

One, two, three . . . many Hong Kongs

by Michael Billington

The British Crown Colony of Hong Kong stands in history as the quintessential model of Britain's 19th-century drug-centered imperial destruction of the Third World. Yet, this same Hong Kong is now being adopted as an economic and political model by Communist China—and potentially even by the Soviet Union. And once again, drugs are at the center of the policy.

Mainland China established in 1980 a set of four Special Economic Zones (SEZs) as a crucial part of the "reform" process of introducing free enterprise market economy measures. The island of Hainan in the South China Sea was added as a fifth SEZ last year. The original structure provided for free trade zones, exempt from normal taxes, tariffs, and investment restrictions, in order to encourage a rapid increase of foreign investment and joint ventures, mainly in export-oriented small and medium industry.

At the just-completed yearly meeting of China's National People's Congress, the People's Republic of China officially adopted Hong Kong's freewheeling drug economy as the legal model for one of these SEZs, Shenzhen, immediately adjacent to Hong Kong in the southern province of Guangdong. The mayor of Shenzhen quoted leader Deng Xiao-ping on the necessity to "build several Hong Kongs in the interior of our country."

The new law provides for Shenzhen to enact its own laws appropriate to the development of a market economy. The mayor of Shenzhen reported in the official *People's Daily* that "in the course of setting up its laws, Shenzhen will systematically study from and borrow the laws of Hong Kong and foreign countries."

For various reasons that are not clear, the vote on this new law at the People's Congress was *not* the normal lopsided or unanimous rubber stamp of the government's proposal. For the first time in history, 40% of the delegates voted against the bill or abstained, causing embarrassment for Prime Minister Li Peng, who had used the Congress as a forum for implementing his International Monetary Fund-modeled austerity measures (see *EIR*, April 14, 1989, "Mainland China Takes the IMF Road").

The Communist leaders and their backers from the IMF view these free trade zones as essential for the "quick fix" fast cash flow substitute for the development of the agriculture and infrastructure of the now rapidly collapsing economy. In fact, however, the policy means the further misery for of the vast Chinese peasantry, while providing a cover for China's role in the ongoing explosion in the major "hot

money" commodity—drugs.

Hong Kong was seized in 1842 as a concession of war from a Chinese emperor guilty of resisting the British smuggling of opium into the Middle Kingdom from the British East India Company opium plantations in India. Hong Kong has remained the financial center for the world drug trade to this day. It serves as the model for the dope, prostitution, and coolie labor economy, preferred by the Henry Kissinger variety of international banker.

While the Communist regime did dramatically reduce opium consumption after the 1949 takeover, they never reduced their involvement with the opium traffic. The Golden Triangle, one of two major opium-producing centers in the world, centers on the tribal areas in the Chinese province of Yunnan on the Burma border. The recent political upheavals in Burma have covered for the dramatic explosion in heroin exports over the past year. (The other center, covering the Iran-Afghanistan-Pakistan corridor, is also an area of extensive Chinese operations.)

The creation of new laws providing "freedom of movement" of both cash and commodities within the SEZs will facilitate a mass expansion of the drug trade. In addition, Beijing has begun to lease enormous tracts of property to foreign companies, to treat as virtually their own sovereign territory. A Japanese company has been granted a 70-year lease on a port facility on Hainan island, one of the five SEZs. Five members of China's Association for Science and Technology protested this as a "new territorial concession" reminiscent of the chopping up of China by foreign "concessions" after China's defeat in the Opium Wars of the 19th century.

With this image in mind, the Hong Kong and British oligarchy met in England on March 22 to form the Anglo-Hong Kong Trust, to the purpose of "promoting U.K. investment in Hong Kong and China . . . before and after 1997," when Hong Kong will officially revert to the mainland's political control. Among the members of this Trust are the directors of the Hongkong and Shanghai Bank, N.M. Rothschild, and British-American Tobacco.

The Soviet connection

Meanwhile, the Soviets have announced that they will be creating Special Economic Zones in the Asian part of the U.S.S.R. based on the Chinese model. The ongoing reestablishment of Sino-Soviet relations includes an explosion in "barter trade" along the Sino-Soviet border and expanding flights between Beijing and Moscow.

Eric Nordholt, chief police commissioner of Amsterdam, who recently completed a tour of China, Hong Kong, and Thailand, reported to a Dutch journalist that customs controls on the flights between Beijing and Moscow have been relaxed, and that this has become a major route for the 1,500-ton bumper heroin crop from the Golden Triangle, traveling overland from Moscow into Europe. The route is new, but the deals are being made in Hong Kong.