

OFFICIAL RECORD OF PROCEEDINGS

Tuesday, 1 December 1992

The Council met at half-past Two o'clock

PRESENT

THE PRESIDENT

HIS EXCELLENCY THE GOVERNOR

THE RIGHT HONOURABLE CHRISTOPHER FRANCIS PATTEN

THE DEPUTY PRESIDENT

THE HONOURABLE JOHN JOSEPH SWAINE, C.B.E., Q.C., J.P.

THE CHIEF SECRETARY

THE HONOURABLE SIR DAVID ROBERT FORD, K.B.E., L.V.O., J.P.

THE FINANCIAL SECRETARY

THE HONOURABLE NATHANIEL WILLIAM HAMISH MACLEOD, C.B.E., J.P.

THE ATTORNEY GENERAL

THE HONOURABLE JEREMY FELL MATHEWS, C.M.G., J.P.

THE HONOURABLE STEPHEN CHEONG KAM-CHUEN, C.B.E., J.P.

THE HONOURABLE MRS SELINA CHOW LIANG SHUK-YEE, O.B.E., J.P.

THE HONOURABLE HUI YIN-FAT, O.B.E., J.P.

THE HONOURABLE MARTIN LEE CHU-MING, Q.C., J.P.

THE HONOURABLE DAVID LI KWOK-PO, O.B.E., J.P.

THE HONOURABLE NGAI SHIU-KIT, O.B.E., J.P.

THE HONOURABLE PANG CHUN-HOI, M.B.E.

THE HONOURABLE SZETO WAH

THE HONOURABLE TAM YIU-CHUNG

THE HONOURABLE ANDREW WONG WANG-FAT, O.B.E., J.P.

THE HONOURABLE EDWARD HO SING-TIN, O.B.E., J.P.

THE HONOURABLE RONALD JOSEPH ARCULLI, J.P.

THE HONOURABLE MARTIN GILBERT BARROW, O.B.E., J.P.

THE HONOURABLE MRS MIRIAM LAU KIN-YEE, O.B.E., J.P.

THE HONOURABLE LAU WAH-SUM, O.B.E., J.P.

DR THE HONOURABLE LEONG CHE-HUNG, O.B.E.

THE HONOURABLE JAMES DAVID McGREGOR, O.B.E., I.S.O., J.P.

THE HONOURABLE MRS ELSIE TU, C.B.E.

THE HONOURABLE PETER WONG HONG-YUEN, J.P.

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE VINCENT CHENG HOI-CHUEN

THE HONOURABLE MOSES CHENG MO-CHI

THE HONOURABLE MARVIN CHEUNG KIN-TUNG, J.P.

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

REV THE HONOURABLE FUNG CHI-WOOD

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE TIMOTHY HA WING-HO, M.B.E., J.P.

THE HONOURABLE MICHAEL HO MUN-KA

THE HONOURABLE SIMON IP SIK-ON, J.P.

DR THE HONOURABLE LAM KUI-CHUN

DR THE HONOURABLE CONRAD LAM KUI-SHING

THE HONOURABLE EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

THE HONOURABLE GILBERT LEUNG KAM-HO

THE HONOURABLE ERIC LI KA-CHEUNG, J.P.

THE HONOURABLE FRED LI WAH-MING

THE HONOURABLE MAN SAI-CHEONG

THE HONOURABLE STEVEN POON KWOK-LIM

THE HONOURABLE TIK CHI-YUEN

THE HONOURABLE JAMES TO KUN-SUN

DR THE HONOURABLE SAMUEL WONG PING-WAI, M.B.E., J.P.

DR THE HONOURABLE PHILIP WONG YU-HONG

THE HONOURABLE HOWARD YOUNG, J.P.

DR THE HONOURABLE TANG SIU-TONG, J.P.

THE HONOURABLE CHRISTINE LOH KUNG-WAI

ABSENT

THE HONOURABLE ALLEN LEE PENG-FEI, C.B.E., J.P.

THE HONOURABLE LAU WONG-FAT, O.B.E., J.P.

THE HONOURABLE MRS PEGGY LAM, M.B.E., J.P.

DR THE HONOURABLE HUANG CHEN-YA

THE HONOURABLE LAU CHIN-SHEK

THE HONOURABLE HENRY TANG YING-YEN, J.P.

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE ZACHARY WONG WAI-YIN

THE HONOURABLE ROGER LUK KOON-HOO

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL

MR CLETUS LAU KWOK-HONG

THE GOVERNOR: Honourable Members, I would like to make a statement on my recent visits to Canada, the United Kingdom and Japan. I visited Canada from the 11th to 14th November. This was the first overseas visit that I have made since becoming Governor, apart from my visit to Peking in October.

