





THE TRANSFER OF HONG KONG

How the tiny island of Hong Kong became a pawn in the power struggles of history

By Eugene Finerman

At midnight, July 1, 1997, in an elaborate pageant that marked the end of a historical epic, the sovereignty of Hong Kong was transferred from Great Britain to China. Concluding their 156-year rule of the colony, the British departed with pomp and ceremony: splendid uniforms, regimental bands and formal banquets. But beyond the spectacle was the unique agreement between two incongruous countries—the monarchy and the communist—and the peaceful, generous compromise they had reached in determining Hong Kong's future. Britain's Prince Charles and China's President Jiang Zemin stood on the same dais, the personifications of their countries in this historical act: the old empire was giving ground to the new world power.

Ironically, that was how the history of Hong Kong began. In the early 19th century, however, China was the old empire and Britain the new world power. China had become the relic of a great nation. When Europe was stirring from the Middle Ages, China's might, culture and wealth were unmatched. In the 15th century an emperor had disbanded the Chinese navy. His arrogance would become China's policy for the next four centuries. As China succumbed to complacency and stagnation, European empires arose, powered by scientific advances and an Industrial Revolution. Foremost of these new powers was Great Britain.

In the 18th century, British ships were plying China's shores, eager to trade for silk, porcelain and especially tea. However, China was selling but not buying. The imperial government regulated commerce, restricting European imports into the empire. Furthermore, China would only accept silver bullion as legal payment. This trade deficit with China—and the drain on bullion—was undermining Britain's economy. British merchants, however, eventually found a way to reverse the trade imbalance: selling opium.



Hong Kong became a bustling city of almost 6.5 million and one of the world's great financial centers under Britain's 156-year rule.

Smoking opium was a vice long known to China, and the opium poppy was easily cultivated in British-controlled India. A ready supply of the drug increased the Chinese demand for it. By the 1830s, the opium traffic had grown to 1,400 tons a year from 75 tons annually in the 1770s. Now, China was running a trade imbalance with Britain; worse, an estimated 4 million Chinese men were opium addicts. Confronted with this crisis, China sought to stop the opium trade.

In 1839 an imperial viceroy confiscated 1,200 tons of opium from British merchants. He even wrote an open letter to Queen Victoria, criticizing her for permitting “her barbarians to poison the Chinese people” with opium. For the sake of free trade, sovereignty and royal dignity, Britain went to war with China.

Although China had a population of more than 400 million, it still proved hopelessly outmatched by the British. Britain had the best navy in the world equipped with modern weapons while China had only antiquated arms. This so-called Opium War lasted from 1839 until 1842. With their unchallenged mobility and unmatched firepower, the British were free to blockade, raid and conquer at their leisure.

In 1841, the British seized a large island a mile off the Southern coast of China. With its deep-sea anchorage, this island—Hong Kong—made an excellent base. When the war ended with the Treaty of Nanking in 1842, vanquished China opened its markets to British goods, paid for the confiscated opium and ceded Hong Kong Island to Britain.

Hong Kong, meaning “fragrant harbor” in the Cantonese dialect, is 29 square miles. What had been a Chinese fishing community now became the base of the British Empire. Ships docked there, warehouses and trading offices were built, and soon the island was a thriving international market. Administrators, traders and officers settled with their

families, and Hong Kong became a teeming city. The island could not contain this urban growth, and China was coerced into giving Britain more land. In 1860, Hong Kong's boundaries increased by another 6 square miles, but the burgeoning British colony soon required more.

So, on July 1, 1898, China “agreed” to lease 368 square miles of land across the straits from Hong Kong. With the acquisition of the New Territories, the colony's size increased tenfold. Unlike its earlier concessions of land, however, China had not ceded the territory in perpetuity. The lease was only for 99 years, after which the land would revert to Chinese sovereignty. At the time, 99 years seemed forever. Neither the Chinese mandarins nor the Victorian diplomats could have imagined the tumult of the next century.

