



A.J.C. (or)

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Prime Minister

I shall let you have a
draft reply.

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31st August, 1982.

A.J.C. 6/9.

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Dear Prime Minister,

As you know, your visit to Peking and Hong Kong is a matter of great interest in Hong Kong because of what you will have to say about its future. As I think I am the only Member of Parliament born in Hong Kong, and one who has maintained an interest in its development for the 20 years since I entered Parliament, I hope you will allow me to offer some suggestions.

The future of Hong Kong and its five million inhabitants lies in its continuing role in the economic development of China. This was the theme of my speech in the House on 11 April 1963, when I had the first debate on Hong Kong in the House since the war. I enclose a copy, as it is still relevant. I also enclose a copy of a document from the Hong Kong Prospect Institute, which I expect you too have received, giving what seems to me a realistic political analysis of the position, and suggestions which I would support.

However to cement interests on all sides more specific steps might be taken:

1. China might declare a "special economic zone" adjacent to the New Territories, stretching towards and perhaps including Canton.
2. Britain and China would declare that it was their intention to foster the integrated economic development and harmonisation of economic and social conditions in the "special economic zone" and in Hong Kong.
3. The "special economic zone" would remain wholly under Chinese administration which would seek to realise for the "special economic zone" the economic development achieved in Hong Kong. Britain would recognise the ultimate sovereignty of China over the whole of Hong Kong, but would accept the indefinite continuation of its role in Hong Kong, with the nature and role of particular institutions being progressively harmonised with those of the "special economic zone".
4. As a first step the Bank of England and the Bank of China, together with Hong Kong interests, would have talks about the gradual development of a financial system in which Hong Kong and the "special economic zone" operated together as an open financial system integrated with the international financial system.

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5. To meet the Chinese hunger for Western known how, institutes of technology and further universities would be set up in Hong Kong and the "special economic zone" of the highest international standard.

It would be neither necessary nor possible during your visit to do more than set the agenda for talks leading to such developments. The long term economic, social and political reality would be that five million people in Hong Kong became an indistinguishable element in a larger "special economic zone" of 20 million Chinese, which would itself achieve a special role in the development of China as a whole, perhaps with similar zones round Shanghai and elsewhere.

I am sure you will be told that it will go down well if you attribute the success of Hong Kong to the virtues of the Chinese people, while saying that Britain will be ready to continue its humble role in whatever ways may be of service.

You have my best wishes for the success of your visit.

Yours sincerely
Jeremy Bray

Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
SW1.

6 September 1982

Prime Minister's Visit to Hong Kong

I enclose a letter which the Prime Minister has received from Dr. Jeremy Bray. This suggests certain specific steps which might be taken to secure a satisfactory future for Hong Kong.

I should be grateful if you could let me have a draft reply for signature by the Prime Minister by Monday 13 September.

AJC

John Holmes, Esq.,
Foreign and Commonwealth Office.

to

6 September 1982

I am writing on behalf of the Prime Minister to thank you for your letter of 31 August.

I shall of course place this before the Prime Minister and a reply will be sent to you as soon as possible.

AJC

Dr. Jeremy Bray, M.P.

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July, 1982.

Dear Mr. Bray,

Enclosed herewith for your reference and/or publication is a document of the Hong Kong Prospect Institute Ltd. : The Future of Hong Kong: an approach and a proposal, with its attachment A Résumé of the Proposed "Sino-British Treaty of Friendship and Co-operation.

With our best wishes,

Sincerely yours,

Hong Kong Prospect Institute Ltd.



The Hongkong Prospect Institute Ltd.

THE FUTURE OF HONGKONG:
AN APPROACH AND A PROPOSAL

July, 1982.

HONGKONG

I. BASIC PRINCIPLES

In any consideration of the future of Hongkong, there are three basic principles which, in our view, ought to be observed.

First, we should focus our attention on the effects in the future instead of the rights and wrongs of the past.

Second, any proposal for the future of Hongkong should base itself on what is practicable and on what is acceptable to the three parties concerned, viz., Peking, London and the residents of Hongkong.

