

### HONGKONG: CRISIS? WHAT CRISIS?

A year ago, Hongkong's Stock Market index stood at 1,600 and the Hongkong dollar was 5.50 to the US dollar. Today the market index hovers nervously at 800 and the dollar is pegged to the US at 7.80 only through massive government intervention that effectively mortgages the entire government assets to exhaustion if the current run against the HK dollar continues. The consulates in the colony cannot cope with visa applications and the Chinatowns of London, Toronto, New York etc, are groaning with hot HK money as the local punters hedge their bets. The Governor, Youde, the Peking Ambassador, Craddock, sundry placemen and compradores from Hongkong's Executive Council are on permanent shuttle between Hongkong, London and Peking, the Foreign Office maintains a po-faced silence on the talks and Peking has launched several different trial-balloons on the future of the colony whose main effect is to depress the stock market and drive the dollar lower. What is going on here?

The crisis has its origin in the 19th century treaties that 'legalised' Britain's colonial thievery during the Opium Wars. The treaty of 1898 which *leased* the New Territories (with 95% of the colonies land area in them) expires in 1997. Britain asserts their validity and claims sovereignty now via them. China denies their validity and asserts her intention to take all of Hongkong back at some date. A number of different formulations have appeared according to which Peking official is quoted by which newspaper: 'soon', 'when the time is ripe', '1997' and so on. Now, the problem for Britain and Hongkong is that because Britain asserts the validity of the treaty, it has to abide by its provisions — all of them, including the terminal expiry date. This means that the Hongkong government cannot issue leases for land in the New Territories for periods that extend beyond 1997 — so that this year you can get one for 14 years, next year for 13 etc. This in turn imposes real difficulty in financing new projects since the conventional and sensible term for mortgages is 15 years and

the money loaned needs to be backed with valid title to the land in question in the form of a valid lease. Bankers are a bit less gullible than politicians when confronting the vacuous blandishments that have appeared in Hongkong and elsewhere about the future of Hongkong's capitalist economy and are increasingly not putting up the dough. The last major capital project — the Mass Transit Railway — was guaranteed by Hongkong government assets and the vitally needed second airport remains unbuilt because of trouble over amortising the estimated £ 1,000 million it would need, and commercial bankers won't touch the project because of the lease problem. The knock-on effect for smaller investors has been noticeable, with other projects shelved, the property market in deep trouble, shares depressed in very weak trading, several major business conglomerates facing bankruptcy, the directors of one under arrest for fraud and the first bank collapse has already occurred.

*Marxism Today* readers will need little reminding that prior to the crisis, Hongkong was one of the few prospering capitalisms around. It made a lot of money for a few exceedingly rich people, both local Chinese and expatriate Brits, and the whole pulsing mess was much caressed by the bankers, insurers and shippers of the City for the remarkable profits it brought them. The net rake-off for them is probably in the region of £1,500 million ie, roughly on the scale of the return on British investments in South Africa. Part of this distillate of workers' sweat also made it across the border — mostly through the sale of water and foodstuffs — to form a major element in the People's Republic of China's foreign earnings.

Internally, although society is pretty wretched — with a corrupt and brutal police (the best force money can buy), little social welfare provision, rotten hospital service, a cowed and fractured trade union movement etc — little active opposition to British rule has developed since the cultural revolution riots of 1967. While only a handful of local people are overtly pro-British, neither are they particularly keen on reversion to full control by Peking. What pro-PRC attitudes there are seem more an expression of residual Chinese nationalism than adherence and support of the policies of the PRC. British colonial policy has been successful in preventing the emergence of a distinct and politically articulated sense of HK-belonging, often justified (with no evidence provided) by the notion that Peking would object. The reality is that those policies have been

designed to head off anything that challenged colonial rule. Despite objective conditions that should have produced revolt — lousy housing, appalling accident rates, blindness among young female operatives in the electronics industry, the use of carcinogenic solvents long ago banned in the West — a combination of a neo-colonial education system, market forces, an efficient Special Branch and the discreet presence of the brigade of Ghurkas has produced the desired effect.

So: both Britain and China make a nice few bob out of the place, no internal threat is apparent; what is stopping the pragmatic realists of Deng Xiaoping's inner circle from doing the sensible thing over this little scrap of paper that is causing the crisis, *viz.*, re-negotiate the lease?

The simple answer is that they either can't or won't, most likely the former. I know of no reputable sinologist that will predict such a course — indeed the whole idea is ludicrous. In Chinese eyes, such an act would be one of colluding with imperialism and shamefully perpetuating the humiliations China suffered during the 19th century. Deng Xiao-ping could not survive such an attack, let alone lesser figures. Forget it.

