1997 Hong Kong: Transition to Communist Rule

Senior Honors Thesis

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Purpose of Thesis

This paper is a discussion of Hong Kong and the events leading up to the transfer of power from the British to the Chinese. The immediacy of this subject and the uncertainties that it encompasses is discussed as well as the speculations regarding the well being of the colony and its people after 1997. A political and historical background is created in order to fully understand the ramifications the Joint Declaration has had on the colony and will continue to have after the 1997 transfer of power. Theories regarding what the Chinese will and will not do, and what the people expect are also examined. The reactions of the people and their preparation for 1997 as well as the most recent turn of events regarding the appointment of pro-democracy Governor Chris Patten are presented. The immediacy and timeliness of this subject makes for an environment in which changes are occurring on a daily basis. This discussion is an attempt to increase awareness of the subject and the implications of such a drastic change in government that is taking place in our world today.
A crowded street, neon signs, McDonalds, Pizza Hut and Seven Eleven all of which could describe any one of many big cities in the United States; however, this scene happens to be downtown Kowloon in Hong Kong, South East Asia. This vibrant, pulsating city is one of the most exciting and largest tour attractions in Asia. It is unique in many ways, but the most obvious is that among the hustle and bustle of this financial giant a dark cloud looms just around the corner. On June 30, 1997 the lease is up for Hong Kong, and China is taking back what it deems its rightful possession. The mere mention of 1997 brings a flood of emotions and mountains of unanswered questions from the residents of this capitalist colony situated on the fringe of one of the last communist giants, the People's Republic of China. Those questions will have to remain unanswered for at least four more years until the transition actually takes place. Meanwhile, Hong Kongers go about their lives in the shadow of China anxiously awaiting 1997.

Upon arrival in Hong Kong one knows right away that although occupying the same continent as China, that is where the comparison stops. Hong Kong became a British Colony in 1842 as a result of two hard fought Opium Wars. The Opium Wars were fought because of strong opposition by the Chinese to the Opium trade and importation into mainland China. Hong Kong made a convenient shipping base for the 15 million dollar a year business. Opium was officially banned in China, thus the fierce opposition. As a result of the war
and the Treaty of Nanking, Hong Kong was granted to Britain in 1842, and in 1860 as a result of the Arrow War and Treaty Of Peking China gave up the southern part of the Kowloon Peninsula. Finally, in 1898 Britain received an additional 365 square miles known as the New Territories as part of a 99 year lease. From there the modern day Hong Kong began. It was established as a free port for all countries. Since that time, the British and Hong Kong people have watched it grow from a rocky island serving as an Opium port and home for pirates to a free enterprise giant. Hong Kong with its 5.8 million populace is not only Asia's number one tourist destination, but is also the world's third largest financial center and 11th largest trade economy. Its immensity in power and wealth is evident in such common place items as taxi cabs among which Hong Kong's 17,000 are mostly BMWs and Mercedes. Even walking down Hong Kong's backbone, Nathan Road, cellular phones, men in expensive suits, and windows of designer boutiques are the rules rather than the exceptions.

Who are the people of Hong Kong? With less land than Los Angeles, Hong Kong has a larger population which occupies only 10% of their 413 square miles. "Hong Kong has always been characterized as a place of coming and going." (Terrill 103). Numerous refugees and fugitives have made their homes in Hong Kong. Farmers, opium traders, sailors, pirates as well as Scottish merchants and affluent businessmen have all made Hong Kong their home. Among the various types of people most have one thing in common, that is the fact that more
than 2/3 of them have never lived under communist rule. Along with the myriad of people came numerous customs and treasures which when combined with the Chinese customs and heritage form a mystical atmosphere which is uniquely Hong Kong.

Traveling into Hong Kong among the miles of high rises, beautiful homes, and luxury cars, one couldn't detect the underlying turmoil and confusion which is as much a part of daily life as the commute on the underground train system. As 1997 and the implications of the communists assuming possession of Hong Kong becomes a reality, the tension and uncertainty about what the future holds for Hong Kong and her people mounts.

