland, Manila should take