The incompetent imperial government was overthrown in 1911, but the succeeding republic proved just as weak and inept. It could not suppress rebellions by vying warlords or defend itself against a communist revolution. Yet, while China was in chaos or under tyranny, Hong Kong continued to flourish, its population further swelled by refugees. The citadel of imperialism became the haven for freedom.

But in that same 99-year period, Britain had declined. Most of its empire was gone, and Hong Kong was the relic of a bygone glory. Furthermore, British sovereignty over the New Territories—90 percent of Hong Kong's area—would expire on July 1, 1997. Britain did not have the legal right or the might to deny China the restoration of that land. Nor was Britain prepared to take in millions of refugees from Hong Kong who might flee communist rule. Britain had no alternative but to try to negotiate a peaceful accommodation with China.

Fortunately, that was China's intention as well. China aspired to have all of Hong Kong, not just 90 percent.



Chinese and British leaders gathered for the official transfer of power of Hong Kong held on July 1, 1997.

Diplomacy and patience could achieve it. The pragmatic among the communist leadership had long appreciated Hong Kong as their window and market to the world. With so much to gain, Beijing was willing to dispense with Marxist doctrines on economy and sociology. In 1984, China's leader Deng Xiaoping proposed this idea as the basis for negotiations: "One country, two systems." He meant that even under Chinese rule, Hong Kong could maintain its capitalist economics and lifestyle.

Using that concept as their basis, China and Britain reached an agreement on Sept. 27, 1984. All of Hong Kong would be "restored" to China on July 1, 1997. However, Hong Kong would maintain its autonomy for 50 years. As a "Special Administrative Region," Hong Kong would have self-rule in domestic and economic matters. China pledged, "The current social and economic systems in Hong Kong will remain unchanged, and so will the lifestyle ... Hong Kong will retain the status of an international financial center, and its markets will continue" China would not even tax its flourishing financial enclave. The very boundaries of Hong Kong would be preserved. Visas would be required for any travel between the People's Republic and Hong Kong. Only in military and diplomatic matters would Beijing assert authority. In summary, Hong Kong would remain an autonomous colony, but now China's instead of Britain's.

This declaration, with its long list of generous and reassuring concessions, did contain one sobering statement. Hong Kong's autonomy was guaranteed for only 50 years. As of 2047, it would lose its independence and be fully integrated into the mainland, subject to the policies and social system of that future China.

The agreement had been reached, the timetable set, and Hong Kong went about its business. There really was noth-

ing else to do but accept the inevitable. Some 50,000 of Hong Kong's leading figures and their families did receive British citizenship—for past services and future "contingencies." But for most of the colony's now 6 million residents, so long as their lives and businesses were unaffected, the transfer of power was a diplomatic abstraction.

Almost 13 years later, on July 1, 1997, that diplomatic abstraction became a historical reality. Prince Charles represented the Royal Family and, indeed, British history on the last day of British rule. However, the Chinese leadership—President Zemin and Prime Minister Li Peng—chose only to attend the official transfer of power; they did not wish to share in the nostalgia for the British Empire. On a dais, where the official ceremony took place, stood two flagpoles. One flew Britain's Union Jack; the other awaited its new flag.

At midnight, as a British military band played—for the last time in Hong Kong—"God Save the Queen," the Union Jack was lowered from its flagstaff. Then, as the Chinese national anthem played, the flag of China was raised.

Throughout Hong Kong, the British symbols and royal regalia were removed from public buildings. A new, Beijing-approved administrator took over from the British governor. While British armed forces were departing with marching bands, Chinese armed forces quietly occupied the territory's military bases. And Hong Kong's markets were still open for business.

Eleven years have now passed, and Hong Kong maintains its unique, perhaps precarious, autonomy. In 2047, that autonomy will expire; but who can say what the prevailing policies of China will be then? The leadership of China actually seems more intent on emulating the capitalism of Hong Kong. The future China may well be what Hong Kong is today. However, that chapter of history waits to be written. ■