Canada is a true and staunch friend of Hong Kong. Our trade links across the ocean are already very substantial and they are growing all the time. I wanted to make clear, personally, how much Hong Kong appreciated Canada's support as a friend and as a partner. On the first day of my visit to Canada, I officially closed the Hong Kong Festival in Canada, which was itself an outstanding demonstration of the strong links between Hong Kong and Canada. I would like to take this opportunity to thank all those who helped to make the festival such a success, especially the Secretary for Recreation and Culture and his team, and Canada's excellent Commissioner in Hong Kong, Mr John HIGGINBOTHAM.

While in Canada I held discussions with the Canadian Prime Minister, Brian MULRONEY, and the Secretary of State for External Affairs, Barbara McDOUGALL. I took the opportunity to brief the Prime Minister and the Secretary of State on developments in Hong Kong.

During my four days in Canada I met many Hong Kong Canadians. I was deeply impressed by the admiration and goodwill that I found for Hong Kong, and for its people, and I should like to take this opportunity, publicly, to thank the Government of Canada for the very warm reception which they extended.

I visited London from the 16th to 20th November, where I had meetings with the Prime Minister, the Foreign Secretary and other Ministers as well as with officials. I also spoke at a very successful Trade Development Council dinner, addressed the British Hong Kong Parliamentary Group, and had meetings with other parliamentarians and with representatives of the business community.

Let me say a few words on the policy of the British Government. The British Government remains fully committed to the full implementation of the concept of "one country, two systems", which was set out in the Joint Declaration of 1984. That policy was reaffirmed in the Conservative Party's manifesto earlier this year. In case there should be any doubt in the minds of anyone in this Council, or outside it, let me clearly state this afternoon that the British Government stands foursquare behind the Hong Kong Government's proposals on constitutional development in Hong Kong and will continue to do so. Both the Prime Minister and the Foreign Secretary repeated that support publicly and explicitly during my visit.

The British Government resolutely supports the Hong Kong Government's position that the arrangements for the 1995 elections should be fair, should be open, and should be acceptable to the people of Hong Kong. The British Government resolutely supports the Hong Kong Government's firm

conviction that our proposals are fair and open. They have been well received in Hong Kong. And the British Government also believes, as I do, that if anyone else has any better proposals that are fair, open and acceptable to the people of Hong Kong, then they should put them forward. I happen to believe that my proposals are good ones. I will argue for them on their merits. But if anyone has any better arguments, or better proposals, then I am willing to consider them carefully and sincerely, and so too, I imagine, is this Council.

It is a matter both of fact and principle that my proposals will ultimately be decided upon here in Hong Kong. It is a matter of fact because the arrangements for the 1995 elections will require legislation and it is only the Legislative Council which can pass such legislation. It is a matter of principle because the Cabinet believes, just as I do, that it must support the aspirations of the people of Hong Kong as reflected by this Council.

I visited Japan from the 25th to 28th November. There I met the Prime Minister Mr MIYAZAWA, the Foreign Minister Mr WATANABE, and other senior political leaders. I also attended the opening session of the Japan-Hong Kong Business Co-operation Committee and met a large number of Japanese business leaders. Trade links between Hong Kong and Japan are strong and growing and I was delighted that many distinguished Hong Kong business ambassadors attended the Japan-Hong Kong Business Co-operation Committee meeting.

Japan and Hong Kong have similar perspectives on vital issues such as free trade and MFN status for China. We are both concerned about the politicization of trade. I briefed my Japanese hosts on Hong Kong's economic and political development.

My visits abroad have left me in no doubt how many friends Hong Kong has around the world. Those friends admire Hong Kong's achievements and they wish us well.

I am pleased that in my absence the request for funding to enable the airport site preparation contract to proceed was approved by the Finance Committee last Friday after an intensive and lengthy debate. This was a vital decision. It enables us to take an important step forward in Hong Kong's airport core programme and to continue to meet our obligations under the Memorandum of Understanding. The decision also gives us more time to seek agreement with China on the overall financing plan; reaching that agreement has always been our prime aim.

On constitutional development, Members know that I propose to put legislative proposals to the Legislative Council as soon as possible after the Chinese New Year break, which is likely to mean before the end of February. The precise shape and detail of the draft legislation will be decided by the Executive Council. I am, of course, aware that many Members of this Council have come under considerable personal pressure over these and related matters.

I know that Members will continue to be guided by their own judgment of what is best for Hong Kong and their responsibility to the people of Hong Kong. That is how it should be.

I am disappointed that the Chinese side have thus far been unwilling to accept my offer of discussions, or to put forward their own ideas. Many people are calling for a return to sensible, rational dialogue. I heartily endorse that call. I have been trying to encourage the Chinese Government to do just that. There is certainly no unwillingness on my part to enter such a dialogue.