Third, in considering the political future of Hongkong, we should take Hongkong as a whole and should not treat the lease of Kowloon and the New Territories as a separate issue.

II. THE POSITION OF THE THREE PARTIES CONCERNED

According to our understanding, the three parties concerned have each its own position regarding the future of Hongkong:

(i) Peking

(a) The sovereignty over the whole of Hongkong belongs to the People's Republic of China and the existence of unequal treaties signed by the Ching Government and Great Britain cannot be recognised.

(b) The present prosperity of Hongkong rests on its political and economic system and as this prosperity is of vital importance to the modernization of China, the existing system should, for a period of time, be maintained.

(ii) London

(a) The British rule of Hongkong rests on provisions in past treaties. If these treaties are not recognised, the British rule will lose its legal basis. Great Britain, however, appears not to be without understanding of the Chinese position concerning sovereignty over Hongkong and to be willing, at the opportune moment, to negotiate with China over this matter.

(b) It is because the British cannot ignore the legal basis of their rule of Hongkong that the expiry of the lease of North Kowloon and the New Territories cannot be swept under the carpet. Hence before the sovereignty problem of the whole of Hongkong can be solved through negotiations, ways and means for solving the issue of the lease, such as its extension, must first be found.

(iii) Hongkong Residents

(a) The majority of Hongkong residents, while they have no objection to the positions of both China and Great Britain, nevertheless, hope that some satisfactory solution in keeping with their own interests and aspirations can be found, and believe that, in the search for such a solution, they ought to have the right of active participation.

(b) It is their view that, if the authorities concerned fail to find a satisfactory solution before it is too late, the investors and the elite will have no alternative but to look to their own interests individually or collectively.

III. POINTS OF VITAL IMPORTANCE IN THE SEARCH FOR A SOLUTION

In the search for a satisfactory arrangement for the political future of Hongkong, it is essential to take the following points into account:

(i) Conciliation

As the legal point concerning the sovereignty of Hongkong Island and South Kowloon is of paramount importance, if undue emphasis is put either on the position of Peking or on the position of London, the result can only be a confrontation which is detrimental to the interests of all parties concerned. Hence the only way to pursue the matter is to seek a path on which to move gradually towards solution in a conciliatory spirit. On the one hand, Great Britain should recognize the right on the part of China to claim sovereignty over the whole of Hongkong and show willingness, at the opportune moment, to negotiate with the Chinese Government on the matter. On the other, China ought to recognize that it is of mutual benefit and in keeping with the interests and wishes of the Hongkong inhabitants for Hongkong to remain, for a considerable period of time, under British rule.

(ii) Stability

While recognizing that China should eventually regain the sovereignty of the whole of Hongkong, we must bear in mind that in say the next thirty to fifty years, a stable and prosperous Hongkong will have a crucial role in the modernization programme of China, a role only Hongkong is apt to play. Thus, should an announcement be made too soon that the sovereignty of Hongkong will revert to China, this would most probably create great instability. There would be an outflow of foreign and local capital as well as

movable industrial equipment and a migration of professionally and technically qualified people, leaving Hongkong in an impossible situation. Rather than a help to China, Hongkong would then be a great burden instead. Of course, after regaining the sovereignty of Hongkong, Peking could reshape Hongkong according to its own plans, but in the transitional period, there would inevitably be political and economical changes and socio-psychological disorder. This period of disruption and readjustment could be very long. Thus, exactly when China needs Hongkong most in its attempt at modernization, Hongkong would become a worse than useless encumbrance.

(iii) Practicability

Any agreement on the future of Hongkong should avoid unnecessary complications. If the method of a "joint communique" is adopted, it may be simple but will have no legal validity. If a treaty specifically dealing with the status of Hongkong is signed, it would seem to necessitate an immediate solution to the problem of sovereignty, but, as we all understand, it is not yet the most opportune time to deal with this basic and controversial issue. Again, if Hongkong is to be made into an international free port or a United Nations trust territory, this would complicate matters further by involving parties other than China and Great Britain.

