

China will protect Hong Kong

The Japan Times

By SUSUMU YABUKI July 1, 1997

Special to The Japan Times

With pomp and fanfare Hong Kong was handed over to China on July 1. To the Chinese, the handover means that Hong Kong has finally returned to the motherland.

It is as if a foster child sent away by a poor parent (China) to a rich one (Britain) after a tragedy (the Opium Wars) grew up and became even richer than the adoptive father and returned to his biological mother.

According to the 1996 statistics, Hong Kong's per capita gross domestic product was more than \$24,000, compared with Britain's \$19,000. But China is still a poor country; its effective purchasing power in dollar terms is puny. In terms of GDP, however, China is already a major economy.

The people of Hong Kong probably have mixed feelings. While feeling proud of being Chinese, they worry that the political and economic gaps between Hong Kong and Beijing might create problems in the future.

Chris Patten, Hong Kong's last governor, tried hard during his five-year stint to secure his place in history. He seemed afraid, and with good reason, that he might be reduced to a lame duck unless he put in a good performance.

Patten was appointed to the post five years ago by then British Prime Minister John Major, whose Conservative Party lost to the Labor Party in May's parliamentary elections. It was Major's "sympathy appointment" of a colleague who had lost his own seat in the 1992 election while leading the Conservatives to victory as party chairman.

However, Patten's attempts almost invariably failed. Now he is about to leave history's center stage like a clown exiting after a brief appearance. Instead of playing a leading role in the handover drama, he failed to stage-manage an honorable exit. He made a big mistake in reading the current of history.

The BBC predicted a similar disaster for Patten in a June 22, 1994, documentary "Frontline Hong Kong" (broadcast by NHK satellite TV Dec. 11, 1996). The critical program, I believe, reflected Brit-

ain's enlightened public opinion.

The narrator made this comment: "There is no turning back the clock on Hong Kong's transfer. Those who know China believe London should reach a decent settlement with Beijing rather than take a confrontational approach." But Patten — a "brash Westminster politician" — changed everything.

In the words of one commentator, "Chris Patten, armed with the withering combination of ignorance and arrogance," demanded a complete revision of the 1984 Sino-British agreement on Hong Kong's return to Chinese sovereignty.

The coordinator, quoting from a closing remark in "Myself a Mandarin" by Austin Coates, said Downing Street seemed unaware of the implications of the demand and expressed doubt over Major's wisdom in appointing Patten as the last governor of Hong Kong.

It is unclear how London's handing of the handover issue affected the Conservatives' defeat in the May 1 election. There seems to be no question, however, that the confrontation between Britain and China over the issue did not have a positive effect on the voting.

Coates writes that the belief that Westerners or the West as a whole can change China is fantasy, and that Westerners visiting that nation — no matter how powerful they are — can do little more than "add a grain of salt to seawater," for "China, like the sea, is adamant and of unchanging substance."

In the case of Patten, according to the BBC narrator, trouble began because he believed, "naively or arrogantly, or with the best of intentions," that he could change the course of events. Patten, invited to make a comment, made a sour face and whispered "adamantine."

Post-handover Hong Kong comes under the "one country, two systems" arrangement. This is taken to mean that Hong Kong's capitalist economy and China's socialist economy will coexist — across barbed wires — within the single framework of Chinese sovereignty.

This arrangement, or the scheme for maintaining a high degree of autonomy in Hong Kong as a free port, was first proposed by Deng Xiaoping about a decade ago. Prospects for China's free-market reform were clouded at the time,

but after a period of trial and error the outlook now seems promising.

As things stand, China's economy is likely to expand rapidly at least in the next one or two decades as it moves toward greater liberalization. There is little ground to fear that socialist China will sap the vitality of capitalist Hong Kong or kill the goose that lays golden eggs.

A Hong Kong without prosperity is just a slum of 6 million unemployed. China would have nothing to gain from such a city. It is assuring that the Chinese leadership under President Jiang Zemin is doing everything it can to ensure the continued prosperity of this vibrant capitalist economy.

Travel between Hong Kong and the rest of China, separated by barbed wire, will continue to require visas. Hong Kong will have an independent justice system and its own monetary unit, the Hong Kong dollar. Key officials of Hong Kong's civil service, from Anson Chan on down, will remain in their posts under the first chief executive, Tung Chee-hwa. No doubt Beijing intends to maintain administrative stability and continuity in the former British colony.

As long as these measures are firmly maintained, as seems likely, Hong Kong will remain a world financial center. It is unlikely to be reduced to a local market. In all likelihood, it will continue to function, even under Chinese sovereignty, as a hub of international finance along with other money centers such as New York, London, Tokyo and Singapore.

Hong Kong was once Britain's beachhead in Southeast Asia. Post-reversion Hong Kong, however, will be China's southern gateway to the Association of Southeast Asian Nations and to the West.

Economic interdependence between Hong Kong and the Chinese mainland has deepened and broadened remarkably since Beijing adopted a market-oriented policy of reform and openness. Some fear that the Hong Kong economy might be absorbed into the vast Chinese economy. The fact is, the mainland economy is becoming more like Hong Kong, or more market-oriented.

China, which has already received nearly \$180 billion in direct foreign investment, is using this enormous capital as the catalyst for further market reforms. Hong Kong accounts for 60 percent of the foreign capital.

Indeed, Hong Kong capital is giving the most powerful thrust to Beijing's drive for free-market reform. The barbed wire between Hong Kong and the rest of China symbolizes merely a distance between a developed economy (Hong Kong) and a developing economy (Chinese mainland). That is what the "one country, two systems" is all about.

The message of the handover is that the relationship between Hong Kong and continental China is no longer as incompatible as water and oil.

Susumu Yabuki, an expert on Chinese affairs, is professor at Yokohama City University.



Channel Four