At the end of the day, viewed from the outside world, it is plain that Hong Kong and the Asia-Pacific region are virtually the only growth areas in the world today. The Government will continue to do all it can to maintain both this growth and the prosperity and stability of this territory. We look forward to support from this Council as we continue our endeavours on behalf of the people whom we all serve.

I am sure that Honourable Members may have questions on what I have just said, or conceivably on other matters.

MR CHIM PUI-CHUNG (in Cantonese): *Mr President, I hope that you will change the present arrangement of assigning by you which Member to ask his or her question so that, to display the spirit of democracy, every Member here may have a chance to ask questions.*

THE GOVERNOR: I am delighted to encourage the Honourable Member to the club. (*Laughter*) I am aware of the fact that the precise arrangements for question and answer sessions such as this will need to be considered in the light of changes to Standing Orders which, I hope, will be secured very soon. I have to say that I do not myself regard it as desirable that the person who answers the questions should choose who asks the questions, and I very much hope that when the Council considers its revision of Standing Orders, it will ensure that that onerous responsibility is lifted from the shoulders of the Governor. This is the last time that I will be answering questions this year, I imagine. I hope that in the new year we will have new Standing Orders — or shortly after the new year — and that those arrangements will be satisfactory to all Honourable Members, including the Honourable Member who put that point of order. I do not have, I am afraid, the whole of the afternoon, but I will attempt, as I have before, to spend four times as long answering questions in the Legislative Council as the Prime Minister would in the House of Commons.

DR LEONG CHE-HUNG: *Governor, as I am given the first chance to ask a question I have to say that I am sure my colleagues will agree with me that, if it is your choice, you will be more than welcome to answer questions again within this year.*

Sir, as you have mentioned just now yourself that in the last few days there have been a lot of sharp words, or "war" words, mainly from the Chinese side, does the Hong Kong Government or the British Government have any plans to thaw the ice, as it were?

THE GOVERNOR: I think it is fair to say to the Honourable Member, in response to a question which is on many people's lips, that though there have been some sharp words, there have been no sharp words from the Governor of Hong Kong or from the Government of Hong Kong. I remain resolutely determined to be calm and rational, and to set out for the community what the proper arrangements are for considering, as we must, how to prepare for the 1995 elections. I continue to say, and to mean, that I believe my proposals are fair and open, that I believe they have received a good welcome in Hong Kong, and I continue to say that if there are those who have proposals which they regard as being more fair and more open and more acceptable, then I hope that they will put them forward.

I honestly do not believe that the right way for me to respond in present circumstances is to abandon a position which I believe to be rational, to abandon a position which has commended itself to the Legislative Council on more than one occasion. But I repeat that I remain keen on dialogue, keen on rational discussion, and keen on mobilizing as much consent as possible for the arrangements that will need to be in place for 1995. The Government of Hong Kong and the British Government have not, either of them, imagined the necessity of putting in place arrangements for 1995, since no such arrangements at present exist.

MR TAM YIU-CHUNG (in Cantonese): *Mr Governor, what I am asking today is not a political question but one closely related to our livelihood. Before I attended this sitting, a young man came to me for help and wanted me to bring his grievances to your attention. He said that the Hang Seng Index had plunged a total of 500 points in these two days at the close of the market this morning and eroded his savings set aside for his wedding plan to such a significant extent that his wedding had to be postponed. For this reason, he looked extremely worried and upset. Will the Governor give this young man some kind words to comfort him?*

THE GOVERNOR: I would very much like to put anybody's heart at ease, whether somebody about to get married and concerned about looking after his new family properly, or anyone else who is investing on the stock market. I would point out to anyone in that position that stock markets do have a habit of going up, and indeed down. That the Hang Seng Index, I believe I am right in saying, stands about three times as high today as it did three years ago represents the underlying strength of the Hong Kong economy. I do not think it would be sensible for the Governor of Hong Kong to attempt to take credit

when the Hang Seng Index went up, as it has been over this year — I think by a very substantial margin since the beginning of the year. I think that it is unwise to comment on movements up and down in the Hang Seng Index, but I do believe that the fundamentals of the Hong Kong economy are as sound as those of any economy in the world and that the Honourable Member's young friend will find, as will others, that investing in Hong Kong is probably better than investing anywhere else in the world.

MR MARTIN LEE (in Cantonese): *Mr President, firstly, I would like to ask: do you prefer us to be on our feet or remain seated when we put our questions to you?*

THE GOVERNOR: I am, in a manner of speaking, entirely in your hands.

