

WWU - 3
Pimple on China's Underbelly

Peninsula Hotel
Kowloon, Hong Kong
December 21, 1958

Mr. Walter S. Rogers
Institute of Current World Affairs
522 Fifth Ave., New York 36, N. Y.

Dear Mr. Rogers:

In this morning's edition of the Tiger Balm family's Hong Kong Standard, Editor Woo Kyatang has a two-column, front-page analysis of the stepping down of Mao Tse-tung as Chairman of the Chinese People's Republic. He shows why he thinks the move has been caused by the failure of Mao's pet commune scheme. Woo, an ex-Shanghai Associated Press reporter and editor, is considered one of the shrewdest of Hong Kong dopesters. His analysis today follows intense speculation that has been going on here these past four days, speculation that the first report about Mao -- from unnamed "officials" on Chiang Kai-shek's highly-biased isle of Taiwan -- was pure bunk. Then speculation that even if the report were true, maybe any mere cession of title by Mao was meaningless. For a reporter on leave-of-absence from active duty, it was sort of fun to watch the local press corps assemble for the before-dinner cocktail at the Peak apartment of the New York Times' Peggy and Till Durdin and air their uncertainties.

But in many ways, everything in Hong Kong is full of uncertainty. I decided to devote 12 days here for two reasons: I once had written a term paper at college about Hong Kong -- complete with maps -- and have been anxious to see it ever since; and I had a hunch that I might find Hong Kong's tight-rope existence a peculiar type of neutrality to fill out the spectrum of my study of the people and places whose alignment is neither strictly Western bloc nor Communist. The first person I interviewed, R. T. D. (Dick) Ledward, political adviser for the Crown Colony's Colonial Secretariat, grew really angry with me when I associated Hong Kong with the term "neutral". That is, as angry as a gray-tied, gray-suited, pink-cheeked, proper-schooled British foreign service man can get when he wants to rise above his questioner's irreverence and ignorance. Said he: "We're not neutral at all. We're not keeping a balance. We try to exercise our own jurisdiction between the boundaries of Hong Kong." I later learned from others, including some of Ledward's fellow officials, that I needn't have apologized to Ledward for my naivete: Hong Kong, they said, is very much playing the role of a neutral in her struggle to survive.

"It's a game of poker and Hong Kong is the stakes," one of Her Majesty's representatives told me. "We want to play our cards carefully. Our object is to be firm and oppose without infuriating." And from an American observer: "The biggest problem is subversion from both the Chicoms (Chinese Communists) and the Formosan Nationalists, and the British don't want to rock the boat." Sir Alexander Grantham, a former Crown Colony Governor now employed by private industry, went so far as to declare in the U. S. recently that Hong Kong couldn't be held from the Chicoms. After his return to England and some conferences with the Foreign Office, he modified that to declaring Hong Kong couldn't be held militarily. But even Sir John Slessor, a retired Marshal of the Royal Air Force, said here the other day that, "As long as we are sensible, maintain a deterrent and look for political solutions," that "very unpleasant" war might not have to develop.

A quick first look at Hong Kong presents an unbelievable picture-postcard city. Steep mountains, bejeweled with fine homes, slip quickly into a magnificent deep water harbor. The blue waters are filled with everything from junks and sanpans to private yachts, large ocean liners (the American President Lines' President Wilson put in on the Kowloon mainland two days ago), great warships (the U.S. Aircraft Carrier Bennington, along with a British carrier whose name I didn't get, look as if they are about to splash the surrounding shores with the water they displace) and, of course, the two-decker passenger and vehicle ferries which bridge the China mainland with Victoria Island and Hong Kong proper at eight-minute relays. Then, on second look, I discovered that the largest skyscraper in downtown Hong Kong, the one which clearly dominates the harbor, is the new Bank of China building, and China here means Peking. And on the mainland at Kowloon, I saw a prominent sign in the railroad station announcing the "next train from Lo Wu with Canton passengers." The famed Kowloon-Canton railway is really no more. Passengers with special permission from the Hong-Kong Government are allowed to take the train from Kowloon to the last stop on the 40-odd mile route to the Chinese border -- Lo Wu. They then get off, walk across a bridge and climb onto a Chicom train at the other side of the border, Sham Chun, which takes them on to Canton. The ordinary passenger is permitted to go only as far as the penultimate stop, Sheung Shui, a 5 to 10-minute ride from Lo Wu.

