

22

PS(6)
PS/PUS
PS/MR LUCE
~~MR WILSON~~
/HD/FED
HD/FED
PS | LADY YOUNG
SIR W HARDING
RESIDENT CLERK

COPIES TO:
^{POWELL}
~~MR COLES~~, NO.10 DOWNING ST
MR ROBERTS, NEWS DEPT
SIR PERCY CRADOCK

GRS 900

SECRET

FM HONG KONG 141250Z JUL 84
TO IMMEDIATE F C O
TELEGRAM NUMBER 1950 OF 14 JULY
INFO IMMEDIATE PEKING

IMMEDIATE

ADVANCE COPY

FOLLOWING FROM MR LUCE
FUTURE OF HONG KONG TEST OF ACCEPTABILITY

1. THIS HAS BEEN A MAJOR ISSUE DURING MY VISIT HERE. I THINK WE NEED TO GET ON NOW WITH AN ANNOUNCEMENT AS SOON AS POSSIBLE. I HOPE THAT A SECTION ON THIS SUBJECT CAN BE INCLUDED IN THE PARLE-MENTARY STATEMENT NEXT WEDNESDAY, WE WILL HOWEVER NEED TO CONSIDER CAREFULLY HOW TO DEAL WITH A REFERENDUM, FOR WHICH THERE IS GROWING SUPPORT HERE.
2. IN THE EXECUTIVE COUNCIL, OPINIONS ARE DIVIDED. GOVERNOR ARGUED POWERFULLY AGAINST A REFERENDUM, SIR S Y CHUNG HAS COME OUT STRONGLY IN FAVOUR OF A REFERENDUM, AND CERTAIN OTHER MEMBERS AT LEAST FAVOUR LEAVING OPTIONS OPEN AT THIS STAGE. OTHERS SUCH AS T S LO ARE VERY MUCH AWARE OF THE DANGERS OF A REFERENDUM. IN THE UMELCO MEETING A NUMBER OF SPEAKERS POINTED TO INDICATIONS THAT CERTAIN OF THE DISTRICT BOARDS WOULD COME OUT PUBLICLY IN FAVOUR OF A REFERENDUM.
3. IN MY VIEW THE ARGUMENTS AGAINST A REFERENDUM REMAIN AS STRONG AS EVER. BUT SOME OF THEM (NOTABLY THE CERTAIN STRONG CHINESE OPPOSITION) ARE DIFFICULT TO EXPALIN IN PUBLIC. WE MUST, HOWEVER, DEPLOY THE CASE FOR OUR PROPOSED CONSULTATION EXERCISE AND AGAINST A REFERENDUM AS BEST WE CAN. WE MIGHT REFER IN GENERAL TERMS TO THE SPECIAL AND DELICATE POLITICAL CIRCUMSTANCES OF HONG KONG, AND TO THE NEED TO AVOID POLARISATION OR UPHEAVAL WHICH MIGHT HINDER THE CALM EXPRESSION AND ASSESSMENT OF POPULAR VIEWS. PARLIAMENT WILL UNDER-
STAND THE ADVANTAGES OF THE COURSE WE ARE PROPOSING, AND THE DIFFICULTIES OF A REFERENDUM. IN PARTICULAR THEY MAY FEEL THAT:
(A) LOW RATES OF REGISTRATION AND TURNOUT IN OTHER ELECTIONS SUGGEST THAT THE RESULT COULD WELL NOT BE REPRESENTATIVE OF THE GENERAL STATE OF PUBLIC OPINION:

(B) A REFERENDUM COULD NOT ADEQUATELY REFLECT BACK TO PARLIAMENT THE RANGE AND QUALITY OF PUBLIC VIEWS ON A MATTER OF GREAT

THE RANGE AND QUALITY OF PUBLIC VIEWS ON A MATTER OF GREAT COMPLEXITY. A MORE INTENSIVE PROCESS OF CONSULTATION THROUGH ESTABLISHED CHANNELS COULD PROVIDE PARLIAMENT WITH A BETTER AND FULLER PICTURE OF HONG KONG'S VIEWS.