The beginning of this drama centered on the importance of the New Territories. The issue of the lease to Britain which was up in 1997 was the key factor in beginning the whole discussion of what would happen to Hong Kong. Britain was concerned about whether China would renew the lease. They were particularly interested because Hong Kong is extremely reliant on the New Territories. Without the New Territories, Hong Kong would be stripped of most all of its agriculture and industry. This is especially critical due to the fact that the container port of Kwain Chung which is the heart of the shipping industry is located in the New Territories. In addition, the airport would also face problems in that although the runway is not in the New Territories, all aircrafts would have to fly over that airspace. Because of
the enormous implications of dissecting Hong Kong in such a manner, Britain began the first of two years worth of negotiations with China. The result would eventually lead to the transfer of power from Hong Kong in its entirety over to the People's Republic of China in July of 1997 via the Joint Declaration.

The resulting document that has caused so much upheaval in this small colony is known by many names. Included among these are the Joint Declaration and the Sino-British Joint Declaration on the Future of Hong Kong. The framework of this declaration consists of eight separate declarations including Three Annexes and an Exchange of Memoranda. In the first declaration China states its purpose "to resume the exercise of sovereignty over Hong Kong with effect from 1 July 1997" (Ching 32). The second is Britain's commitment to turn over the colony to the People's Republic of China in 1997. It is an interesting document in that those two paragraphs set the tone for the whole "agreement". Each side makes their own statements in separate declarations, so as to avoid conflicting statements of goals.

The meat of the "agreement" is in the third declaration. This consists of a twelve point declaration by China on how it plans to treat Hong Kong after 1997. It turns Hong Kong into a Special Administrative Region of the People's Republic of China with a large amount of autonomy in all areas except for foreign affairs and defense. It does give the colony a commitment that its social and economic system will remain
"basically" unchanged for fifty years. This marks the first time China has stated such in an international agreement. Also included are numerous rights and freedoms that will be guaranteed to Hong Kong residents including its status as a free port and international financial center (Ching 33).

The fourth declaration or section includes a joint statement made by both countries. In this declaration the much debated statement regarding who will be governing Hong Kong until 1997 is spelled out. It provides for British rule of Hong Kong up until the time of the transfer in 1997. This statement has come under heavy fire in the light of many actions taken by Britain and China in the period after the signing of the Joint Declaration and this date. Most glaring in the light of this provision is the British introduction of the term convergence which provides for a Hong Kong today as much like that of the Hong Kong of 1997. This becomes a rational in a lot of decisions relating to Hong Kong which have left Hong Kongers feeling betrayed by Britain which will be discussed more fully later.

Declarations five and six provide for the creation of a joint liaison committee to insure a smooth transition and provisions regarding land leases. In the seventh declaration is an implementation provision, and is the only place in the entire agreement where the word agree appears. Finally, the eighth gives the dates for the ratification and indicates that the agreement is binding.
Attached to the "agreement" are the three annexes in which some of the points of the declaration are discussed in more detail. Annex 1 is the most lengthy and is the most detailed statement from China regarding specific aspects of post-1997 Hong Kong. These include provisions for law and justice, civil service, assurances of capitalism and free trade. Also shipping, aviation, foreign relations, and rights and freedoms of inhabitants is discussed. It places Hong Kong under the authority of Beijing and weighs all laws against those of the Basic Law and subject to amendment by the Hong Kong Special Administrative Legislature. It gives assurances for the current trade, monetary and financial systems as well as continuance of the current educational system. It provides for the foreign affairs and consulate issues. Although foreign affairs is mainly the domain of the People's Republic of China, this part of the annex does give Hong Kong an opportunity to participate as members of the People's Republic government on issues directly relating to Hong Kong. They may also operate in the realm of international agreements and issues of trade, shipping, tourism, etc. The consulates will remain for the most part unchanged except for those countries which have no diplomatic relations with China. They may be changed into semiofficial missions which does tend to create a problem. A lot of the Hong Kong's trading partners do not maintain any diplomatic relations with China. Some of these countries include South Korea, Singapore, Saudi Arabia, Israel and South Africa. If
there becomes an erosion of these relationships it might affect Hong Kong's economic system. This may or may not happen depending on China's ultimate course of action. In addition to these provisions, the annex also states that the central government will send in troops, but they will not interfere in internal affairs. This is particularly disconcerting for Hong Kongers in light of the Tiananmen Square incident and Britain's initial promise that they would fight that specific provision. Also included in this Annex are provisions for rights such as freedom of religion, right of abode in Hong Kong, freedom to choose one's occupation and the right to choose whether or not to raise a family. With the exception of the last two, these rights are also guaranteed in the Chinese Constitution.