I needed considerable refreshing to recall the Hong Kong history I had once jotted down in my term paper. The steep, multi-fingered and harbored rock that is Victoria Island was ceded by the Chinese Emperor to Her Majesty the Queen in 1842 as a result of the Opium Wars. As a matter of fact, the bounty was at first so unappreciated that one Captain Charles Elliot, the Royal Navy superintendent of British Trade, was recalled and dismissed for his ineptitude in accepting such a poor bounty. But the British soon found that their Captain Elliot knew a good thing. Eighteen years later, in 1860, they succeeded in getting the Chinese Emperor to let loose of the Kowloon Peninsula, up to present-day Boundary Street, and Stonecutter's Island in the harbor. Then, after a bit more military to-do in 1898, the British acquired a 99-year lease to what is now

known as the New Territories, some 355 square miles of Chinese mainland territory behind Kowloon, as well as some 200 islands in the harbor. Victoria Island (Hong Kong) and Kowloon are presumably forever Britain, But the New Territories lease has but 38 years to run. Actually, even the British will now concede that the whole business is so much paperwork. Treaties these days are worth only as much as the signatories' observance of them. At the moment, Peking is simply not mentioning the lease -- even when she is threatening. And even if the lease should be permitted to run its remaining 38 years, the British say the Crown Colony of Victoria and Kowloon would be worthless to them after that because it would have lost the water and food base necessary for independent survival.

I have found nothing more fascinating here than the cat-and-mouse game that is going on between the Chicoms and the British over the status of the Crown Colony. Officially, the Peking Government has no representation here. If it had a consulate, as other nations, it would be lending official recognition to British sovereignty. Instead, it would prefer to have a Chinese High Commissioner stationed in Hong Kong, a sort of supervisor of a business under contract to somebody else. That is the way the Nationalists used to do things when Chiang-Kai-shek was in power on the mainland. But even though Peking sent a note on this business to Whitehall two years ago, the British have busily done nothing. They fear a foot in the door in this guise would be more than they could take. As for the bigger picture of diplomatic nicety, Britain does recognize the Chicom regime and has an Ambassador in Peking (although he, along with the Dutch and Yugoslav Ambassadors, was noticeably snubbed the other day when Foreign Minister Chen Yi summoned the diplomatic corps in Peking to announce the forthcoming change in Mao's title). Whitehall does not recognize the Nationalist China regime, although a British consul is accredited to the old provincial headquarters city on Formosa.

Without official representation, what does Peking do? Well, a few months ago Old Man Chang, a onetime middle school teacher of Mao's, was escorted across the border to the plush Repulse Bay Hotel, on the back side of Victoria Island. I have been told that his availability was particularly made known to the Nationalists with a hint that maybe it would be nice to discuss -- just discuss -- what might be done to reconcile the two Chinas. The Nationalists took advantage of the opportunity and some eight proposals leaked out, including the one to let Chiang remain on as Governor of Formosa, and to let his Army be, providing it changed into Chicom uniforms. The scuttlebutt here -- and there is lots of scuttlebutt -- has it that as long as Chiang can count on Quemoy and Matsu incidents to keep America interested, he is not negotiating. But this "alternate suicide solution" is being considered. And it is thought that when Chiang's time runs out and his son and designated heir, Chang Chun, succeeds him, there may be some serious negotiating. At the amount, with 100 miles of deep water between the

Chinese mainland and Formosa, the U. S. Seventh Fleet on patrol in between and no Chicom Navy to speak of, Peking is not collecting islands.

Instead, she is doing lots of other things here in Hong Kong. I mentioned the lack of official representation from Peking. But there are four very important unofficial institutions: 1) The aforementioned Bank of China, which stashes away foreign exchange, including good old U. S. dollars, for the things China needs to buy from abroad; 2) The China Travel Service, which last week was advertising package "sightseeing" tours for five and six-day look-sees at the new communes and the wonders of "socialist construction". The price varies from 77 Hong Kong dollars (equal to a little over \$13 U. S. at the exchange rate of 5.75 HK per \$1.) to 120 Hong Kong dollars (almost \$21 U. S.); 3) the China Resources Co. (a nice unassuming name for the funnel point of Chicom exports abroad which this year are expected to exceed \$225,000,000 U. S.); and the New China News Agency, which no doubt has something to say about what goes into the four Communist newspapers published in Hong Kong. The most important of these papers, the Hong Kong edition of the once-great Ta Kung Pao and Wen Wei Pao, published the official announcement about Mao's stepping down after four days of ignoring the reports that had been coming out of Formosa and Peking. The real Peking representatives in Hong Kong, the men who call the signals, are supposed to be well cloaked in obscurity, some say under managerial titles in Ta Kung Pao and the China Resources Co. But there are at least two prominent "front" men: Percy Chen, the son of Nationalist China's old Foreign Minister Eugene Chen, a Communist attorney who lives high on both Hong Kong's Peak and its social hog, running a ménage which includes chauffeured limousines and an English governess for his children; and Fei I Ming, another well liver who once worked for the Associated Press in Shanghai and now is the most prominent name associated with the local Ta Kung Pao. I tried to see Fei. I phoned an intermediary, was given the prescribed time -- 10:30 a. m. to 11 -- to phone his special number for rendez-vous point, etc. But even with my Mandarin limping through the first few secretaries, I was told Fei was not in and it was not known when he would be. I left my name, credentials and phone number, but was stood up. I am sorry, because I would have liked to have had a look at a Chicom official, even if he was only a "front" man, and heard the official Peking attitude toward Hong Kong. As a matter of fact, the British weren't much more cooperative. The official spokesman for the Crown Colony, Jock Murray, ignored two phone messages, then suddenly asked me to his home for dinner. He explained that my flu could wait, his wife had 13 at a sit-down, then said goodnight to me as soon as the sit-down was over. My request to see the Governor was not quite ignored. Murray's assistant simply did nothing about it for three days and then suggested I come down to his office to tinkle teacups and talk about my request. I gathered from the foreign press colony that the Crown Colony public information office is uniformly detested. Murray has succeeded in buttoning up all officials and getting them to route their queries