MR MARTIN LEE (in Cantonese): *Since it is said that a barrister has a clearer mind when standing up, I shall stand up and ask my question. Mr Governor, democracy was featured prominently in the 1991 Legislative Council elections and pro-democracy candidates won a landslide victory in the elections. Of the 18 directly-elected Members on this Council, 17 have given their public support to the political reform proposals in your policy address. In view of this, will you assure this Council that you will not backpedal on or withdraw your proposals should the absolute majority of this Council's directly-elected Members continue to support your package?*

THE GOVERNOR: My position remains as I described it earlier. I think the proposals that I put forward are good ones. The proposals I put forward have the support of the British Government. The proposals that I have put forward have been, I think so far, well received in Hong Kong. I remain open to discuss proposals which anybody else puts forward which they regard as better than mine. By better I mean more open, more fair and more acceptable to the people of Hong Kong. But I have not been overwhelmed thus far by such proposals, though I am delighted that, I think, three or four Honourable Members have begun to put forward their own ideas.

Let me then turn to the point which the Honourable Member made about the different sorts of mandate in this Council. The Legislative Council is as it is. It would be wrong of me to make distinctions between different Honourable Members. The community knows what happened in the elections in 1991 and doubtless the community makes certain judgments as a result of those election results. But it would be wholly wrong of me to make distinctions between Honourable Members, according to the backgrounds from which they came. Those backgrounds will of course change in 1995, 1999 and in subsequent elections to the Council.

MRS ELSIE TU: *Sir, as a teacher, I would like to stand up. I have correspondence here to prove that in 1978 Britain refused to begin gradual progress towards democracy in Hong Kong on the grounds that China was opposed to it and that the British Government's overriding concern was to maintain stability and prosperity in Hong Kong. Since your Government would not destabilize Hong Kong under British administration, why is it prepared to see Hong Kong destabilized by a faster pace of democracy now that the British are leaving?*

THE GOVERNOR: Well, I am sure that the honourable lady would first of all want to confirm that, whatever I may be responsible for, what ministers said in 1978, or what others said in 1978, or what Governors said in 1978 is not entirely my responsibility. If the honourable lady is saying that it has been argued in the past that there could be no greater progress to democracy because China would object to that, then I am interested to hear her putting that argument. It is perfectly clear under the Joint Declaration that there should be orderly progress towards greater democracy. That is plain in the Joint Declaration. It is also perfectly clear that you cannot find in the Basic Law answers to the questions which I have tried to tackle in the proposals that I have put forward for the 1995 elections. Both those propositions are clear, and I think that the honourable lady would regard me as failing in my duty if I did not put forward my own proposals. I assume that the honourable lady regards the criteria that I have set out as being acceptable ones.

Well, the criteria, the honourable lady will recall, are that the elections should be fair and open and acceptable to the people of Hong Kong. I think it is difficult to put an argument for the contrary propositions. So I have done what I am obliged to do since there are gaps in the present arrangements. And I have done so in a way which, I think, recognizes not what every political group or community group has been pressing for in the community, because the position when I came was that people were pressing for a great deal more democracy than the modest steps allowed for in my proposals.

MR JIMMY MCGREGOR: *Governor, you will come to a position, I am sure quite soon, when you will be able to assess what kind of support you have for your proposals extensively across the community and at the same time where the disagreement with your proposals will also rise. I am sorry to say that in business there is an increasing concern with the attitude taken by China and a very substantial concern with the continuation of dialogue with China. At some point fairly soon — and before your legislation comes before this Council when really you will have reached a point almost of no return — I would think at least you will be putting into the Council decisions at that stage which could possibly have been made before the drafting process of the legislation has finished. Will there be a situation where you are willing to consider substantial change to any of the principal proposals that you have made — and I really refer to the two which are causing the greatest single concern in*

Hong Kong, and in China — and where the Government is willing to discuss with this Council, before legislation is drafted, changes which might be made to the principal proposals?

THE GOVERNOR: There are two points to that question. First of all the Honourable Member is, I think, entirely right in saying that of the seven proposals that I put in my Legislative Council speech in early October, controversy focuses principally on two. And I would have thought that even though there would be argument in the Council about some of the others, as there has been in the past, that argument would be easily contained within the bounds of decorum.

As for the other two proposals, I can only repeat what I have said earlier: if proposals come forward from this Council, or if proposals come forward from anywhere else in the community, which, in my judgment and in the Council's, are more fair, are better, are based on better premises than the proposals that I have made, I remain open minded and I remain ready to consider them. If I had not been in that state of mind when I spoke to the Council on 7 October I would have announced the decisions that I was making, not the proposals that I was proposing. So I hope that without complicating matters too much, the position is clear to the Honourable Member and to other Honourable Members.