Annex 2 provides for the development of the Sino-British Joint Liaison Group. This group was formed for the consultation and exchange of information between the two countries. Its intent was to help deal with the problems before 1997. However, it is viewed with much suspicion in Hong Kong as a vehicle for China to get their hand into the governing of Hong Kong prior to 1997.

Finally, the last section or Annex 3 deals with the issue of land. It allows Britain to give or renew leases up to June 30th of 2047. It does say that the premium obtained for land agreements will be shared. It establishes a new agency the Land Commission with members from both Britain and
China. They are to review and oversee the implementation of the limits placed on land transactions.

The last whole section of the Joint Declaration is the Exchange of Memoranda. It is in this section where the sticky issue of nationality is tackled. British Hong Kongers currently carry British passports. However, they do not have the right of abode in England. This is to remain, but the People's Republic of China will impose on them a sort of dual citizenship. This citizenship allows them to live in Hong Kong and hold the British passport but they will be considered Chinese Nationals. They will be allowed to use those passports more as travel documents. In addition while in Hong Kong or China they will be considered Chinese Nationals and will not be entitled to British consular protection in either country. Also the British nationality that normally goes along with the passports will not transfer to their children but end with this generation.

Although it may seem that all involved parties sat down, debated, and came to a mutual compromise over the future of Hong Kong, such was not the case. Deliberations did not take place calmly over a board table. Rather, it took over two years of formal negotiations to come to some sort of agreement, not to mention the informal negotiations that took place out of the public eye prior to 1982.

This "tug of war" over Hong Kong was mostly characterized by what was missing: the input of Hong Kong. Hong Kong was in the midst of a custody battle with both
"parents" claiming their right to ownership. They both claimed to be out for the best interests of Hong Kong but no one wanted to give Hong Kong a voice in the matter. As a matter of fact great pains were taken to exclude Hong Kong from having a voice. For example, China in the second round of talks refused to grant the head of the Hong Kong Government Information Services, Peter Tsao an entry visa into the country. Even though Britain claimed to be fighting for retainer of Hong Kong, they acquiesced to China's actions to exclude Hong Kong. This set the trend for continued exclusion of Hong Kong for the rest of the negotiations in which the Joint Declaration was born. The talks continued without much getting accomplished. Neither side would concede to the other party's demands. Remarkably and for unknown reasons, the tension eased as the fifth round of talks took an unexpected turn. In this turn of events Mrs. Thatcher, Britain's Prime Minister, conceded to the Chinese position of returning Hong Kong in its entirety and removing British presence after 1997. Once this concession was made all that was left to decide was how to go about it and what happens until then. The negotiations thus relaxed and the rumors began to fly. This was because the entire process was taking place under the utmost secrecy and silence. The only information the Colony or anyone else had for two years were press releases stating that progress was taking place and Hong Kong's way of life would remain intact. Under pressure to come up with a plan for the future, the two sides agreed
on a system proposed by Deng Xiaoping. This plan was entitled "one country, two systems". Under this proposed plan the colony of Hong Kong would return to China while retaining their capitalist system. It goes without saying that this was not a comforting thought to the people of Hong Kong; however, they had no say. The plan was being developed and decided on in their absence. The silence from both countries did not add to the feeling of security of Hong Kongers. In addition there was an influx of People's Republic Of China propaganda encouraging Chinese Nationalism and attacking Britain. In the wake of all the uncertainty, the Hong Kong dollar dropped to an all time low as the stock market dropped 65 points. Finally, the silence was broken on September 26, 1984 when the Joint Declaration was finally made available to the public.