through his office . His office then proceeds to say nothing. (Ledward saw me because I had a letter to him from the British Embassy in Washington. He stuck to the rules, however, and said nothing.) Perhaps from the interests of the Colonial Secretariat, and the desire not to rock the Crown Colony boat, this is a good thing. For a reporter, however, it is infuriating. The one statement I did get from Murray was that Hong Kong is "a benevolent autocracy."

I am afraid my spleen has brought on digression. In addition to the four institutional representations in Hong Kong, the Chicoms have been putting enormous effort in two directions: the Hong Kong schools and the labor unions. Sometimes they have been successful and sometimes not. But at least in these two areas, the British have shown themselves least likely to yield. Out of curiosity, I assembled a list of "incidents" to illustrate the tightrope neutrality which underlies the daily existence of Hong Kong, this pimple on the southeast underbelly of the Chinese mainland.

*The physical exercise demonstration. Just before I came here, the Crown Colony withdrew permission for a mass outdoor gymnastic event which 10 schools hoped to hold before an estimated crowd of 12,000. Permission for such events must always be obtained and, actually, the Police Commissioner had given his "no objection" when the request first came to him, in October. However, around December 3 or 4, a week before the exercise was to be held, the authorities, apparently tipped off, asked to inspect the rehearsal and have a look at the printed program. They decided the whole affair was nothing more than a Communist propaganda display and indicated that the permit was being reconsidered and that there would be a "delay". Editor Woo said the authorities expected trouble, but they got neither pickets nor a mass newspaper denunciation, just a "rather mild" special supplement in Ta Kung Pao. Score for the British.

*The "mat shed" incident. A while back, a property owner decided the best way to utilize his viewfront property was to put up one of Hong Kong's high-rent, balconied apartments. His tenant at the time was the Pai Kiu middle school, a "private" or non-government school run by the Communists. The property owner found he could not break the lease so he began an attrition campaign by withholding needed repairs. This summer, the Crown Colony authorities condemned the school. The Communists cried "discrimination". When eviction day came they taunted the police into hitting them back, and then snapped front-page newspaper pictures of the police at the moment they looked most threatening. After eviction, the Communists moved their school to a nearby "mat shed," a rickety shelter area used for the making of straw mats. The school is still there and the British have not pressed further condemnation. The Communists, meanwhile, have bought the original property and plan to put up a new school. Score for the Communists.

*The trade fair incident. Three months ago, the Kowloon Chamber of Commerce, a small group of merchants with pronounced sympathies for

Nationalist China, decided to hold an "International Fair." Police permission was given. The Communist press then started agitating that the British were encouraging a "Two-China" policy. Investigation showed that the "International Fair" was to concentrate on products from Formosa and other anti-Communist countries. The authorities withdrew permission. Score for the Communists.

*The dockyards closure. A year ago, the British decided to close down the famed Royal Naval Dockyards on Victoria Island and concentrate the main Navy installations at Singapore. Singapore's dockyards have always been larger, but the Navy has preferred Hong Kong, finding the Chinese better repair men than the Malaysians. The decision, according to one British official, was prompted by the thought that "We had better drop it (the dockyards) into the sea, rather than give it to the Communists in addition to Hong Kong". Well, the British decided to "phase out" the closure over a two-year period in order to reemploy the dockyard workers as they were laid off. The Communists, who are particularly strong in the dockyard union, as well as in the transportation and utility workers unions, found themselves in the ironic position of screaming for the preservation of Her Majesty's imperialistic might, the Royal Naval Dockyards. A strike was called some nine months ago, but fizzled. The British are continuing to undercut criticism by reemploying the workers under their "phase-out" program and have a year to go. Then the area will become badly-needed downtown real estate. Score for the British.