I would only add this. There have, I think, been two substantive debates on the proposals that I put forward in October. In both those debates there were fairly substantial majorities for the general approach which I had taken. And I am sure that, in considering proposals and in considering the way forward, Honourable Members would want to take account of that.

MRS SELINA CHOW: *Sir, given the latest turn of events and the breakdown of dialogue between your goodself and the Chinese Government, what are you going to do to ensure that, as well as the "one country, two systems" concept which you have mentioned earlier, the smooth transition promised to the Hong Kong people in the Joint Declaration by the two governments will be achieved?*

THE GOVERNOR: The smooth transition is not, I would argue, being threatened by an attempt to have a rational dialogue. I cannot do more than hold myself ready to talk to anybody or to consider any reasonable ideas. It is extremely difficult to know what other posture one should get into. If irrational things are said by others, should one respond by being irrational oneself? It does not seem to me that there is very much of a case for that. But I am as concerned as the Honourable Member that we should have the smooth transition. I am not sure that we would have a smooth transition, for example, if I was to put forward proposals to this Legislative Council for the 1995 elections which were regarded as being unfair by the Council.

Let me give the Honourable Member an example of the sort of thing I mean. There were negotiations on the Court of Final Appeal. The outcome of those negotiations came to this Council. This Council had a good deal of difficulty with the outcome of those negotiations. It is common to all of us that we want a Court of Final Appeal, but thus far this Council has had some difficulty with the arrangements that were put forward. I would not like to be in that position over the electoral arrangements for 1995, and I do not think that, if I were, it would be good for the political stability of Hong Kong or for a smooth transition.

MR RONALD ARCULLI: *Sir, you have stated on many occasions that your proposals for constitutional reform will have to be decided in this Council. Would it therefore not be fair and acceptable to the people of Hong Kong that when that happens, the Chief Secretary, the Attorney General and the Financial Secretary should abstain from voting on your proposals, so that whether or not such proposals are passed will in fact be decided by the people of Hong Kong and not by civil servants? Particularly, would it not be grossly unfair to the people of Hong Kong if those proposals were passed by three or less votes?*

THE GOVERNOR: First of all, I would certainly take issue with the suggestion that civil servants were not the same as the people of Hong Kong, particularly when one is talking about civil servants who have dedicated their lives to the service of the community. Secondly, we go straight back to the point that I was answering in response to an earlier Member. If I were to take the Honourable Member's advice, how would I resist the proposal, which would doubtless come from other Honourable Members shortly afterwards, that I should somehow devalue the vote of those who were appointed rather than elected to the Council? Exactly the same sort of arguments would be applied and I do not think that would be sensible; I do not think it would give this honourable body the credit which is its due. So I am certainly not going to put myself in a position in which I distinguish between one sort of Honourable Member and another.

But obviously, I very much hope that we can have as broad a base of support for the political development of Hong Kong as is possible. That is my intention and that has been my intention. I am glad that on, I think, 11 November the body of support seemed pretty broad, even without, I think, the Chief Secretary's vote, and I hope that whatever is finally agreed by this Council can have as much support in this Council as possible, and can be a foundation for this Council working more successfully together in the future. I do not think it is surprising that these issues arouse passions in this Council. They are extremely important issues and it would be surprising if they were not debated passionately. But we do have to look to not just the next four and a half years but the next fifty-four and a half years, and hope that out of all this can come not only a more mature and more self-confident Legislative Council, but also one which develops the habit, wherever possible, of working co-operatively in the interests of the people of Hong Kong.

MR GILBERT LEUNG (in Cantonese): *Mr Governor, the constitutional reform proposals in your policy address are being criticized by many people. The United Democrats of Hong Kong oppose your retention of the ex-officio seats of district boards and the municipal councils. Chairmen of district boards are against your abolition of the appointed seats. As for the definitions of functional constituencies and the composition of the Election Committee, different views have been expressed. Mr Governor, could you consider withdrawing immediately your constitutional reform proposals, reconsider the views of all sectors and negotiate with the Chinese Government frankly and sincerely so as to work out a constitutional reform package acceptable to the people of Hong Kong?*

THE GOVERNOR: I think this Council would be surprised if proposals which it gave broad approval to only a few weeks ago were suddenly whipped off the table; I think the Council would find that an astonishing piece of behaviour by the Government. What, on the other hand, I think this Council would expect the Governor and the Government to do is to listen intently in case there are any better proposals available. I have to say once again that so far I have not been knocked over in a stampede of people coming forward with proposals which they thought were better. In my experience, when people think they have proposals which are better than the ones that one has put forward oneself, when people think they have proposals which they think may be more popular than the ones that one has put forward oneself, they are not on the whole, by and large, unwilling to suggest what those proposals might be. And that, I fancy, is the position we are in at the moment.