The overall reaction to the Joint Declaration was favorable. Most were surprised at the detail that was contained in the document. However, there were a few areas which the people were concerned about. The first being the provision for armed forces stationed in the colony. They were told by British and Chinese officials that this would not happen (Ching 41). Many saw that reversal as setting an ominous tone for China changing their mind on other promises as well. Overall, however, the Hong Kong people were convinced that it was better to have an agreement, even if it wasn't exactly what they wanted, than to have none at all
This attitude changed, however, in the wake of the Tiananmen Square incident. The events that took place prior to the massacre were of particular interest to the Hong Kong citizens. They were fully aware now that all of the events that took place in the mainland directly affected them. Hong Kong has never been characterized by any degree of political activity. The nature of the colony since its inception was an atmosphere in which to make money. The government isn't particularly democratically structured because there was never any need for concern as long as the economy was booming. After the inception of the Joint Declaration, this attitude began to change, and in the events leading up to the Tiananmen Square massacre public participation in political activity dramatically increased. They took to the street in unprecedented numbers in protest and support for those students sitting in on Tiananmen Square. Forty thousand people braved Typhoon Brenda in order to show their support (McGurn 84). Instead of rioting and disrupting public order, the people displayed peace and courteous behavior. Although, the concept of strength through peace is not new in our country, in Hong Kong which has been known to be called the rudest place in the world, courteous behavior was a noticeable difference (McGurn 85). The colony was operating on a high in the hope that China would consider establishing human rights thus giving them some hope for the future. These high spirits only contributed to shock of the Chinese crackdown. The force used in overtaking the students only
enraged the colony and sent even more people into the streets. The composition of those protestors was not solely pro-democracy individuals but those associated with communist run organizations as well. Not unexpectedly, this did not go unnoticed by China. The Chinese government responded by implicating foreign collusion with the Chinese students and stated its firm intent to not allow Hong Kong to become a base for revolutionary behavior. They in turn got rid of numerous pro-democracy sympathizers within communist agencies and established a pattern in which they stated that the ultimate authority resided in Beijing and not in the colony. If there was ever any doubt about who had the ultimate authority it was squashed by a statement that appeared in the People's Daily, "We shall not allow people to use Hong Kong for subverting the Central People's government. Not engaging in activities to overthrow the (Chinese Government) is a precondition for allowing Hong Kong to retain its capitalist system" (McGurn 88). With this statement, the battle lines had been drawn and hanging in the balance was the way of life for millions of people.

Looking towards 1997, Hong Kong felt the pressure of impending retaliation. If China could shoot down and roll over its own citizens in the capital square, what second thought would it give Hong Kong in the post-1997 years. With those fears ever real, they turned to Britain for help. This however was to no avail. Britain did not respond. The British Embassy in Peking would not even help those Hong
Kongers in Beijing at the time of the crackdown, let alone a colony hundreds of miles away from Beijing. Britain fell short in helping those Hong Kong citizens, but they also failed to renounce China's actions with regards to Tiananmen Square by only saying it was a tragic event.

In the aftermath of Tiananmen Square and after things had settled down, Hong Kong again became hopeful that Britain would now be forced to face the fact that the People's Republic of China could not be trusted. Before this time it was easy for Britain to cut deals and pass laws while claiming it had Hong Kong's best interest in mind. Afterwards, convincing Hong Kong of this was a little harder. Realizing this, Britain moved toward easing Hong Kong's anxieties by promising to draft a Bill of Rights. The Bill of Rights was meant to assure Hong Kongers' basic protection that they had become used to but wasn't actually written into the law. Hong Kongers were encouraged as it seemed that Britain might now be willing to take a stand.