Neither will a number of equally unlikely suggestions floated by the Foreign Office, the Hongkong Government Office in London and the herd of flacks, hacks and toadies that plant these ideas in 'respectable' newspapers work either. The latest is a suggestion that Britain would cede sovereignty but retain a substantial presence in 'administration', ie, the flag changes and little else. The problem here is that sovereignty is indivisible: the least acknowledgement by China of a legitimate role for Britain *after* it had regained *de jure* and *de facto* sovereignty would, in international law, weaken China's claim to have that exact sovereignty. The continuance of British legal jurisdiction, the circulation of the HK dollar, the operation of commercial laws (such as they are) different to those of the rest of China — all these are *simultaneously* essential for the operation of HK capitalism *and* the kiss of death to an international acceptance of China's claim to be exercising that sovereignty. It won't work.

So, what are the present negotiations about, you might well ask? As far as I can see, they are about the date and details of handover. There is a convergence of Chinese and British interests in keeping everything secret until the very last moment. From Britain's point of view, the main aim is to keep out as many as possible

of HK's 3 million 'British' citizens. There are too many of them and they are the wrong colour. Not to put too fine a point on this, this is an act of grotesque and unforgiveable racist cynicism, not to mention the moral cowardice in saying to a population twice the size of Israel 'we've had your money: thanks and fuck off.' The whole intent of the legislation on Dependent Territories under the British Nationality Act 1982 was to that effect.

China has a vested interest in preventing *part* of HK's population from leaving because it wants to retain and use HK's valuable human resources for its own programme of modernisation. Hongkong contains tens of thousands of exactly what China as a whole lacks: technicians, scientists, programmers, managers, bullion dealers etc, all bi-lingual, trained by somebody else and proficient in the latest technology. This, for a country that has problems because it lacks sufficient heavy lorry-drivers, is an asset they cannot afford to squander. And the logic of China's position on the treaties is that they are all Chinese citizens and amenable to Chinese law. However, this section of the people will have the most to lose after reversion and be the group most likely to try and leave in the interim.

China has a different problem, which is to portray the takeover to world opinion as being desired by and in the interests of the mass of HK's people. It is conducting a campaign, initially among younger intellectuals, to marshal support for the

changeover. At this stage it is hard to see how successful they will be but there is no doubt as to the effort they are putting into the scheme.

Other sectional interests are lobbying too — ranging from HK business folk twisting arms at the Commons with backbench Tories to the indefatigable Greg Benton arguing that the proper way to deal with the situation is to overthrow the colonial state and establish a workers' (ie, Trotskyist) regime so as to form a base from which socialism (ie, Trotskyism) can be spread to the rest of China. (See his book *The Hongkong Crisis*, Pluto Press, 1983). This last idea is unlikely to take place.

It is a damning indictment of the British Left that we have neglected Hongkong over the years. We have better links with Nicaragua than with our own colonial sisters and brothers who are fellow citizens with a long history of oppression by *our* ruling class. But make no mistake, we will have plenty of opportunity to reflect on our sins in the years to come. Internationally, we have the prospect of a new wave of 'boat people' in the South China Sea — except this lot will be waving perfectly useless British passports at the cameras. At home, we will be welcoming — just as Hongkong welcomed them from Shanghai in 1949 — a job-lot of crooks and gangster of every description — brothel-keepers, heroin-dealers, Triad-members and ex-Special Branch thugs. They will have valid British passports with permission to stay.

Walter Easey

#### IRAN—STATEMENT

On page 32 of this issue we carry an article on Iran. Readers will be interested in the following statement on Iran adopted by the Communist Party at its 38th National Congress as we went to press.

This Congress condemns the actions taken by the Iranian authorities against members and supporters of the Tudeh Party of Iran, and other anti-imperialist and patriotic forces in Iran. We believe that this repression marks a move away from the popular and democratic character and achievements of February 1979 which the Tudeh Party of Iran has consistently fought for and defended, in order to secure independence, freedom and social justice for the Iranian people.

We demand that the Iranian authorities release all those Tudeh Party comrades and other progressives arrested and unjustly imprisoned.

We further demand that the United Nations, the International Red Cross and other recognised international aid agencies be given access to all political prisoners to view the health and condition of the prisons and prisoners.

We re-affirm our solidarity, and call upon all British democrats and members of the labour movement likewise to express their solidarity with the Tudeh Party of Iran and to support solidarity actions and the work of the Committee for the Defence of the Iranian Revolution (CODIR).