*The deported principal. Several months ago, the police found that Parker To, headmaster of the best organized Communist school in Hong Kong, was not only flouting regulations by displaying Communist books on the school library shelves, but encouraging the holding of Communist discussion groups in the classrooms. The authorities resorted to "confidential banishment," an infrequently-used sanction against political criminals where the evidence is kept confidential (certainly not the punishment) and the only appeal is to the Government Executive Council. Some of the banished have chosen nearby Portuguese Macau, some Formosa. Parker To chose Communist China where, at last reports, he is working for the Canton educational system. Score for the British.

*Public displays. On Chicom national holidays, the red Chicom flag with its five stars is brazenly unfurled in front of the Bank of China, as well as other edifices, even though Chicom has no official representation in Hong Kong. Bookstores are quite open about their Communist stocks and clientele and only today I spotted a three-story high picture of Mao above the marquee of Kowloon's Liberty movie house. The British for some time now have overlooked these stunts. Score for the Communists.

*Visiting pilots. Some 18 months ago, a Nationalist Chinese pilot who had been doing some scouting over the mainland, scooted into Kowloon's Kai Tak airport under hot pursuit by Chicom planes. The pilot was quickly shipped back to Formosa, his plane dismantled and sent packing after him. Several months ago, a second Nationalist pilot, unarmed and finding himself with engine trouble while flying over international water, also put in at Kai Tak. The British had his plane and the both of them out of there before dawn. I don't know who scores here.

*The "Triads." This past Fall, the Communist press proudly told its public that it had reports that Nationalist-inspired "triads," secret societies which actually are more fraternally and economically-oriented than political, would provoke incidents on both October 1 and 10. The British said that if the Communists had evidence, they should present it to the police. Lacking evidence, they should cease their libelous commentary. The Communists quieted down. Score for the British.

* The Canton trade fair. For some time now, the Communists have been holding semi-annual trade fairs in nearby Canton and making quite an effort to invite both Chinese and foreign businessmen to come up from Hong Kong to see the pretty things. And, even without need of such a trip, the people in Hong Kong are now not only aware, but avid patrons of the China Native Products Co., a small department store in downtown Hong Kong's Des Voeux Road which sells everything conceivable at inconceivably low prices. The British bite their lips and watch silently so I guess it's score for the Communists.

* The Kowloon riots. In 1952, according to British observers, the Communists tried a grand strategem. They started fires in the refugee resettlement areas in Kowloon, criticized the British for taking such poor care of the people and announced they would send a "comfort" mission down from Canton. The British sent their regulars to the border to stop the "comfort" mission from crossing over and left their reserves in downtown Kowloon. Coolies, brandishing their bamboo carrying poles, then started a march from the railroad station, up past my hotel window here and then along Nathan Road, where the wives and children of the foreign colony and the tourists were doing their Saturday afternoon shopping. When the reserves moved in on the coolies, the bus drivers, belonging to Communist-controlled unions, staggered their vehicles to keep out the police. The coolies moved on up the town to a police station which was known to be both undermanned with guards and overstocked with ammunition. When the first coolie charged, a waiting policeman fired away and killed him. The crowd, according to a British friend who saw it, broke up. He said the Communists haven't tried a mass demonstration since, and won't until they are sure of overwhelming strength, particularly from the

Kowloon townsfolk who, in this instance, had simply walked away. There was another Kowloon riot in 1956, this time exploited by pro-Nationalists. It also was squelched, but not before the Communists had a chance to see how surprisingly large the pre-Nationalist sentiment could become. Score double for the British.

* Kowloon City. If there is one subject the British never publicly mention it is the existence of the once-walled (the Japanese bombed down the barricades during World War II) square-mile section near Kai Tak airport which is known as Kowloon City. According to one report, the British purposely exempted this from their Hong Kong acquisition in order to reward a cooperating Chinese big-wig. According to another report, Kowloon City was purposely exempted from British jurisdiction so as to maintain the face-saving fiction of Chinese sovereignty within the Crown Colony. At any event, the property passed through successive heirs until it now belongs to none other than the Peking Government. Peking, for reasons of its own, never mentions Kowloon City. Yet most cab drivers and delivery men know where it is -- even if the walls are now invisible -- and are very skittish about going inside. The area has become a hideout for opium users, cheap prostitutes (that is, even below the usual Hong Kong fee) and thieves in general. I was told that the Chicoms will surrender a criminal prisoner to British authorities (dressed in plain clothes whenever they do enter this Chinese Casbah), but never a political prisoner. I don't know who scores here either, but Kowloon City certainly represents a curious no-man's land between jealous sovereigns.

