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PRIME MINISTER

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Prime Minister⁽¹⁾

Content with this approach?

Yes not

Dues
20/3Future of Hong Kong: Constitutional Development up to 1997

1. We discussed this at OD(K) on 11 January on the basis of a paper by the Governor of Hong Kong. It was agreed then that the general direction envisaged was right but that the detail and pace of development would need further consideration. EXCO Unofficials took the same view in a discussion on 16 January.

2. We now need to decide a more precise strategy up to 1997. We should aim at a more representative system both because of local demand and because the establishment before 1997 of an indigenously-based government in Hong Kong will make it harder for the Chinese to interfere in the territory's affairs after that date. The choice is between moving rapidly towards a system under which the Governor and/or the Executive and Legislative Councils are elected directly, or for a slower process of indirect elections that may or may not lead to direct elections before 1997. The Governor and the members of EXCO prefer the second alternative.

3. The question is urgent because the talks in Peking will soon be moving on to Agenda Item 2, (Development up to 1997). The Chinese will expect us to tell them of our proposals for constitutional development in Hong Kong up to 1997. We must keep the process of constitutional development under our own control and not give the Chinese the opportunity to claim that they have the right of veto. On the other hand, in our working paper on Constitutional Arrangements and Government Structure we have asked the Chinese to confirm that the composition, functions, procedures, powers and duties, and

/methods



methods of appointment of LEGCO and EXCO should remain basically unchanged from 1997 onwards. They can legitimately argue that they cannot be expected to give such confirmation in a binding agreement without knowing what we expect to leave behind on that date. Another reason for an urgent decision is that as we get nearer to an agreement and to a ministerial statement revealing the general form of that agreement, we must expect strong pressure in Hong Kong and in Parliament to reveal our constitutional plans.

4. The Governor's recommendations are set out in the attached draft memorandum for the Executive Council. Essentially his proposals are as follows:

- Do "good" + effective people stand for election?*
- (a) gradual replacement of appointed Unofficial members on the Legislative Council by members elected indirectly both by an electoral college of Regional Council and District Board members and by functional groups. At the same time the number of Official members on the Legislative Council will be reduced;
 - (b) the replacement of the Governor as President of the Legislative Council by a speaker elected by the Unofficial members of the Legislative Council from among their number;
 - (c) the progressive replacement of the majority of the appointed Unofficial members of the Legislative Council from among their own number;
 - (d) at a later stage appointment to the post of Governor to follow the process of consultation in Hong Kong, confirmed by some form of election from an electoral college.

/Only



Only after this process does the Governor recommend that we might move to direct popular elections and only if it was decided that this was appropriate at that time. The Governor proposes to issue a Green Paper in the Autumn containing the Government's proposals. This would be at about the same time as the proposed draft agreement is published. Before that date the proposals would need to be agreed with the Executive Council and discussed in confidence with members of the Legislative Council.

5. The alternative is to move more quickly to direct elections to LEGCO, EXCO and the post of Governor. There are demands in some quarters in Hong Kong for early moves towards some members of the Legislative Council being selected on a more visibly representative base than the present system of appointment. The approach of 1997 and the negotiations on the future have also stimulated public debate on the constitutional issues. If the link with Britain is broken a new source of authority would be needed to provide the political institutions of government and to avoid a political vacuum that could be exploited by the Chinese. There will also be political pressure in Parliament to move to a system of direct elections in Hong Kong.

6. The Governor has pointed out the problems in moving more quickly to direct elections. These include:

- (a) The relatively retarded state of Hong Kong's political development. There are still strong Chinese traditions in the community in Hong Kong. Policy formation at the moment is based on consultation and consensus and not on an adversarial party system as in the United Kingdom. It will be easier to maintain stability if a new structure is built progressively on what already exists.

/(b)



- (b) The elective system in Hong Kong is in its infancy. Under one million of the 2.7 million qualified to register to vote have done so. Of those registered, less than 40% participated in the 1982/83 District Board and Urban Council elections.
- (c) Moving too quickly could lead to rapid polarisation of the community and might create a danger of political rivalries, for instance between pro-Taiwan and pro-China elements, with the obvious risks for stability that this would bring.
- (d) Power must be diffused to prevent domination and manipulation by any political interest group.

For these reasons the Governor and EXCO, unanimously, consider it best to build on existing structures and to proceed slowly towards indirect elections giving the possibility of moving to direct elections in the 1990's.

7. We need to take the Chinese attitude into account. Chinese views on democracy in Hong Kong are far from clear. At all events they are highly suspicious that we may try to exploit calls for "democracy" in order to negate in practice their resumption of the right of administration under an agreement. The Chinese would probably thus object to a proposal for direct elections in the immediate future, though they might be prepared to accept some form of indirect elections and greater democratisation along the lines proposed by the Governor. We must not discard our aim for this reason, but we must move carefully.

8. Subject to your views, I propose that we approve the Governor's recommendations in principle. He should circulate his memorandum on constitutional development and the structure of government to EXCO for further discussion on detail. We

/should



should however follow the line of gradually moving to indirect elections; this will still allow us the possibility of moving to direct elections in the 1990's.

9. In discussing Agenda Item 2 with the Chinese I propose that we should take the following line:

- (a) we propose to move progressively to a system under which the membership of the Legislative Council would be indirectly elected under a collegiate system;
- (b) that each stage of the process would be open to public consultation in Hong Kong before it was adopted;
- (c) that we would not be likely to make a decision on whether to move to more direct elections before the beginning of the 1990's.
- (d) in response to any claim by the Chinese that they should be consulted, we should reply that we are simply informing them of our intentions to ensure that there are no surprises for them without their having an opportunity to comment on them if they so wished;
- (e) we should say that we are ready to consult with them before moving to direct elections, reserving of course our final decision on the issue to HMG. We should lose nothing by such consultation because by then there would be no point in installing a system which the Chinese might attempt to overthrow a few years later.

/10.



10. I am copying this minute to our colleagues on OD(K) and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

GEOFFREY HOWE

Foreign and Commonwealth Office
19 March 1984



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MS, FCO
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bc Sir P. Craddock

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10 DOWNING STREET

From the Private Secretary

22 March 1984

Future of Hong Kong: Constitutional Development up to 1997

The Prime Minister has seen the minute of 19 March by the Foreign and Commonwealth Secretary on the above subject. Mrs. Thatcher agrees that we should approve in principle the recommendations of the Governor for future constitutional development.

I am copying this letter to the Private Secretaries of other members of OD(K) and to Sir Robert Armstrong.

A. J. COLES

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

SECRET