**Hong Kong in Turmoil**

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This presentation was the first of a four part program by four former career American Consuls General to Hong Kong presented at the Center for China-US Cooperation, Korbel School of International Studies, Denver University, November 4, 2019. The four panelists were: Richard W. Mueller, Richard A. Boucher, Steven Young, and Kurt Tong.

Sir Claude Maxwell MacDonald was the distinguished British Minister to China who in 1898 negotiated the Second Convention of Peking giving to Britain a 99 year lease on what came to be called the New Territories. Rather than forcing the Qing Dynasty to cede sovereignty, he agreed to the long-term 99 year lease because, “It was as good as forever.” 1997 was indeed a long time away.

We are now wrestling with the consequences of Sir Claude’s decision.

I start at that point of 1898 because it was one of the important times at which Hong Kong and China began to develop in very different ways, thanks to different histories, cultures, values, and languages dividing Hong Kong and the rest of China.

Claire and I felt keenly those differences as we served at the U.S. Liaison Office in Beijing 1976-78 and of course visited Hong Kong periodically. Crossing the border always was a culture shock—in both directions.

During my Foreign Service assignments to Hong Kong in the 1980’s and again in the 1990’s as Consul General, most of us answered the never-ending question of “What’s going to happen after 1997?,” with something similar to, “It depends. If China continues to open up, and honors its commitments, then Hong Kong’s prospects are likely to be positive. But if China becomes more inward looking and controlling, then Hong Kong’s prospects will be different and not as positive.”
We must keep in mind the urgent need to understand the vast differences on
the two sides of the border and the need for very careful words and actions. So much
is at stake.

What is my bottom line view today on what might happen in the *coming*
months and years? It’s similar to the previous answer:

“It depends. If Hong Kong people are treated as wayward children who need to
be educated, prospects are negative for reducing turmoil and maintaining stability and
prosperity. But if Hong Kong and China can relate as two adults, both sharing respect
for their differences, and Beijing in particular showing understanding, restraint, and
willingness to be flexible in supporting the unique principles underlying Hong Kong’s
success, then prospects are more positive.

Let me be upfront:

I believe we need to look primarily to China to *wisely* resolve these issues
peacefully, flexibly, and effectively, reaching out to demonstrators and other Hong
Kongers to build bridges. Only China holds the ultimate power, and China has the
most to lose if its constitutional “one country, two systems” fails and Hong Kong’s
livelihood, vitality, and unique contributions to the world are lost.

Nobody wants that to happen. We may be entering a period where the coming
months become a tipping point, one way or another.

Skeptics can easily point out that China’s current internal course is one of
increasing, top-down, authoritarian control. Thus, exerting more control now in HK
and bringing Hong Kong more fully into the PRC system well before 2047 would not be
surprising.

I retain some hope that China’s leaders will be smart and wise enough to resist
sending their troops into the streets and dismantling the current system. There would
be chaos in HK. The city would lose its very special, positive role in both China and the
world. Deng Xiaoping showed patience and practicality in agreeing to “one country,
two systems,” as a way of preserving the positive fundamentals of HK as well as
bringing it back under Chinese sovereignty.

I pray that President Xi Jinping will show similar patience and practicality. A
nation of 1.4 billion people can afford to allow freer rein to 7.5 million in Hong Kong.
I’d like to share some highlights of my experiences in Hong Kong and China, so as to build a foundation of understanding of how we got to where we are and what might come next.

In 1983, shortly after Claire and I arrived at the Consulate General in Hong Kong—where I was chief of the economic section—it became clear that the Sino–British talks were not going well. In September, the bottom dropped out of the Hong Kong dollar. Panic set in. There was a run on basic food supplies and store shelves emptied. Public confidence plunged. The Hong Kong Government, after denying it would ever do so, in desperation took the unproven theory of a financial analyst and finally pegged the HK dollar to the US dollar, 7.8 to 1. That peg, unexpectedly, has lasted until today.

Fast forward. The crisis of 1983 helped jumpstart Chinese–British negotiations and in 1984, the Sino-British Joint Declaration on Hong Kong was announced. It was a unique document that led to China’s Basic Law, recognizing the reality of deep differences between Hong Kong and the rest of China. While it didn’t satisfy everyone, it did hold some promise for the longer-term preservation of Hong Kong’s way of life, stability, and prosperity.

China also looked across the Pearl River to Macau and across the Taiwan Strait and signaled it was prepared to allow Macau and Taiwan to return to the motherland under the same formula.

Fast forward to the crisis of June 4, 1989 Tiananmen demonstrations and subsequent PLA killings and injuries which were shocking and frightening to Hong Kong and the rest of the world. There was an exodus of people and capital from Hong Kong and much soul-searching. Traveling business people whose families took up residence in another country came to be called “astronauts,” a pun in Chinese. “Tai Kung Ren”: Astronauts or “the place of the wife is empty.”

Make no mistake, Hong Kongers’ safeguarding of capital and families overseas will only increase as turmoil continues.

Fast forward again. In 1992 the US Congress passed the Hong Kong Policy Act empowering the United States to treat Hong Kong differently from its sovereign, as China wished us to do, honoring the “one, country, two systems” structure. Working on legislative affairs for Secretary of State James Baker at the time, I helped lead the group doing the drafting and negotiations with the US Congress. The Act passed unanimously as a show of support for Hong Kong. It empowered the United States to treat HK differently from its sovereign and also made clear that should Hong Kong lose
its guaranteed autonomy, the United States could withdraw our unique treatment of Hong Kong.