* Workers' evening schools. These traditionally have been supported by the Hong Kong Government as part of the public school system. When the Communists took the schools over, the government withdrew its subsidy. Score for the British.

I've gone into considerable length with these incidents to illustrate how tight this tight-rope neutrality really is here in Hong Kong. At the time of the 1952 Kowloon riot, for instance, former Governor Sir Alexander Grantham publicly announced: "We are just a group of simple traders trying to get on with the job." Sir Alexander went on to say that Hong Kong was in no wise concerned with Chinese political disputes.

Where the cat-and-mouse game affects unions and schools -- the traditional targets of Communist incursion -- the British try to be firm. The Communists claim it is their right to conduct "patriotic education". And, of course, they gleefully deride the British claims of objective teaching when they discover -- as they did once -- that school geographies were being printed in Formosa. When the British really decide to be adamant, they sometimes summon a press conference, explain their position and then let it be known that if the Communists want to consider this a "provocation," so be it. I was told that the Communists have been successful in their labor infiltration because

they have associated themselves with unions working for the good of the members. Strikes are another matter. A bus strike of the Communist-controlled transit union was successfully broken four years ago. And the lack of closed shops, perpetual unemployment, lack of union war chests and what I was told is a disinclination of the Chinese to carry through, have all mitigated against successful strikes since.

But aside from union control, the Communists have another economic trick which currently is rocking neutral Hong Kong a great deal. This is the "dumping" of low-priced commodities on the open market. This hard-sell campaign has been stepped up considerably during the past six months. The China Native Products Co., which I have mentioned already, is already providing trouble for the small department stores. Editor Woo reports they are still solvent but have "definitely slowed down in paying their advertising bills." The local brick industry, which was marginal to begin with, has now been wiped out. Contractors find it is cheaper to take advantage of the prices of bricks hauled from Red China. Local woolen manufacturing, an industry which was just on the verge of being built up, has now been reduced to one manufacturer, Pacific Worsted Textiles. The Chicoms have really been putting the pressure on cotton textiles, one of the Colony's main industries. Peking's ability to sustain its dumping, however, is uncertain. Last year, for instance, while the Chicoms were stepping up their export of cotton textiles, they reduced the domestic ration allowance. One U.S. observer put it this way: "The greatest concern is for the future, not just now. How successful they have been, I don't know. But they certainly have a lot of people jittery and it would be very difficult for the West to deal with if they carried this dumping to its extremes." This observer doubted that Peking even knew its production costs since labor is simply commandeered to make these exports possible. Hong Kong fishermen have also been subjected to periodic dumping campaigns from the mainland, as have the produce farmers. And in luxury foods, the much-loved punelo, a grapefruit-sized orange, is being sold on the streets for 40 cents, courtesy of the orchardists of Szechuan Province. The non-Communist punelos, from Thailand and Formosa, cost \$1.10. The U.S., as you know, does not permit the importation of Chicom goods. This infuriates the American tourist in Hong Kong because he not only has to have a certificate of origin on all his purchases -- to prove they are local -- but has to pay the Hong Kong government 5 Hong Kong dollars (almost \$1 U.S.) for his scrupulosity. And, more aggravating, all the good antiques and the best silk brocade come from Red China. One shop owner told me she even has to say "no" to Assistant Secretary of State Walter Robertson, an old customer from Peking days, when he comes in trying to add to his collection of antiques. Now, while the American tourist may be aggravated, I was told that the American embargo is most effective, particularly in crimping the sale of Chicom tung oil, handicrafts, silk and bristle. Why does not the Crown Colony adopt an embargo of its own? Well, according to Editor Woo, the underlying reason for Hong Kong's prosperity and success

through the years is that it is a free market governed and respected by regulations which are considered fair to all. If this were upset, it is uncertain what might happen to the overall Hong Kong trade. And in addition to "dumping" on the Hong Kong market, Chicom is also using Hong Kong as its dispersal point for areas where its trade relations are either not too direct or not too happy. Chicom itself may have to set some limits. Malaya, for instance, raised its tariffs against Chicom goods in October and now has been talking out loud about restricting Chicom imports altogether. And with a mass move of this sort, Chicom would find itself without the foreign exchange necessary to buy badly-needed imports.