Britain even enlisted the help of constitutional expert Barry Strayer to draft the Bill of Rights. Strayer, a Federal Court of Canada judge, was assigned to a 3 month stint as consultant to the colonies legal department (Keating 73). The British government assigned him with the task of drafting a bill of rights that would help calm the population's fears that China would abuse the sweeping powers possessed by the Hong Kong government. Unfortunately, what ever hopes the people might have had proved false. Britain
sent an official to visit mainland China to fight for basic democratic principles, but he did a lot more conceding to China's will than anything else. The final draft that was adopted was less than the powerful democratic statement Hong Kong was hoping for. The two most important elements they were hoping for weren't included. Those were the right to self determination and the right to elect political representatives. In addition, the enforcement of the Bill of Rights may be next to impossible. The Bill was supposed to espouse the protections contained in the International Covenant on Civil and Political Rights; however, China isn't a party to the International Covenant. This means that they don't have to comply with its provisions or submit periodic reports to the United Nations Human Rights Committee charged with monitoring implementation (McGurn 95). Other questions that cast doubt on the effectiveness of the Bill of Rights were whether it will expire with the rest of Britain's legislation and who will have the final say in its implementation after 1997. It became more and more clear that China was strengthening its position while Britain was loosing its hold. China already intimated that they would repeal the Bill of Rights in 1997. Britain seemed to just be standing by watching China take control. This was in violation of the Joint Declaration that states that Britain is to control the colony until 1997. This acquiescence or in a sense abandonment by Britain even holds through with the actual timing of the Bill of Rights. Britain held up the
Bill of Rights until China announced it own draft of Basic Law. This was the law that will govern Hong Kong after 1997 and was as bad as everyone had anticipated. Britain only played into China's hands by allowing them to come out with their law first. By allowing this to happen, Britain effectively gave China the power to declare which of the freedoms would remain in Hong Kong.

Britain's acquiescence, although not surprising, was explained by using the term convergence. They attempted to convince Hong Kong that making today's Hong Kong more like the Hong Kong of 1997 would be most beneficial. This had the effect of reducing Britain to a child having to run home to Beijing for approval for everything. This was not well received by the people of Hong Kong. They felt betrayed by the British government to whom most of them had been loyal since birth. They were enraged, and the once politically apathetic colony became vocal in their distrust and anger for Britain. Graffiti cropped up around the colony depicting the Queen of England as a traitor which was unheard of prior to that time. The population became vocal in their distrust and dislike for both Governor Major and Mrs. Thatcher. They had felt all along that their best interests weren't being considered, and this incident sealed their feelings of betrayal and abandonment. In addition, in April of 1992 the International Commission of Jurists confirmed this sense of betrayal by stating that the British government showed "disturbing lack of concern" for human rights in its
acceptance of the agreement for the change of Hong Kong's sovereignty in 1997 (Carval 6).

Regardless of whether or not the people of Hong Kong were betrayed, the fact still remains that they will become a part of China in 1997. Hong Kong now must place their hope in the solvency of the Joint Declaration, and China's promise to abide by it. One major obstacle to this is the problem of interpretation. China and Britain approach treaties differently. China approaches them as concessions not conclusions. Thus, the greater need for Britain to invoke the provisions of the Joint Declaration especially the provision providing uninterrupted rule until 1997. Unfortunately, Britain buckled under the pressure from China and introduced the term convergence. The results of which were to take Britain entirely out of the picture and effectively dash any hope of establishing any degree of democracy before 1997.

"The date of 1997 is looked upon a doomsday," says Martin Lee, Hong Kong's most prominent liberal. If this is true, it's certainly not obvious to most onlookers. The feelings of betrayal and helplessness have discouraged Hong Kongers from throwing themselves into the political arena. Instead, Hong Kong citizens have set their sights on amassing wealth. Hong Kong continues to consume more cognac, per capita, and boast more Rolls Royces per acre than any place on earth. Although this may appear as a sign that people aren't concerned anymore that Hong Kong's economic system
will remain intact for the next 50 years, that isn't the case at all.