MISS CHRISTINE LOH: *Mr Governor, has the Chinese Government delivered a formal ultimatum to the British Government on the reform proposals, accompanied by a specific declaration of intended retributive action?*

THE GOVERNOR: No, that has not been done either in public or in private. The latest statement that was made was the one made yesterday evening by the Hong Kong and Macau Affairs Office. A statement was put out by the Government yesterday evening about that. As the Honourable Member will doubtless know, contracts which are validly and legally entered into before 1997 under our common law, according to both the Joint Declaration and the Basic Law, survive the transition to 1997, provided that they do not contravene the Basic Law — and it is rather difficult to imagine a contract that would contravene the Basic Law. We have been pursuing that perfectly sensibly and constructively ourselves by having regular discussions in the Joint Liaison Group about franchises which might cover 1997, and we will continue to do so. In doing so, we will take account of what the Chinese Government said yesterday when it remarked at the end of its statement that it would take a positive attitude in examining and approving contracts. It said that it wanted to maintain and develop long-term prosperity and stability in Hong Kong. Perhaps

I should underline those words. The Chinese Government reiterated that investments in Hong Kong by private capital from both Chinese and foreigners sources remain welcome. I endorse that as well. But apart from that statement, we have not received any other communication in the last few days, such as the honourable lady was referring to.

MR MARTIN BARROW: *Sir, could you outline any plans for overseas visits in 1993, and in particular to the United States, and would you consider inviting a few Hong Kong businessmen to join you in Washington for a joint effort on MFN renewal?*

THE GOVERNOR: This is a subject which I have begun to discuss with representatives of the business community. I touched on it briefly with my Business Council at its first meeting. I discussed it briefly with representatives of the American Chamber of Commerce yesterday. I hope to be able to visit Washington and the United States in the new year, as soon as a new administration has shaken down and as soon as a new administration has the time to see the Governor of Hong Kong in the gaps available from confirmation hearings and so on. What I will want to say — and it is an argument that I think will be all the stronger if I can be supported in saying it by representatives of the business community in Hong Kong — is that the politicization of trade is always, always, always damaging, that it is in the interests of Hong Kong to have the freest, most open trade between the United States and China and that I do not believe that trade friction would do other than undermine growth, destroy jobs and put up prices. That is an argument that I will be putting and I will be trying to apply the principles and the implications for Hong Kong, and in contacts with a new United States administration. But I repeat that I will want to discuss with the business community how we can best co-ordinate our activities. It is extremely important, when we put those arguments in Washington and elsewhere, that we have as much credibility as possible.

MR EDWARD HO: *Sir, as an architect, it would be negligent of me if I drew up a plan without thinking of the structure. Your proposal is a plan which may be beautiful to some people, but it lacks structure, the structure being the Basic Law which is to become effective after 1997. And I think that you have not emphasized this point, that is, the existence of the Basic Law to both the people of Hong Kong and to the western community. Of course, you have said that your proposals are consistent with the Basic Law. If it is so, then there is no problem of convergence. But on the other hand, Government Members in this Council voted against an amendment to Miss Christine LOH's motion, which brought in the element of convergence. In other words, the Government, by its vote, has indicated that convergence is not an important element. I would hope that you could clarify that.*

THE GOVERNOR: I would be delighted to clarify that. And perhaps other Honourable Members will excuse me if I say I will do the clarification if the Honourable Member will tell me where my proposals breach the Basic Law.

MR EDWARD HO: *Sir, I do not want to open a debate. I think it would take a long time to debate where the Basic Law and your proposal would or would not be consistent with each other. My point is that if you think it is consistent with the Basic Law then you can support convergence. What happened was that the Government did not support convergence because when Mr CHIM Pui-chung put up an amendment to Miss Christine LOH's motion all he brought in was the element of convergence and Government Members were against it.*

THE GOVERNOR: I am in favour of as smooth a transition through 1997 as possible. I am also in favour of arrangements, for example, for the 1995 elections which are decent, which are acceptable to the community. I suppose that the Honourable Member could conceive of arrangements for the 1995 elections which might transfer smoothly through 1997 but would not be acceptable to the people of Hong Kong. I certainly could. So the problem we have to address is one of balance. That is what I tried to address in the proposals that I brought forward on 7 October after — despite what, I think, one or two Honourable Members have said — protracted discussions with large numbers of Members of this Council and with others outside as well. Smooth transition certainly, but smooth transition of arrangements which are fair and open and acceptable.