Perhaps as great a sore spot to the Crown Colony as "dumping" -- certainly one of longer standing -- is the refugee situation. Hong Kong traditionally has been a refugee center, only the refugees used to leave again for home once the conditions on the mainland improved. Nowadays, the traffic is practically all one way -- into Hong Kong -- and there is no sign of improved incentives to pull the refugees back home again. It is estimated that since 1949, Hong Kong's population has been swelled by some 1,000,000 refugees, at the rate of 100,000 a year. The British tried unrestricted entry in September, 1956 and got 80,000 right then and there. Since then, precisely 50 people a day are permitted to cross the border, that is 50 people who were not already in Hong Kong and equipped with the necessary reentry document. Ledward, of the Colonial Secretariat, reports that 250,000 of these refugees have been rehoused in seven-story, five-people-per-room mass housing blocks. The Crown Colony plans to put up sufficient housing for another 250,000 -- all out of funds gathered from the regular local taxes. But Ledward concedes the housing problem "just can't catch up" with the current rate of refugee influx. That rate, by the way, is certainly not limited to the legal 50-per-day. The big influx is illegal, by junk and over the land border. The Communists presumably are aggravating this, particularly through the Portuguese colony of Macau, a four-hour boat ride away. Chicom is not only glad to get rid of its aged, sick and technically incompetent, it knows that the influx of refugees can't help but make things more difficult for the British.

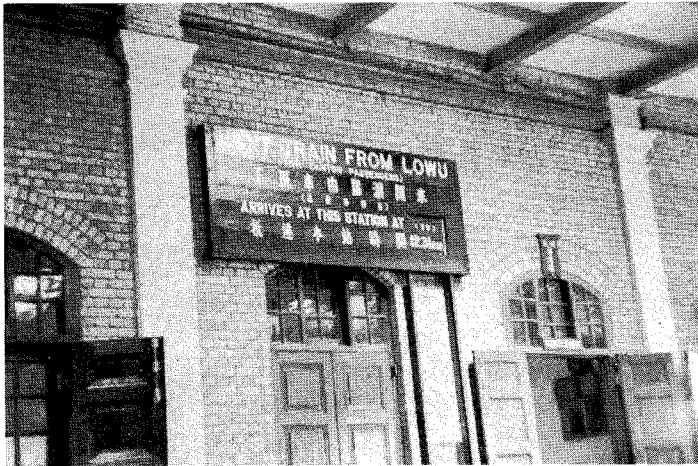
There is another area of activity here where the British are careful to look the other way, espionage. Hong Kong has become one of the world's major listening posts, certainly for Red China. And it works both ways: As China looks out, the West looks in. The Chicoms have even gone so far as to set up a fairly ritzy evening spot, the Marco Polo Club, for the entertainment of those foreigners they would woo.

Now with all this teeter-tottering during the remaining years of the Crown Colony's life, things not only go on as before, they expand. Construction is everywhere. The government is putting up new schools, new roads, new reservoirs (hitching pipes to the mainland water supply would be far cheaper

and easier, but it also would make the dependence upon Chicom benevolence that much greater). Modern office buildings (skyscrapers) and luxury view-front apartment buildings are going up on both the Kowloon mainland and Victoria Island. With rents so high and life so profitable, amortization is figured in periods of five and ten years, and that makes it worth the gamble. A British official told me there are some handful of British companies still investing, but the bulk of the capital for all this construction comes from overseas Chinese.

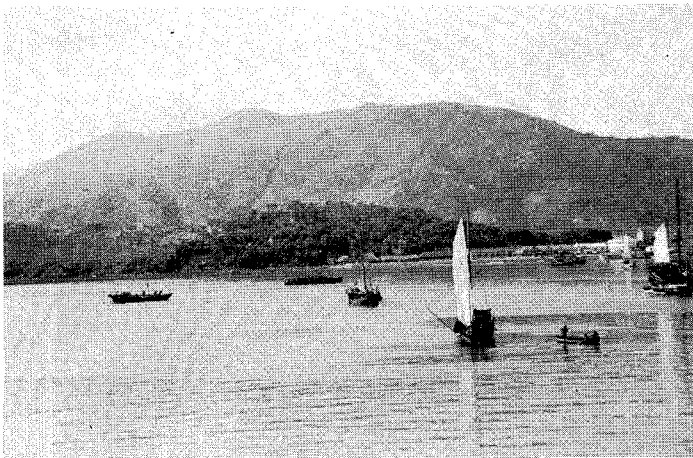
Why all this dancing as Hong Kong burns? Part of the reason, I gather, is the uncertainty of just what Red China intends to do with Hong Kong. True, the Chicoms abrogated all foreign treaties when they came to power. But they never mention Hong Kong internally and even in their needling abroad, never discuss the expiration of the New Territories lease. And at the time of Quemoy and Matsu, the Chicoms pointedly informed the British that all this had nothing to do with Hong Kong. Perhaps, from the Chicom view, the answer is that at the moment Hong Kong is useful to them -- for trade, for a source of foreign exchange, for espionage, for a propaganda outlet. And they may suspect that if Hong Kong were seized, the Crown Colony's value as a free port would vanish overnight. Foreign commerce would move away and Hong Kong would become as denuded to them as Shanghai. What's more, a military seizure would be disagreeable. It would have to be a much stronger attempt than the abortive Kowloon riots of 1952. And any such military move would mean abandoning the Red China pawns for peace. After all, if India has not seen fit to force the Portuguese out of Goa, wouldn't Peking be singled out for pushing the British out of Hong Kong? Moreover, any play against the British would merely cement Western unity. By concentrating on Quemoy and Matsu, Peking has had considerable success in isolating the U.S. from its allies.