Please note: that provision concerning withdrawal of US treatment is still in place today.

Fast forward again. By the time I returned to Hong Kong as Consul General in 1993, Deng Xiaoping had visited the Shenzhen special economic zone and written “Shenzhen Hao,” Shenzhen is Good,” signaling that economic reform was again a priority. That was positive for Hong Kong morale. The next years saw economic growth as well as fierce wrestling over Hong Kong’s political evolution under the Basic Law.

I would argue that during those years there was a growing discovery and appreciation in Hong Kong for what it meant to be a “Hong Konger.” The many younger demonstrators today who were born before and after 1997 believe they should have the right for substantial input into choosing their own leaders to represent their unique history and value. And do not underestimate also the deep concern of many in Hong Kong Hong about their financial and quality of life prospects in coming years.

I read a few days ago of a 25 year old HK woman who explained why she is demonstrating. At her age she is halfway between the 1997 handover and the 2047 end of “one country, two systems.” She cannot imagine in a few short years having to live under a hardline communist regime such as is now in place in China. If she doesn’t speak up now, she may never get another chance to preserve the Hong Kong she loves.

While I was Consul General, 1993-96, what were some of the things we did and saw in those years leading up to the handover?

-We did what good professional diplomats do: We stayed in touch with many people representing differing interests, across the board, to ensure we understood the range of actions and opinions and in turn communicated clearly US policies.

-- We worked to keep open the lines of communication with those representing Beijing, whether with a highly placed Beijing emissary I had lunch with periodically (and who said there was appreciation for such exchanges of ideas) or with a very senior representative of China’s interests in Hong Kong. In the latter case I had a fascinating exchange about Hong Kong’s future as part of a huge nation and whether “one country, two systems” was a useful form of de jure federalism (lian bang zhi) as we have in the United States, instead of the current system of de facto federalism in China. You can imagine the heated response from my host about “splittism” (fen lie juyi) and how
foreigners over the years have wanted to split China apart. *De jure* federalism is not for China!

-- We advised American companies on the growing prospects as well as difficulties for increased trade and investment in HK and China as China was gradually opening up, and the concerns about June 4 and the unknowns of post-1997 Hong Kong.

-- We worked with the HK Government to adjust and implement US laws and policies, as directed by the Hong Kong Policy Act, to continue a robust relationship with Hong Kong.

-- We spoke up clearly and forcefully on the fundamentals of what made HK such a successful entrepot and society. We pushed back when people tried to suggest we were interfering in China’s internal affairs.

-- We supported keeping Hong Kong’s future on the bilateral agenda of the United States and China.

-- We maintained close relations with Macau, to which we were accredited, and which was scheduled to return to China in 1999.

-- And we maintained good working relations with Governor Chris Patten and his staff. He believed he was doing the right thing for Hong Kong by standing up for principles that Hong Kongers were already committed to. He pushed the envelope of trying to create more political space and choice for Hong Kong. Patten was not welcomed in Beijing and, in fact, was denounced for trying to introduce political reforms Britain itself had never allowed HK. Nevertheless, he felt strongly that the long-term viability of HK depended on a strong foundation of law, freedom, and political openness.

As the 1997 handover approached, tensions rose, uncertainties abounded, and China’s united front work went into higher gear.

In 1996 I handed the reins to my successor and good friend, Richard Boucher. I stayed on as director of the Asia Society Hong Kong Center. I was pleased to participate in the official handover ceremonies. The rains poured down for days, another bad omen for some. We sat with visiting Senator and Mrs. Murkowski in the rain, huddled under our 1997-branded umbrellas, wearing our specially-designed 1997 ties – which I wore today! – at the outdoor British ceremony, listening to a sad – and drenched - Prince Charles. There was a heavy sense of finality. The jewel in the crown was about to be handed over.
That night in the Convention Center, we attended a dinner and the formal handover ceremony. It was solemn, representing a great political victory for China. At one point, a friend and I stepped out on a balcony to observe the city and the royal yacht Britannia waiting to end 155 years of history. Two Chinese cooks were taking a rest on the balcony. We asked them what they thought. One answered, in English:

“Old boss go. New boss come. Don’t like new boss, I quit!”

What a pithy summation of how so many Hong Kongers really felt.

Hong Kong remains my favorite city. Claire and I went back in 2005 for five years so I could be head of school of Hong Kong International School. Much has changed in Hong Kong, much has not. It retains a unique spirit and can-do energy which I felt on my first visit to the city in 1969. Not infrequently, I think of the words of that Hong Kong chef and pray that the “new boss” will be wise, restrained, and understanding of difference, as it appreciates the immense value of its beautiful jewel.

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The author was a senior Foreign Service Officer for thirty-two years, specializing in China and Asia. He served overseas in Canberra, Saigon, Beijing, Taiwan, and Hong Kong. In the State Department he worked on China, East-West economic affairs, legislative affairs and the Executive Secretariat. Earlier in his career he worked for Secretary Kissinger and later as a senior officer for Secretaries Shultz and Baker as Deputy Executive Secretary of the Department and Deputy Assistant Secretary for Legislative Affairs. He served as Consul General (Chief of Mission/Ambassador) to Hong Kong, 1993-96. After retiring from the Foreign Service he served for fifteen years as head of school of Northfield Mount Hermon School in Massachusetts, Hong Kong International School, and Shanghai American School.