There are those optimists that believe that China will keep Hong Kong's capitalist system intact after 1997. They believe that even China who has not been a model nation in any area especially economically, has to know a good thing when it sees it. The optimist place their hopes in five generally held propositions.

The first is known as the "Golden Goose" theory. This theory is based on the inability of the Chinese to prosper economically with their own system relative to the rest of the world. Hong Kong can only help China in its pursuit for economic clout. China also gets a third of its foreign exchange from sales to Hong Kong (Chiu 24). Also, China is quickly gaining influence in the colonies industries. China has purchased sizeable chunks of many of the colonies leading businesses including Dragon Airline Ltd., Hongkong Telecom Ltd., and Asia Satellite Telecommunication Co. Some may think that the mainland's sudden interest in Hong Kong business is somewhat suspect; however, it is raising little opposition. The business community tends to believe that China will be more hesitant to stifle Hong Kong's economic growth if it has a large stake in it (Engardio 44). Another advantage China has in maintaining Hong Kong's economic prosperity is that China will not have to give up any domestic control in the mainland in order to gain the
economic power they have always desire. All of that will come in one neat little package in Hong Kong.

The second premise the optimists are holding is the Taiwan issue. China realizes that the eyes of the world are already closing in on them and what they will do when 1997 arrives. They also have an agenda with regards to assuming control of Taiwan again. They are likely to be on their best behavior. It would be suicide for them not to be equitable with Hong Kong if they ever hoped to acquire Taiwan again.

Although China has not had the best track record with regards to domestic issues, the optimists are banking on the third premise that China has always kept its word where international treaties are concerned. Although the Tiananmen Square Massacre has done nothing to assuage their fears, the fact that the agreement over Hong Kong is an international one between two sovereign states, and China has never broken such an agreement gives them some consolation.

The fourth premise that they cite is the good track record China has built in Hong Kong. There have been numerous times that Hong Kong was vulnerable to attack by China; however, they never materialized. At any point, China could have simply cut off their water supply and still could (Macchiariola 30). Even more encouraging to the optimists is that China has even protected Hong Kong. Most notable was in 1967 during the Cultural Revolution. During this time period irrational behavior was running rampant, and the Red Guards were closing in on Hong Kong. However, Beijing had the local
Army commander clear them away. Even more surprising was China's refusal to accept sovereignty over Macau when Portugal attempted to give it back because they were concerned over how it would effect Hong Kong.

Finally, the fifth and less certain premise is the theory that China is becoming more capitalist. Albeit uncertain and unstable, China was beginning the process of loosening many areas prior to the Tiananmen Square incident. In the wake of that event, China is slowly emerging and moving towards modernization. For example, most optimists tend to believe that Hong Kong's influence on China's Guangdong province which has grown at a rate of 25% per annum for the last 10 years will spill over into other parts of the mainland (Flannery 6). They believe if this happens, and China sees an opportunity for continued economic growth that they will become more open to capitalist ideas.

On the other hand are the pessimists, those eternal fatalists that believe that everything China touches inevitably spoils. Many believe that realistically the "one country, two systems" theory will never be able to work. In addition to China's past behavior as an imperialistic regime, there are bound to be conflicts in culture, and economic tension between two countries whose standards of living could be no more diametrically opposed. For example, in China an average person cannot even use regular modes of transportation such as a taxi or soft compartment of a train without having to deal with a mountain of red tape. On the
other hand, in Hong Kong such everyday occurrences are taken for granted. BMWs are common and most everyone has their own personal means of transportation. Also, the Chinese will have their own interpretation of the agreement that may not be the same as London's. In fact, Article 35 of the Chinese Constitution states that "Citizens of the People's Republic of China enjoy freedom of speech, press, assembly, allocation, procession, and demonstration." (Chiu 24-30). As seen in the Tiananmen's Square Massacre, they are all subject to Beijing's final interpretation, as is the Sino-British Joint Declaration. Pessimists also cite issues of social and political clash between a set of people that have been under British rule and those living under the communist regime as sources of conflict. Ideological crises between those used to having everything and those used to little if anything may be a factor as well. The two are so opposite that the notion of them working together simply because the Joint Declaration states that they will is absurd. However strong the possibilities of failure and opportunities for success are, the proof will come only in the form of action in post-1997 Hong Kong.