IV. THE SOLUTION MOST WORTHY OF CONSIDERATION

From the above considerations it can be seen that the ideas of a joint-communique, of a treaty on the status of Hongkong, or of making Hongkong an international free port, are all infeasible. Furthermore, there has also been the proposal that Hongkong should become an independent state. But this is obviously unacceptable to Peking, and there is the further

disadvantage of not being in accordance with the wishes of the majority of Hongkong inhabitants. Again, the proposal that Hongkong should be taken back by China and turned into a special autonomous region or a special economic zone, may, in the very distant future, be a feasible plan worthy of serious consideration, but in the less distant future, it is not a good plan as it would have too much of an unsettling effect on Hongkong. As to other proposals, they all have their advantages and disadvantages, and we do not propose to go into them here. We, members of the Hongkong Prospect Institute, having held a number of discussion meetings, have reached the tentative view that the most feasible plan is for a "Treaty of Friendship and Co-operation" to be concluded between China and Great Britain. This proposal is set out in the attached document "A Résumé of the Proposed 'Sino-British Treaty of Friendship and Co-operation'."

The Hongkong Prospect Institute Ltd.

A RÉSUMÉ OF THE PROPOSED

"SINO-BRITISH TREATY OF FRIENDSHIP AND CO-OPERATION"

July, 1982.

HONGKONG

I. PRELIMINARY

The proposal contained herein is one of the schemes formulated with an eye to solving the urgent issue of the "Status of Hongkong". As the lease of the New Territories and North Kowloon will expire in a relatively short time, the inhabitants of Hongkong and other people involved in this matter are increasingly concerned over the problems arising from Hongkong's changing status and political future. A number of schemes have evolved during the past year, and, from the Chinese side, it has been reported that the idea of a "special economic zone" was brought up, and the notion of a "free port" was also mentioned. A "special economic zone", applied to areas which had all along been under the existing system at work in China, may yield certain results, but, if a similar scheme were to be applied to Hongkong, it would imply the bringing about of a series of extreme changes which will have drastic impacts upon Hongkong's political, economical and social structures. The existing rule of law in Hongkong, with its legal implication for foreign investors, as well as the status of Hongkong as a financial centre based on the Hongkong Dollar as the medium of exchange, will all undergo drastic change. With the tremendous impacts brought about by such changes, it would be inevitable for Hongkong to lose its characteristic functions and would have to depend, instead, upon China for help in its effort to adjust itself to the new system. The upshot is that, should the "special economic zone" scheme be introduced for Hongkong, China not only could not expect to get any benefit from Hongkong in her modernization programmes, but would have to make very considerable efforts, in terms of both manpower and expenditure, to help Hongkong undergo the metamorphosis. From the viewpoint of China's national needs and priority, the idea of turning Hongkong into a "special economic zone" is detrimental to her interests rather than beneficial. The Chinese authorities, it would appear, have gradually come to realise this point. As to the suggestion of a "free port",

if this means an "international free city" similar in nature to Danzig, it would directly involve the sovereignty of the territory in Hongkong, an issue which is anathema to the Chinese authorities. Other suggestions such as "trusteeship" would involve all kinds of problems in international law and is acceptable only if both China and Great Britain are willing to make great sacrifices. On the other hand, the Chinese and the British authorities have hitherto looked upon the problem of Hongkong as a bi-lateral issue and will not countenance any intervention from a third party (including sundry and all international bodies).

If a scheme, acceptable both to the two nations' authorities and to Hongkong itself, as well as objectively capable of meeting the needs of all parties, is to be formulated, the normal, and most feasible course of action would be for the two countries to conclude a new "Sino-British Treaty of Friendship and Co-operation". Hence the proposal herewith.

II. AN OUTLINE OF THE NATURE AND CONTENTS OF THE "SINO-BRITISH TREATY OF FRIENDSHIP AND CO-OPERATION"

(i) The Nature of the Treaty

The treaty proposed herewith does not deal with the Hongkong issue as its main item. Rather, it aims at re-defining the Sino-British relationship as a whole. The Hongkong issue has never been an isolated one and should, therefore, be looked upon as part of the foreign policies of the two nations. The proposed enactment of a new treaty has as its objective the firm establishment of a relationship of close co-operation between China and Great Britain, with the hope of maximising Hongkong's function as the centre feature of such co-operation, so that the modernisation programmes in

China can be better facilitated. The discord between China and Great Britain left over from history should be swept away under the new treaty.