MR TIK CHI-YUEN (in Cantonese): *Mr Governor, you mentioned several times just now that it was your wish to have a rational dialogue with China to break the present impasse. May I ask whether you have any concrete plans or actions in mind by means of which you can start a rational dialogue with China sometime between now and early next year? Moreover, do you envisage any difficulties in holding a rational dialogue with China at this moment?*

THE GOVERNOR: I do not have any difficulties in doing so. When I was in Peking one of the suggestions that was put forward was that the Joint Liaison Group could provide a forum for discussions. I have made it perfectly clear and our ambassador to the Joint Liaison Group has made it perfectly clear that that is absolutely fine by us. We think that would be a perfectly sensible way to move forward. If Chinese officials have any other proposals I will be very happy to consider them because I have made it plain that I will go anywhere at any time to talk to anyone in the hope that we can have as sensible and calm discussions of these matters as possible. But perhaps I can just reiterate one thing again. Sometimes people suggest that for me to go on saying that I am very happy to have a rational dialogue is somehow banging my head against a brick wall. The point was made almost in those terms in one of our newspapers

this morning. But what is more sensible than asking for a sensible dialogue? I am not sure what is. I repeat once again, and mean once again, that if there are any better proposals from anywhere I will be very happy to see them.

MISS EMILY LAU: *Governor, when you were in Japan last week you spoke about Britain's moral responsibility for the Hong Kong people after 1997: you said, for a few years. Yesterday your remarks were criticized by a Vice Director of Xin Hua News Agency who said Britain should not have any responsibility for the Hong Kong people after 1997. My view is exactly the opposite. I think Britain is morally — firmly morally — responsible for us for 50 years after 1997, the period covered by the Joint Declaration. So will you please tell us, and the people of Hong Kong, what exactly do you mean when you say Britain is morally responsible for us after 1997, and how many years that responsibility extends?*

THE GOVERNOR: Well, I was surprised by the remarks of the Vice Director of the NCNA since they seemed to overlook the fact that the Joint Declaration was signed by the United Kingdom as well as China, and was an explicit affirmation of our continuing concern for 50 years for the system in Hong Kong which is part of "one country, two systems", as I have said on other occasions, not "one country, one and a half systems", or "one country, one and a quarter systems" but "one country, two systems". Our way of life in Hong Kong, our prosperity and stability and the relationship between those things and the freedoms that we cherish, whether freedom of speech or freedom of assembly or other sorts of freedom, are set out in the greatest detail in the Joint Declaration. They were part of an agreement between Britain and China and an agreement which is binding for 50 years. So, I really cannot understand how anybody can say that our interest in, or commitment to, Hong Kong ends on 30 June 1997 when the twenty-eighth British Governor takes his leave. The best way or one of the best ways, in my judgement, in which we can ensure that we discharge that responsibility is by governing Hong Kong in the next four and a half years as well as possible and by trying to ensure there are arrangements in place in Hong Kong, arrangements which are in line with the Joint Declaration and the Basic Law, arrangements which help to secure Hong Kong's way of life after 1997, because unless we are prepared to try to secure Hong Kong's way of life before 1997, it is rather going to be rather more difficult to do so after 1997.

MR SIMON IP: *Governor, when you came to Hong Kong, in your inaugural speech you said that the most important task you have to face in the next five years is to build trust and understanding with China. Clearly, trust and understanding are two commodities which are in very short supply at the moment and we have seen a very great deterioration of relationship between China and Hong Kong and China and Britain. How do you aim to restore or*

build trust and understanding and are you willing to sacrifice trust and understanding for your political reform package?

THE GOVERNOR: I suspect that it was always going to be difficult to agree on arrangements for the 1995 elections which were regarded as widely acceptable to Peking, to London and to Hong Kong. I suspect if there had not been a problem it would have been something that would have been tackled successfully and before July this year. What I do not think would be an acceptable basis for trust and understanding with anyone was if the price that the Government of Hong Kong had to pay was sacrificing the trust and understanding of the people of Hong Kong. It seems to me that what I have to seek to do is to reconcile the trust and understanding of the people of Hong Kong with a better working relationship with Peking and Chinese officials. And I very much hope that as we move through these perhaps inevitably choppy waters we will find that there is smoother sailing the other side. But unless one was to run the risk of sacrificing trust and understanding in Hong Kong, I suspect that one was going to find oneself with an argument similar to this some time over the next few years whenever one addressed the problem of how best to organize the 1995 elections.