While everyone in the world is speculating about what will happen, the people of Hong Kong are living with the reality. The lack of confidence in life after British rule is most evident in the emigration patterns. Those that don't want to be around in 1997 are using the years prior to that to immigrate into other countries. Emigration is not a dirty
word in Hong Kong but is spoken freely and has created a brand new industry. A thriving monthly magazine called "Emigrant" is directed at an audience of those who are leaving Hong Kong. It includes various information that would be of concern to those anticipating life in another country, or even help in choosing which country to immigrate into. Some of the issues include, "Property in Portugal", "Finland as an Immigration Option", and many more.

How great is this phenomena? At first Hong Kong officials dismissed it as being normal outflow of Hong Kong. The fact is that they didn't keep records. The one way they have found to keep track of how many people were exiting Hong Kong was to count the number of Certificates of No Criminal Conviction which is needed in order to emigrate and may only be used for such. The numbers for the years up to and including 1985 stabilized at 20,000 a year. It continued to rise in 1986, 1987 and totaled 45,800 in 1988 according to the Hong Kong Government (McGurn 136). The western press refers to the trend as the flight of "yacht people" (McGurn 73). To make matters worse the Hong Kong Government continues to deny the magnitude of the exodus. They are calling it normal and reporting significantly lower statistics than are true according to the Royal Hong Kong Police records of No Criminal Conviction Certificates (74).

Not only are the Royal Police figures an indication of the outflux of people, but the newspapers are filled with accounts of professional people being lured to other
companies with the promise of a passport. According to a 1989 report by the United States Consulate General in Hong Kong, the Hong Kong Government's own report predicts that even considering the conservative numbers it is expected that 8% of Hong Kong's current population will have left before 1997 (McGurn 136). Not only is Hong Kong facing losing 8% of their population, but the quality of those people is causing alarm as well. In 1987, the term "brain drain" was first used to describe the large exodus of Hong Kong's brightest individuals in management, technical and, professional areas. In a 1988 government study, 11,200 emigrants or 25% of all emigrants were in the professional, technical, and managerial category (136). Adding to those concerns is their inability to compete with overseas companies for these individuals. The political uncertainty surrounding the colony isn't any match for equally competitive companies offering passports and residency far from China's communist grasp. Two other particular groups that are leaving by droves are students and pregnant women. The number of students going abroad increased dramatically from 1980-1987, most of which are not returning. The most peculiar group that is leaving are pregnant women. Many pregnant women are flying abroad in order to give birth to their babies in another country. They do so in order gain foreign passports for their children to more easily facilitate emigration. A Canadian obstetrician reported in the South China Morning Post that three or four out of every ten births in his clinic in recent years were
passport babies (McGurn 75). What does all of this mean for Hong Kong and the countries into which Hong Kong's youngest and brightest are immigrating into? For those other countries it means a possible boost to their economies, but for Hong Kong, the situation is not so bright. With the loss of 1200 of its middle class a week, Hong Kong is beginning to feel the effects. The Hong Kong growth rate alone has taken a dive. On the bright side however, the majority of Hong Kong's 5.8 million people are unable or not willing to flee (Holley 4).

However, the pattern of emigration is not only prevalent in the private community, but also in the business community. Many companies and businesses are taking advantage of the time before 1997 to move their operations offshore. Jardine Matheson, one of Hong Kong's oldest and most famous companies shocked the populace when it announced it was moving its legal headquarters to Bermuda. Like most other companies who have moved their base of operation out of Hong Kong, they have left the majority of their operations within the colony intact for the time being. The most common place companies are moving to is the offshore tax haven of Bermuda.