(ii) Contents of the Treaty

(a) Tangible Items of "Friendship and Co-operation"

The detailed items for co-operation between China and Great Britain should be clearly defined, enumerated and programmed. These items should include co-operation and co-ordination in the field of scientific and technological research; bi-lateral economic development projects and joint ventures; co-operation in various programmes of advanced and specialised training; co-operation and concerted efforts to safeguard the world peace, etc.. And as soon as the treaty is concluded, concrete, detailed steps towards the implementation of a clear-cut programme of co-operation should be taken immediately.

(b) The Hongkong Clause

There should be a specific clause in the proposed treaty to indicate that the existing system at work in Hongkong will remain unchanged, and that Hongkong is the main base for substantive co-operation between China and Great Britain. A declaration should be made to the effect that Hongkong's status quo does not involve any difference of views with regard to sovereignty. In this clause, Great Britain recognises China's claim to sovereignty over the entire territory of Hongkong, and expresses her preparedness to negotiate the transfer of Hongkong's sovereignty with the Chinese government at the appropriate time, while China recognises the fact that, under existing circumstances, the continuation of British administration in Hongkong is beneficial to both nations, as well as meeting the interests and aspirations of the residents, or the people of Hongkong.

Both parties should state clearly in the Hongkong clause their intention to see Hongkong progress further on the path of democratisation of local government, of the rule of law and of economic prosperity and social stability.

(iii) Procedure

Although this treaty is not enacted solely for the sake of Hongkong, it affects the lives and prospects of the people of Hongkong to a very great extent. Prior to the official conclusion of the treaty, public opinion from Hongkong' residents should be solicited in order to strengthen their sense of participation and to enhance their understanding of the true meaning of the treaty, which consists in bringing about a normal relationship of co-operation between the two nations, clearing-up all the complications left by the historical accidents, and serving the interests of China and other parties concerned, without involving national pride or disgrace, lest deviated responses should be aroused. When the treaty is concluded and signed, representatives of the government and the people of Hongkong should be officially present to bear testimony to the undertaking pledged by both the Chinese and the British authorities to the people of Hongkong.

(iv) Duration

The duration of effectiveness of the treaty should be sufficiently long. There should at any rate be no fewer than thirty years in order to give guarantee that all the co-operation programmes can be implemented in a period of time long enough to be deemed stable. Amendments and renewals should be handled in accordance with internationally accepted precedence. It should however, be stated clearly that any amendment or renewal must comply with the aspiration and well being, i.e., the advice and consent, of the people of Hongkong.

[Mr. MARTEN.]
of any ground running at night. Complaints are investigated immediately.

As the hon. Member for Loughborough appreciates, a great deal of work is also being done by way of research to lessen the noise of jets. This is being carried out in Britain at the National Gas Turbine Establishment, near Farnborough, at the College of Aeronautics, at Cranfield, and at Southampton University. The Government spent £400,000 on this last year. It costs B.O.A.C., which is only one airline, £410,000 a year in extra fuel and lost payload because of the noise; £10,000 a year to maintain the suppressors; and the suppressors themselves cost B.O.A.C. £397,000 as an item of capital equipment. The earth banks and mufflers cost £400,000. Hon. Members will see what one airline is doing in the way of suppressing noise to help the constituents of those who have taken part in the debate.

Mr. Hunter rose—

Mr. Marten: I must press on with my speech.

The hon. Member for Loughborough asked about the new planes and another hon. Member asked whether these would be noisier. The development of the bypass engine, in particular, has reduced jet noise for the same engine power. The Trident will be 8 to 10 perceived noise decibels quieter than the Comet for the same thrust. There are signs of great progress in this respect. The B.A.C.111 is in the same range as the Trident.