MR HOWARD YOUNG: *Sir, before I ask my question, I would just like to say that in respect of your question directed at my colleague in the CRC, the Honourable Edward HO, on your package and the Basic Law, I did mention to you my views on 13 October when we spoke privately and also on 14 and 22 October and then culminating on 5 November in a letter to you, which I shall not elaborate. Sir, I would like to ask why do you think it is necessary to solicit support from the United States, Canada, Australia and even Japan for the constitutional reform package, which at the least is a domestic issue, or at the most is an issue between China and Britain, because, you yourself, Sir, being a great scholar of history and bearing in mind the history of how Hong Kong came about, would have been all too aware of the unnecessary risk of arousing nationalistic sentiment which would be divisive in Hong Kong and also divisive between Hong Kong and China?*

THE GOVERNOR: With respect to the Honourable Member which I mean, I think that one should not necessarily believe that the attacks on the Governor of Hong Kong for doing this or that are always accurate. I have not attempted to solicit support; I have found around the world a great deal of interest in what is happening in Hong Kong. But in the countries which I have recently visited, Canada and Japan — I assume the Honourable Member would leave the United Kingdom out of the picture because that, after all, is the present sovereign power — the governments there recognize that the successful implementation of the Joint Declaration is above all a matter for Hong Kong, for China and for the United Kingdom. But they are actually interested in that successful implementation. When I was in Japan, I was asked on several occasions by

journalists whether I was disappointed that Japan had not endorsed my package. I pointed out that before I went to Japan I had said that I did not expect that from Japan or seek that from Japan. So, if you have not expected something to happen or asked for something to happen you cannot be disappointed that it did not happen, if the Honourable Member sees what I mean. I do not seek to solicit support from the outside world for the proposals which the Government of Hong Kong has put forward, but I am not surprised that there is interest in the outside world in what is happening in Hong Kong since Hong Kong is one of the greatest international financial and commercial centres in the world, and since it is in the interests of the world that Hong Kong should remain precisely like that. And what do I think of the main conditions for Hong Kong remaining like that? I will tell the Honourable Member. I think that the main conditions are to retain an open market economy and the rule of law and those are my main objectives.

MR PETER WONG: *Mr Governor, I wish to follow up your answer to my honourable colleague's question on the voting by the three official Members of this Council. Each of us, the unofficial Members, are free to vote according to our own wish or conscience. Would you accord the same freedom to the three officials so that they can vote according to their own conscience?*

THE GOVERNOR: Of course. But it would be surprising if official members of the Hong Kong executive did not agree with the Hong Kong executive's policies. So, I find it a slightly curious question. But my senior officials have, like the Honourable Members, principles to which they adhere very strongly. I think that had better be the last one, I am sorry.

DR TANG SIU-TONG: *Sir, in the present confused situation about Hong Kong's political reforms, do you think that your presentation overseas can help the foreigners have a fair evaluation and understanding of Hong Kong without knowing China's position?*

THE GOVERNOR: In my experience, China has not been slow to make her position clear. I have the distinct impression, before each of my visits, that Chinese officials, as is doubtless their job, have been doing that very vigorously. Last question.

MR SZETO WAH (in Cantonese): *Mr Governor, when your overseas visit brought you to London, you used the words "empty threats" which subsequently caused some confusion. Why did you use the adjective "empty"? If you were to say the same thing again in these few days, would you use another adjective? If so, what would be that adjective?*

THE GOVERNOR: The confusion to which the Honourable Member refers is something that, perhaps, I could explain to those Members of the Council who are not aware of it. I used the word "empty threats" — actually I think I used it in Canada, not in the United Kingdom — after a statement had been made denouncing this Legislative Council for having the temerity to do what it is supposed to do under the Basic Law, that is, to vote on legislative arrangements. I used the word "empty threats" in relation to the statement that was made, I think, by the NCNA about that vote and it was translated by one of the agencies, making, I am sure, a rare error, as being "empty-headed" rather than "empty threats". I would not of course accuse anyone for being empty-headed under any conceivable circumstances because, as the Honourable Member will know, I am a man of great forbearance. That was the confusion and even though there was the reaction to which the Honourable Member referred, it was rooted in what the agency said rather than what the Governor of Hong Kong said. I do not want to use adjectives. There are a lot of adjectives being used at the moment; they are not being used by the Government of Hong Kong. What I will say is just this: those who talk, as we all do, about securing the prosperity and stability of Hong Kong should, in my judgement, make every effort to achieve that objective and should be mindful of the effect that words sometimes have in a contrary direction. I hope that we can all work for the best interests of the people of Hong Kong. I think the people of Hong Kong deserve better than to have anything said about their prospects which might undermine their prosperity and stability. There is every reason to be enormously confident about the future of Hong Kong and that was, is, and remains my position. And I am sure that that will be the basis on which this Council, after, as I said earlier, an inevitably heated debate, will be able to work together in the future.

Adjournment and next sitting

THE PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday, 2 December 1992.

Adjourned accordingly at half past Three o'clock.

