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B.06755

PRIME MINISTER

c: Sir Robert Armstrong

OD(K): Testing Acceptability of Agreement

BACKGROUND

Flag A

Flag B

The paper circulated by the Private Secretary to the Foreign and Commonwealth Secretary with his letter of 18 May 1984 considers the means by which the acceptability of an agreement with the Chinese to the people of Hong Kong may be tested, prior to that agreement being put to Parliament. The paper describes the action which has already been taken through consultation with the Executive Council (EXCO), through Ministerial visits and through information gathering by the Hong Kong Government, leading to the unveiling statement made by the Foreign and Commonwealth Secretary on 20 April. It brings out the strong arguments for a positive soliciting of Hong Kong views, even in advance of the intended September publication of a draft agreement, against the background that the Government is committed to seeking an agreement with the Chinese which is acceptable to the people of Hong Kong. As against this, it describes the potential risks as including the creation of unrealistic expectations in Hong Kong about possible changes in the draft agreement, increasing the dangers of outright rejection of the agreement by the people of Hong Kong, and an adverse reaction by the Chinese (who appear to envisage no role for either the British or Hong Kong Governments in consulting the people of Hong Kong).

2. The paper examines six possible methods of consultation:-
- (a) a referendum;
  - (b) opinion polls which could either be overtly or covertly sponsored by the Government;
  - (c) an independent Commission of outside experts to take soundings in Hong Kong, on the lines of the Pearce Commission in Rhodesia;
  - (d) opinion sounding involving circulation of the agreement to existing institutions;

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- (e) a more passive approach to opinion sounding through the circulation of a Green or White Paper;
- (f) a combination of (d) and (e).

The Sub-Committee had already concluded at its meeting on 11 January that there were strong arguments against a referendum, and the paper re-affirms this view. It also rejects courses (b) and (c) above, essentially on the grounds of unacceptability to the Chinese. It concludes in favour of a combination of (d) and (e) above, recommending that the draft agreement should be published with covering explanatory and commendatory statements. The paper also suggests that in the period before the publication of the draft agreement, consideration should be given to a further Ministerial "unveiling" statement giving further details of what to expect.

3. The Chancellor of the Exchequer and the Secretary of State for Trade and Industry cannot attend. They will be represented by the Economic Secretary, Treasury (Mr Stewart), and the Minister of State, Department of Trade and Industry (Mr Baker). Sir Antony Acland has also been invited to attend.

#### HANDLING

4. You should invite the Foreign and Commonwealth Secretary to introduce the discussion. Points to be established include:-
- (a) What form should continued testing of Hong Kong opinion take before the proposed publication of the draft agreement in September? Should a second "unveiling" Ministerial statement be made?
  - (b) Is the Sub-Committee content with the method proposed in the paper for testing opinion after publication of the draft agreement? Exactly what mixture of active and passive sounding of public opinion does the Foreign and Commonwealth Secretary have in mind? Is Parliament likely to be satisfied by a testing of Hong Kong opinion on these lines?
  - (c) What additional steps can be taken in the short term to minimise the risk of outright rejection by the people of Hong Kong of the likely form of agreement with the Chinese?

- (d) As regards future action with EXCO and the Legislative Council, should the next step be as proposed for the Governor to discuss the favoured method of opinion testing with EXCO members?
- (e) As regards timing, should the aim be to move towards a second unveiling Ministerial statement within the next four to six weeks?

CONCLUSION

5. Subject to the points made in discussion, you could guide the Sub-Committee to approve the conclusions in paragraphs 14 to 16 of the paper as a basis for the proposed discussion of methods of consultation between the Governor and the EXCO.

*David Goodall*

A D S GOODALL

22 May 1984