I think that the hon. Member for Loughborough has taken this matter up with the British Aircraft Corporation in respect of the VC10. The Corporation tells me that the VC10, with an all-up weight of 299,000 lb., registered 101½ perceived noise decibels, whereas the Super VC10, with an all-up weight of 320,000 lb., registered 102 perceived noise decibels. This is a remarkable feat for this remarkable plane. I am sure that hon. Members agree that this is progress in the right direction.

There are many more points which I would very much like to make. I have the answers to many questions and will send them to hon. Members. But time has run out and I must give way to the next debate.

These are some of the things being done to tackle this most irritating problem. It is a problem which I recognise. I thank my right hon. and learned Friend the Member for Chertsey for having raised the question and I thank other hon. Members for having contributed to the debate. I hope that they will accept that the Government are doing their best to solve the problem. I should like to end by joining the hon. Member for Eton and Slough, who has now left the Chamber, in expressing sympathy particularly with those who are sick and old and who, perhaps, suffer more than any other people from this very irritating noise.

HONG KONG

1.39 p.m.

Dr. Jeremy Bray (Middlesbrough, East): It is many years since the House had an opportunity of giving its full attention in debate to the affairs of Hong Kong. I am sure hon. Members will feel that it is high time that we did so. I trust, Mr. Deputy-Speaker, that you will allow this debate to overrun at least to the extent it has been overrun by its predecessor.

Hong Kong is now our most populous dependent territory, with a population higher than that of New Zealand and a foreign trade equal to half that of the whole of India. It has our sole common frontier with the Communist world and it is our most intimate contact with the most numerous race on earth. I think that hon. Members will agree, too, that we have a special responsibility for the 3½ million people, mostly Chinese, who have chosen to live in Hong Kong.

I know that many hon. Members wish to speak so I will plunge straight into the consideration of the future of Hong Kong without dwelling on its great past achievements or upon the spell which it casts over all who visit Hong Kong, a charm which I have known since my childhood, for I was born there. Much needs to be said about the social and political developments within Hong Kong and I hope that my right hon. Friend the Member for Middlesbrough, East (Mr. Bottomley) will have an opportunity to say something about this. My time is limited, so I shall concentrate on the economic and external affairs of the territory.

The key to the understanding of Hong Kong and of its future is its unique economic position. Hong Kong has enormous overseas trade. Since 1952, when industrialisation and local manufactures began in a big way, Hong Kong has had a very large gap in its balance of visible trade. In 1962, the value of exports was only 66 per cent. of imports, leaving a gap of £140 million in an import bill of £420 million. Most modern economies certainly do have a deficit on visible trade, including our own, but whereas our gap has not exceeded 10 per cent. in any recent year, Hong Kong's is 34 per cent. India certainly has a comparable gap, but this is in a country which has an enormously larger domestic economy, and in India it is covered by carefully negotiated loans between Governments. Hong Kong receives no Government loans.

Some of the gap in the balance of Hong Kong's trade is filled by invisible earnings, notably from tourism, but undoubtedly the large remaining gap indicates a very substantial inflow of capital. The source of this capital, I understand, is mainly overseas Chinese all over South-East Asia who are investing their money in Hong Kong, and who find it profitable to do so. No one seems able to say just how large is this capital inflow. One reason for this lack of statistics—which is being remedied now—is the happy position of the Hong Kong Government in having practically no national debt.

As the Government have not had to borrow money they are not bothered about having to pay it back, or paying interest on debt. So the Hong Kong Government say that the balance of payments is self-regulating, surely an ideal economy in the eyes of the hon. Members opposite. The Government just do not have to know what is going on in the way that we have to know in this country. This is fine so long as the capital inflow continues. Even if the capital inflow falls off the Government can still avoid embarrassment to themselves or to the currency by reducing their spending on capital goods, on capital programmes. It would be the private citizen, the ordinary worker, who would suffer.