For those who are fortunate enough to emigrate, life before 1997 is a little easier. However, for those who, because of financial reasons or personal preferences will remain in Hong Kong, the emphasis for the next few years is a little different. One major focus of those who are resigned
to stick it out in Hong Kong is the accumulation of wealth. The people of Hong Kong's appetite for luxuries is unlike any other place on earth. Boasting more Rolls Royces and consuming more cognac than anywhere else in the world and their insatiable appetite for gambling has left many Hong Kongers living for the moment. Those who are contemplating what life will be like after 1997 are trying to prepare themselves by spending their money and enjoying life now in the event everything changes.

The years before 1997 provides them with ample opportunity to think and rethink all of the implications. Their solutions have fluctuated from wild schemes such as becoming a United Nations state or moving the entire colony to Australia to coming up with plausible compromises for peacefully coexisting with the new government. They are torn between wanting to go totally democratic before 1997 in order to shield themselves from Beijing and fearing retribution from the post-1997 government if democracy becomes a reality. However, most desire to find a common ground between insuring their freedom and shielding themselves from Chinese retaliation.

An interesting new twist on the desire for democratizing Hong Kong prior to 1997 has come in the form of a new British Hong Kong governor. Quite opposite to the days in which Hong Kong could not look to Britain for help, Governor Chris Patten has begun to change all of that. Quite surprisingly Hong Kong has finally found an ally in the British
government. The 28th British Governor has brought the people of Hong Kong a taste of political democracy from a career politician. He has shrugged off the traditional British fanfare and has gotten down to the business of government. Currently Mr. Patten has set a system of democratic reforms before the Legislative Council that are intended to close up some of the loop holes in the Joint Declaration and offer Hong Kong some security for their way of life. His proposal includes provisions for a more representative Legislative Council, more democratic elections expanding to include nearly half of the population, and stipulations that would give the now weak Legislative Council some punch (Gavshon). Mr. Patten was filmed on 60 Minutes reassuring the Legislative Council that they were not a "rubber stamp" for the 28th British governor, nor will they be for the post-1997 government (Gavshon).

Although some Hong Kongers seem hopeful in getting a taste of democracy, the reaction by the People's Republic of China has been less than amicable. China reacts daily in the press by calling it a western conspiracy and hurling names such as "black hearted pirate" on Mr. Patten (Gavshon). China contends that Mr. Patten's actions have violated the 1984 treaty. They have also threatened to abolish all laws that are not approved by them and have even threatened to set up a shadow government in 1997 if Patten doesn't take back his proposals. There has even been talk of China threatening to take Hong Kong back before the 1997 date. This has
created quite a reaction on both sides of the fence. T.S. Lo, who is the leading candidate for Patten's job after 1997, agrees that Patten's proposals are not good for Hong Kong. He thinks Hong Kong should be taught that they will have to learn to live with China. Regardless, Hong Kong's Legislative Council is now left to wrestle with the proposals. All of which has left the Hong Kong community in a state of unrest and uneasiness. The attempt to introduce a small amount of democracy into Hong Kong before the door closes has not only made Beijing uncomfortable but has left the entire colony holding its breath.

Nevertheless, as the continuing drama unfolds the final scene has already been established. Come what may, on July 1, 1997 the British colony of Hong Kong will no longer exist. It will become Hong Kong, China a Special Administrative Region of the People's Republic of China. The implications of that event and the future of this free enterprise giant has been the topic of heated debate for over a decade and will continue to be until 1997. Speculation abounds, but the truly unpredictable nature of the People's Republic of China makes it clearly impossible to conclusively answer any questions about what will happen beyond 1997. "It is difficult to foresee the future" McGurn quoted one man as saying. "The draft agreement is a postdated check and the future of Hong Kong depends on the carrying out of the terms of that agreement". Meanwhile, the debate continues as time
runs out, and Hong Kong's bustling streets and booming economy await 1997 and the changing of the guard.
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