

GR 340
SECRET
DESKBY 160830Z
FM PEKING 160340Z APR 83
TO IMMEDIATE F C O
TELNO 346 OF 16 APRIL
RPTD INFO IMMEDIATE HONG KONG.

SECRET

64 M

YOUR TELNOS 357 AND 358: FUTURE OF HONG KONG

1. I WOULD NOT RULE OUT THE INTERPRETATION OF CHINESE AIMS IN YOUR SECOND TUR BUT THERE MAY BE A MORE POSITIVE EXPLANATION. IF, AS SOME OF THE SIGNS SUGGEST, THE PRIME MINISTER'S LETTER HAS BEEN REASONABLY WELL RECEIVED, THE CHINESE MAY BE PREPARING TO RESPOND POSITIVELY TO IT. THE DISSEMINATION OF KNOWLEDGE OF THE PRIME MINISTER'S LETTER MAY BE A PART OF THAT PREPARATION, A FACE-SAVING EXERCISE INTENDED TO CREATE A CLIMATE IN WHICH IT APPEARS THAT THEIR INTRANSIGENCE HITHERTO HAS ACHIEVED SOMETHING, THUS JUSTIFYING THE MOVE TO TALKS. ALTHOUGH THIS HAS FROM THEIR POINT OF VIEW USEFUL SPIN OFF VIS A VIS THE GENERAL POPULATION OF HONG KONG, I WOULD SEE IT AS PRIMARILY AIMED AT THEIR OWN POTENTIAL CRITICS ON THE MAINLAND, MOST OF WHOM ARE INFORMED THROUGH "REFERENCE NEWS" OF FOREIGN NEWS REPORTS, AND AT THEIR SUPPORTERS IN HONG KONG.

2. IF THE CHINESE ARE IN FACT INTENDING TO TAKE A HARD LINE, AND TO REFUSE TO ENTER INTO TALKS, PUBLIC KNOWLEDGE OF THE LETTER AND ITS CONTENTS, WHICH WOULD BE WIDELY REGARDED AS FLEXIBLE AND REASONABLE, WOULD NOT IN MY VIEW BE USEFUL TO THEM.

3. IN THE CIRCUMSTANCES I STRONGLY RECOMMEND THAT IN SPITE OF THE PROVOCATION WE SHOULD NOT RUSH IN AND PROTEST, WHICH WOULD AT THE LEAST DAMAGE THE ATMOSPHERE AT A TIME WHEN WE HOPE IT MAY BE IMPROVING, AND COULD PERHAPS EVEN CAUSE CONFUSION ABOUT THE KIND OF SIGNALS WE ARE TRYING TO GIVE. SUCH A PROTEST WOULD IN ANY CASE BE PURELY FOR THE RECORD, SINCE AS WE KNOW FROM PAST EXPERIENCE, IT IS UNLIKELY TO ACHIEVE ANY PRACTICAL EFFECT.

4. IN OTHER WORDS I BELIEVE STRONGLY THAT WE MUST HOLD OFF UNTIL WE KNOW WHAT THE CHINESE ARE GOING TO SAY IN RESPONSE TO THE PM'S MESSAGE. IT IS THE SUBSTANCE THAT MATTERS IN THE END, NOT THE WAY IN WHICH THE CHINESE CHOOSE TO DECORATE IT.

CRADOCK

FUTURE OF HONG KONG

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