What about from the British point of view, why hang on under all this harassment? Obviously Hong Kong is profitable. Even with the withdrawal of the Royal Naval Yard, Hong Kong will still be strategic, as a harbor and as a listening post. Even if the Communists are softening up Hong Kong for a ripe picking some day -- as they certainly are -- there is no immediate danger of attack in the present power stalemate -- and considerable room for maneuver. And then I don't think I can dismiss lightly the remark of the official Crown Colony spokesman, Jock Murray, that Hong Kong is a "benevolent autocracy." The majesty of Britain is still here and certainly Britain has experienced a good share of heartpulls in watching the old empire move into the Twentieth Century during these last two decades. Also, I am inclined to believe as sincere the words of a British official stationed here: "We're superintendants and caretakers, not profiteers."

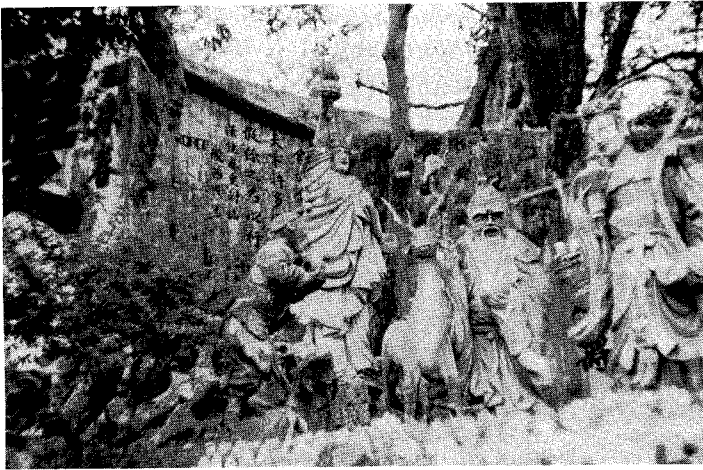


This big sign in the Kowloon station reminds you that Red China lies along the line and that the train from Canton, with its legal ration of refugees, comes but once a day. Even then, the passengers have to change trains and walk across the border.

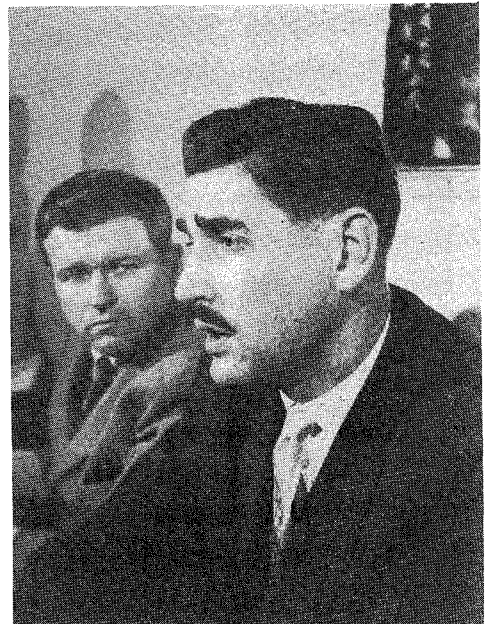
Roasted chestnuts are for sale on Kowloon sidewalks just as they are in front of the Museum of Modern Art on New York's West 54th Street.



RED CHINA DEAD AHEAD
The Chicom installations on Lappa Island are just across Macau's inner harbor. One of the black Chicom gunboats patrols down the middle while sanpans and junks go about their business.



LADY LIBERTY IN MACAU
 Nestled among Buddhist and Chinese mythological statues, the Statue of Liberty provides a double take. Her torch rises near the grotto in Camões Gardens where Portugal's famed poet-in-exile composed his epic, "The Lusiads."



Corden at his press conference after crossing the border from Red China.