Much of the money coming into Hong Kong is now being invested in property. The supply of land is very limited and

it all belongs to the Government and the Government make a good deal of money by the sale of land leases at prices which put London's land prices quite in the shade. Government income from this source in 1962-63 doubled over that of the previous year to over £11 million, and it is sufficient to finance the whole of the Government's impressive public works building programme for housing, education, and health services. So the private property investor from abroad is financing the Government as well as the private building in the economy.

There is, of course, a spiral in this investment boom. It is highly profitable to invest in property which is to house the people who are to build the next property in which one is to invest, and so on. The Hong Kong Government are very well aware of the dangers of such a boom running away to the point where it "busts", with a fall off in new investment destroying the profitability of former investments. In his Budget speech on 27th February, the Financial Secretary in Hong Kong said that one of his

"nightmares is that by rapid and wasteful expansion we come to the end of our resources with an incomplete and unbalanced structure".

In other words, it is necessary to build up Hong Kong's industry and trade so that it can earn a sound living. Certainly, no one development will secure this, but it does seem to me that a new element is needed in the situation other than the old battle of tariffs and quotas.

It would be helpful, at this point, to consider the political position of Hong Kong. It exists because it is useful to China, not only as a meeting place with the outside world but as a very substantial source of foreign exchange. Hong Kong imports, mainly of food, from China in 1962 were £75 million. Its exports to China were £5 million, leaving China with foreign exchange earnings of £70 million.

From China's point of view this meeting place with the outside world is as convenient in British hands as any. As an independent territory everyone recognises that it would become a cockpit for the struggle between Chinese Nationalists and Communists which could only lead to its absorption into China, with the loss of its value as a meeting place. Also,

[DR. BRAY.]

in this House we should recognise that the integrity and efficiency of the Administration in Hong Kong is seen to contribute greatly to the well-being of the people of Hong Kong. That is not to say, of course, that there is no urgent need to continue reform and advance.

Looking to the future, if we can build up a sufficient mutual interest between Peking and ourselves in the continuing prosperity of Hong Kong, then, when the time comes at the end of the century, I can see no reason why the lease of the New Territories should not be renewed, with the courtesy of a host providing a guestroom for an honoured guest who brings long life and happiness.

We have, then, a dual task. We have to build up a viable economy in Hong Kong which will not depend on the capital inflow continuing for ever, and we have also to build up mutual interest between Peking and ourselves in maintaining and increasing the prosperity of Hong Kong. This debate occurs at a time when the Chinese Vice-Minister for Trade, Mr. Lou, is on a visit to London. I am sure that we all hope that his visit has been worth while and that it will lead to growth of trade and good relations between his country and ours.

China is today looking for practical technological "know-how", for experience in modern industry, for plant and machinery for advanced engineering products for the manufacture of fertilisers, chemicals, steel, and so on. This is precisely the kind of industry which Hong Kong lacks, partly because of its shortage of land and water, but mainly because of a lack of a large domestic market for products with high transport costs.

If such industry were placed in Hong Kong, China would hardly wish to find the foreign exchange to buy its products, so that would not help. On the other hand, such industry could be built up by China under her own control and ownership on her own territory, next to Hong Kong and complementary to Hong Kong's industry. A modern fertiliser, oil, petrochemical and steel complex needs access to deep water berths for 100,000 ton tankers and ore carriers which could well be built round Hong Kong.

No less important than access for bulk materials is nearness of supporting in-

dustry, trade, and commerce, air communications and know-how. All of these can be found in Hong Kong, where most major British firms are already well represented and where development could proceed rapidly and efficiently. With Canton the centre of communications in South China, with ample crude oil supplies available in the world, with the rich iron ore deposits in Hainan, the river estuary between Canton and Hong Kong is the natural site for this type of heavy industrial development in South China.

China, naturally, would wish to shape such development to meet her own need to build up agriculture and the infrastructure of industrialisation. So it would be more an industrial development exercise than merely an old-fashioned spot sale. Payment would need to be arranged so that it was made out of, for example, the increased food production which would be achieved by the use of fertiliser from new fertiliser plants. China would, therefore, ask for credits. The British Government in London could easily raise loans in Hong Kong to finance such credits, provided that they carried a guarantee from London, for which, in turn, London would obtain a guarantee from Peking. An arrangement on these lines could well provide an export trade from this country of £30 or £40 million a year for many years.

