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CHINA'S HONG KONG CARD

The "China card" is a favorite liberal expression to indicate that the U.S. President is somehow playing a trump card by being gracious to Red China at the expense of Taiwan. The China card metaphor has always been more perception than substance and, in any event, it certainly isn't any trump in the games of balance of power or balance of trade.

Red China itself, however, has a trump card that is real, not illusory. It is called Hong Kong. How China plays it will have a long-term effect not only on China and Hong Kong, but also on America, England, Taiwan, and other places.

The liberals who have a vested interest in maintaining the fiction that China (the most repressive and murderous regime in all history) is really our democratic, peace-loving friend, are getting nervous about how Hu Yaobang will play the Hong Kong card. They've been writing columns warning Red China to be smart and play it like a Western businessman.

As a result of the opium wars 141 years ago, Britain acquired a lease on Hong Kong which will expire in 1997. The British believe in the sanctity of contracts and have operated the city for the last several decades as the world's purest example of free market capitalism.

The result was that Hong Kong residents have been too busy making money and absorbing refugees from neighboring Communist countries to worry about politics or the future. But now, in the words of the old adage, "Coming events cast their shadows before them."

Many commercial mortgages and business contracts have a 15-year time span. After the 15-year mark passed in July 1982, the Hong Kong dollar and stock market sank, property prices plummeted 40-90 percent, economic growth dropped to 2.4 percent from the previous year's 10.9 percent, new investments are minimal, plans to build a new airport were shelved, and applications for British passports increased substantially.

Nobody knows what Hong Kong's future will be after 1997, but everybody knows it will

be decided in Beijing and nowhere else. Hu Yaobang hasn't yet decided how to deal with it. He has announced only that he won't take over Hong Kong prior to 1997 even though he doesn't recognize the treaty which allows the British to govern until then.

If Red China's thought processes were like those of Western businessmen, there would be no doubt about the outcome. It is clearly in Red China's financial interest to allow the British to manage Hong Kong forever. U.S. and other foreign investment would continue to flow to Hong Kong, and China would continue to get its $8 billion yearly (40 percent of its foreign exchange earnings).

China needs a prosperous, capitalist Hong Kong as a window to receive Western cash, technology, and know-how. But, as any student of Communism knows, Communist regimes have no interest in improving the lot of the peasantry with modern consumer goods; the Communist goal is total control.

So the American liberals are trying to give Hu a message in language he will understand. In columns and editorials in liberal newspapers they are saying: Hu, if you "do" Hong Kong poorly, then you blow your chance to take over Taiwan; there would be no way that any U.S. President could ever finesse the Taiwan issue again.

If Red China is so single-minded in its drive to impose total control at the expense of obvious economic prosperity, then it is clear that Taiwan will never put its head in Red China's noose. It is also clear that the United States must continue to send defensive weapons to enable Taiwan to retain its freedom and independence.

Taiwan is, to borrow the famous Khrushchev metaphor about Berlin, "a bone in Red China's throat." Red China simply can't stand the stunning contrast of living standards between freedom in Taiwan and Communism in China. If Taiwan were ever so foolish as to allow itself to become part of "one China," Taiwan could expect the same tragic fate China has given to Tibet.

The Communists have never been known to let economic advantage get in the way of their ideological/military goals. It will be interesting to watch Hu deliberate on his choice between economics and ideology as he contemplates playing the Hong Kong card.

If China takes control of the Hong Kong card, and money and investment flow out of that little international oasis of freedom, Guam has let it be known that it is ready and willing to become the "Hong Kong" of the 21st century.