Now, since Hong Kong is composed mainly of Chinese, what about them? Apparently there is little pressure for any change in the type of government while things are going at such a nice profitable clip. Any move to bring elections and popular representation would invite even more political involvement from the outside. And a recent remark by former Governor, Sir Alexander Grantham, that the people of Hong Kong prefer the present colonial government to self-government, hasn't found many disclaimers. There is one local government movement, the Chinese Reform Assoc., but its existence is all but ignored. Editor Woo said that the people of Hong Kong have had their ups and downs regarding Red China. In 1949, when the Chicoms first took over and booted out Chiang Kai-shek, Woo said there was "a great wave of enthusiasm." Then the Communists promoted some transit strikes and the Hong Kong Chinese didn't particularly like their strong-arm methods. The Korean War cut off trade, which soured things, but it also diverted Communist activities to more important considerations up North. After Korea, a series of "anti" campaigns -- involving the jailing of friends and relatives of Hong Kong residents -- brought further disenchantment. Now the Communists are stepping up their organizing again. I was told by one knowledgeable observer that the Hong Kong Chinese are neither pro-Nationalist, nor pro-Chicom, nor particularly pro-British. They look upon their present status, however, as the least of three evils. And a while back one Chinese newspaper editorial even proposed establishing a "Third" China: the governments of Peking, Taipei and, why not, Hong Kong too.

As a postscript, I would like to append a news story on a press conference I took in two days ago. I heard the conference was to be held within a 20-minute taxi ride of my hotel and, anyway, I thought it would be fun to let my typewriter keys play on the old format. Herewith:

KOWLOON, Dec. 19 - Ex First Army Sergeant Richard G. Corden, of East Providence, R. I., one of the 21 GIs who chose to remain in Red China at the end of the Korean War and co-author of "Thinking Soldiers -- By Men Who Fought in Korea", evidently had another thought today. He came out.

Corden's reason: The "Big League" dyke and railroad-building work projects have so cut into his classical Chinese literature class (Ming period) at Wuhan University that he was faced with completing the remaining two years of his four-year course with neither teachers nor classmates.

"I was all alone reading, reading every day with no one around to explain," Corden declared. "My classmates were learning folk operas as they were away working on the railroads and that goes on with their diploma study. I was interested in classical Chinese and didn't see much use in it."

This at least was the reason for quitting Red China which Corden emphasized most in an hour-long press conference (set by his watch and request) in an upstairs salon of the Prince Hotel, some 40 miles away from the border Corden had just smilingly crossed and less than a mile from the waiting State-side planes.

Corden's other reasons for leaving:

*"The political life in America has taken a turn for a more Democratic role. When Knowland and Jenner are defeated in the election, I think that is a big step toward democracy."

*"War is not very possible at present. This big drive for peace has got the upper hand."

*"Homesickness -- it's been 12 years since I've seen the family, 8 years since I've been in the States." (Corden says his family consists of a sister and step-grandfather).

The tall, 31-year-old Rhode Islander, with black hair, a thick black mustache, red-rimmed eyes which were somehow uneven in size and cigarette-stained fingers, also mentioned Christmas as a good season to be home.

Corden, who quit his Rhode Island high school in the eleventh grade and worked successively as a welder and a textile millhand before deciding to become a professional soldier, was every moment in command of his voice, his composure and his well-articulated sentences.

When one member of the foreign press corps here asked him if he would have preferred a courts martial to the dishonorable discharge which he said "displeased" him, Corden pointed a finger at the reporter and reminded him that his was a "theoretical" question.

Corden explained that he decided to try a spell in Red China when he concluded that the three remaining years he had on his Army hitch after his proffered release as a POW would be a pretty long time to put in Viet Nam and other wars he considered "not very patriotic."

Corden denied he was the "leader" of the 21 GIs who remained behind, but he did acknowledge he maintained the "liaison" with the neutral supervisory team from India and attended to "contact with the outside". Of his colleagues, one died in China, six elected to come out in 1955 and 1956 and the rest are remaining behind with plans unknown to him. Corden said six of the remaining GIs have married Chinese girls. Some of the group wished him a "good trip" when he decided to cross back; some called him a "damn fool."

Corden said he is not a Communist and doubts that he could meet the "qualifications." But he considers both "socialism" and the new Chinese commune form of living "inevitable" -- even though it may take a while before the U.S., for instance, is ready for it.

As for himself, Corden said the bourgeois element is far from purged from him: "Much of the stuff I got was in the Army -- just as long as you've got a dollar in your pocket, to Hell with the rest of the world."

Corden would now like to get a job back home, "using my Chinese -- because I hardly have anything else to rely on." He said he someday hopes to "pay another visit to China" and made it plain that he not only is "impressed" with the Red Chinese experiment, but "really benefited" from his five-year stay.

Cordially,

A handwritten signature in cursive script, appearing to read "Warren W. Unna". The signature is written in dark ink and is positioned above the printed name.

WARREN W. UNNA

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