Such a development scheme would give Hong Kong the solid base which it needs. By industrialising and raising the standard of living in China, it would also avoid the sharp economic differences between the two sides of the border which can make it humanly and, therefore, politically unstable. It would give both China and ourselves a major interest in the continued prosperity of Hong Kong.

This may seem to many a daring scheme, but I ask the House to consider whether anything less is possible. It seems to me to be in line with the most constructive efforts of British foreign policy in the past. It is, of course, a matter for us in Westminster, and we should not expect—we obviously cannot expect—the Hong Kong Government to take the initiatives involved. Certainly, everything will depend on the reaction of people in Hong Kong and of Peking, and, in turn, their reaction will depend

on their judgment of the British attitude. To them I would merely say that, for what my judgment as a back bencher is worth, the British Government would consider some development on these lines with interest.

Any such development would, of course, have international repercussions. I am sure that everyone in the House will be thinking of India to which we owe our especial loyalty as a free and democratic member of the Commonwealth whose own development is our dearest wish. Development of relations such as those I have described with China through Hong Kong would not be possible if China and India were engaged in a border war. I have this week called upon the Indian High Commissioner to tell him that this proposal which I am making, far from being unfriendly to India, is intended to cement the foundations of peace. I think this is understood. No one understands more clearly than our friends and colleagues in New Delhi that a necessary foundation for peace is the end of poverty and hunger and the development of the economy in China as in India itself. We have supported many projects such as this in India, and I earnestly hope that we shall support many greater projects. This proposal in relation to China and Hong Kong is therefore in no sense competitive with India, a country which has an even greater stake in the peace of South-East Asia than we have.

To sum up, I would ask whether we see Hong Kong like the string of crackers with which our Chinese friends so delight to welcome us, flashing and banging and then leaving the deepened stillness of a tropical night; or whether we see Hong Kong like a seed which will grow into a tree which the children and the children's children of all those millions in China and in Hong Kong will see, and seeing, give thanks for the labour, the wisdom and the piety of their ancestors.

I do not expect the Government to reply today to the points which I have made, but I would ask them to consider what they should do and to listen to the reaction and responses of our friends in the East; and then to respond with vigour.

1.56 p.m.

Mr. Anthony Royle (Richmond, Surrey): I congratulate the hon. Member for Middlesbrough, West (Dr. Bray) upon initiating this debate. All of us who are interested in Hong Kong welcome the chance to talk about the Colony at Westminster. I have visited Hong Kong twice during the past year, and have just returned from there.

While, naturally, all of us on both sides of the House were very interested in the hon. Member's thoughtful suggestions about the Colony's future, I feel that much of what he put forward is not practical at this moment. I believe that the more appropriate way to strengthen Hong Kong is to strengthen her trade position, that is, by strengthening her ties with and her markets in South-East Asia and other parts of the world. While it is right that we should all give careful thought to such problems as the hon. Member put forward with such care, I feel that there are other matters that we ought to discuss today.

The first thing that struck me when I heard that there was to be this debate was the vital necessity for the future of Hong Kong that the confidence of businessmen and other countries in Hong Kong should continue. When I returned from Hong Kong at the end of January I was wholeheartedly impressed with the drive and dynamism which exists there. It has a population of 3½ million people, increasing at a rate at the moment of nearly 250,000 per year. Some of this is natural increase and some is the result of illegal immigration, with which I shall deal later, if there is time. It is, therefore, vital for Hong Kong that it should expand to keep pace with the population increase. This expansion can be done and is being done through the drive and vigour of the Chinese community and the help that it gets from our excellent administration in the Colony.

During a short visit to Red China, to Canton, I saw the industrial situation—I do not know whether the hon. Member has recently done so—in Kwantung Province, of the Chinese People's Republic. This is another reason which leads me to believe that now is not the moment to put forward economic suggestions for building industry in the way the hon. Member suggested. I do not believe that it could have practical acceptance from Peking at this moment.