4. IT IS IMPORTANT THAT WE SHOULD GET THE TIMING OF ANY ANNOUNCEMENT ON THE TEST OF ACCEPTABILITY RIGHT. PARLIAMENT SHOULD BE TOLD WHAT WE HAVE IN MIND BEFORE THE SUMMER RECESS. AN EARLY ANNOUNCEMENT WOULD ALSO FACILITATE THE PRACTICAL ARRANGEMENTS THAT WOULD NEED TO BE MADE. IF THE CHINESE WERE TO REACT NEGATIVELY TO OUR INTENTIONS, IT WOULD PROBABLY BE BEST TO GET THAT OVER WITH BEFORE THE SECRETARY OF STATE'S NEXT VISIT TO PEKING AND BEFORE WE REACH THE FINAL RUN-UP TO THE INITIALLING OF AN AGREEMENT.

5. THIS POINTS TO INCLUDING A PASSAGE ON THE TEST OF ACCEPTABILITY (ON THE LINES SUGGESTED ABOVE) IN THE PARLEMENTARY STATEMENT ON 18 JULY. (THE STATEMENT WOULD THUS COVER THREE TOPICS: 5THE GREEN PAPER, ACCEPTABILITY AND THE SECRETARY OF STATE'S FORTHCOMING VISIT TO HONG KONG AND PEKING.) THE FALL BACK POSITION OF WAITING UNTIL THE SECRETARY OF STATE IS IN HONG KONG BEFORE HE MAKES THE STATEMENT, AND CONFIRMING IT IN PARLIAMENT BY MEANS OF A REPLY TO AN INSPIRED WRITTEN P.Q. IS VERY MUCH A SECOND BEST.

6. I DISCUSSED THESE MATTERS AGAIN TODAY WITH THE EXCO UNOFFICIALS. THERE WAS A MAJORITY VIEW IN FAVOUR OF AN ANNOUNCEMENT OF OUR ORIGINAL PROPOSALS FOR THE TEST OF ACCEPTABILITY ON 18 JULY. HOWEVER SIR S Y CHUNG ARGUED STRONGLY THAT THESE SHOULD AT LEAST BE QUALIFIED BY A SENTENCE TO THE EFFECT THAT WE WOULD NOT OPPOSE A REFERENDUM IF THERE WAS DOUBT ABOUT THE OUTCOME OF A TEST OF ACCEPTABILITY ON THE LINES THAT WE HAD PROPOSED. HE SAID THAT IN PRACTICE THAT NEED WOULD NOT ARISE. IF WE WERE NOT ABLE TO ACCOMMODATE HIS VIEWS TO THAT EXTENT HE WOULD FEEL BOUND TO CAMPAIGN FOR THE HOLDONG OF A REFERENDUM. THERE ARE INDICATIONS THAT CERTAIN OTHER MEMBERS WOULD SUPPORT HIM.

7. WORDING ON THE LINES SUGGESTED BY SIR S Y CHUNG WOULD GIVE US GREAT DIFFICULTY WITH THE CHINESE, BOTH ON THE PRINCIPLE OF A REFERENDUM AND BECAUSE IT COULD IMPLY A CONSIDERABLE DELAY IN COMPLETION OF THE TEST OF ACCEPTABILITY. I DO NOT THINK WE CAN ACCOMMODATE HIM TO THIS EXTENT. BUT WE NEED TO CONSIDER URGENTLY WHETHER THERE IS ANYTHING WE CAN DO, IN THE CONTEXT OF THE STATEMENT, TO LESSEN THE DANGER THAT HE WILL COME OUT IN OUTRIGHT SUPPORT OF A REFERENDUM.

8. THE GOVERNOR WILL BE DISCUSSING ACCEPTABILITY WITH EXCO AGAIN ON 17 JULY. HE WILL AGAIN SET OUT THE ARGUMENTS AGAINST A REFERENDUM. HE FEELS IT WOUL BE BEST IF AT THAT MEETING HE COULD GIVE EXCO AN INDICATION OF THE LINES ALONG WHICH MINISTERS FEEL IT IS NECESSARY TO PRESENT THE ISSUE TO PARLIAMENT (I.E. THE LINE DESCRIBED IN PARA 3 ABOVE) BUT DID NOT SEEK ANY SPECIFIC ENDORSEMENT OF THAT LINE. IF EXCO DID NOT FORMALLY OBJECT TO SUCH AN APPROACH THE WAY WOULD BE CLEAR FOR A PASSAGE ON ACCEPTABILITY TO BE INCLUDED IN THE STATEMENT ON 18 JULY.

YOUDE