

Preface

In just a year's time, China will resume its sovereignty of Hong Kong from the hands of the British. There is not only a psychological countdown by the people of Hong Kong, but an actual countdown by a clock installed in the Hong Kong Macao office in Beijing. But, is a countdown now necessary? For some people 1997 is no longer an issue, it has come and gone! This is largely true because Hong Kong had thirteen years of preparation for the event after the Sino-British Joint Declaration signed in 1984. More importantly, China has been playing an increasing role in Hong Kong in the past few years in the run up to 1997. In a sense, most Hong Kong people have realistically accepted Hong Kong's return to China and are well prepared for it.

There are many reasons for us to believe that Hong Kong will have a smooth transition in 1997 and the prosperity of Hong Kong will continue. First, despite the absence of a "through train" in the Legislative Council, the disruption will be minimal. Hong Kong people will soon come to terms with the reality. Things will be alright as long as the executive-led government system is maintained and there is continuity in the operation of government businesses. We should not even be concerned with some changes in the top civil servants as long as the civil service system remains unchanged. The future political system which allows for a gradual process of democratization has been well-defined by the Basic Law and could not therefore be drastically changed. Second, the existing high-handed policy adopted by China over Hong Kong is largely a result of China's objection to Governor Patten's (or Britain's) China policy and style. After the change of sovereignty in 1997, Hong Kong as a Special Administrative Region (SAR) can protect its own interest and negotiate with the Central government in its own right. During the transition period, the interest of Hong Kong is submerged amongst the arguments between China and Britain. Third, there are absolutely no incentives for China to destroy Hong Kong's vibrant economy. First of all, it is a question of face. How could China face the world if the economic success emerged during the British Colonial rule cannot be sustained under Chinese sovereignty! Also, Hong Kong is still of vital importance to the further modernization and development of the Chinese economy. Hong Kong's major contribution in the near and medium future is not so much entrepot services, direct investment, financial services, etc. but more important in providing the mastermind and software in binding up some economic institutions (especially those related to financial development and macroeconomic control) in China. Hong Kong can play a more significant role in this because of our better understanding of the Chinese situation. For a long time to come, the role of Hong Kong in China's development remains irreplaceable.

If there are any risk factors, they are whether the institution in Hong Kong at large will be preserved and whether the superior quality of human resources in Hong Kong could be maintained. The institution at large prefers the ways that things are done in Hong Kong; it can be readily recognized but is difficult to define. It sums up such things as the rule of law, the predictability of policy, the certainty of procedures, the efficiency of operations, etc. While China certainly has no intention whatsoever to destroy Hong Kong, it may inadvertently damage the corporate culture of Hong Kong Inc. With the massive influx of population from China (150 a day legally and possibly another 50-100 a day illegally), we need to have vigorous and well thought out programs of training, retraining and formal education to maintain the quality of our labor force.

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