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CENTRAL INTELLIGENCE AGENCY  
Office of Current Intelligence  
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CURRENT INTELLIGENCE MEMORANDUM

SUBJECT: Hong Kong/Macao as an Issue in the Sino-Soviet  
Dispute

1. The question of Chinese tolerance of the continued existence of Hong Kong and Macao as "colonial enclaves" in Chinese territory has received periodic attention in the dispute between Moscow and Peiping. Khrushchev first introduced the question in his speech before the Supreme Soviet on 12 December 1962. Stung by Peiping's repeated aspersions on Russian courage and revolutionary fervor in the fight against "imperialism"--particularly in connection with Cuba--he reminded the Chinese that they had themselves done nothing about the two colonies.

2. After stressing the seriousness of the provocation presented to Peiping by the existence of the two "colonizers' lavatories" on China's doorstep, Khrushchev praised the Chinese for their wisdom in refraining from action until conditions were ripe. He declared it would be "ludicrous" for anyone to condemn the Chinese for this display of patience, or to attempt to prod them into action--as the Chinese had done to the Russians in connection with the Cuban crisis. Khrushchev then posed the rhetorical question of what would have happened if Moscow had listened to "ultra-revolutionary loudmouths" at that time.

3. Peiping responded guardedly on 8 March with an indirect blow at the Soviet Union in the form of an editorial attack on the US Communist Party. The editorial

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used Khrushchev's sarcastic jibes about Chinese caution in dealing with the colonies as a peg for a bitter discussion of the "unequal treaties" by which the colonial powers--specifically including Tsarist Russia--had shorn the Chinese Empire of rights and territory.

4. This commentary was followed by a restatement of Peiping's intention to examine in good time all treaties concluded by previous Chinese governments and to accept, revise, or abrogate them as it sees fit. The Chinese underscored the potential effect of such a review on the Soviet Union by aiming a rhetorical question at Khrushchev which implied that any general settlement of old treaties would be hard on Moscow.

5. As for Hong Kong and Macao, Peiping pursued a deliberate and generally moderate line in its relations with both. Although the Chinese protested a Hong Kong slum clearance project in January and caused a flurry of alarm in the Colonial Office, they did not press the issue after the British had taken notice of the complaint. Peiping treated the problem of Chinese Nationalist activity in the Colony with similar restraint, following a *démarche* to the British chargé in Peiping during May which was probably intended mainly as an irritant in US-UK-GRC relations. During the Hong Kong water crisis last spring, the Chinese Communist authorities cooperated in efforts to work out alternate sources of supply.

6. The renewed Russian attack on the Chinese regarding the Hong Kong-Macao issue in Izvestiya on 2 September is much sharper than Khrushchev's remarks last December. Specific points made by the article, which seem certain to infuriate Peiping, include a reference to the flight of refugees into Hong Kong, a comment that the Colony provides a base for the US Seventh Fleet, and a charge that Peiping is ignoring British exploitation of Chinese workers in Hong Kong. Pointing out that a "refreshing wind" has been blowing which has eliminated colonialism from Goa and West Irian, Moscow taunted the Chinese for continued inaction against Hong Kong and Macao. The Russians said that Peiping has limited itself to "meaningless curses."

7. Moscow's probable purpose in attacking the Chinese on this issue is to expose Peiping's impotence and if possible to goad the Chinese into futile pressure tactics which would damage relations between China and

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the West--particularly with the UK. The Russians likely estimate, probably correctly, that the Chinese have too much at stake in continued economic relations with Hong Kong and Macao to seize the colonies at this time. Peiping has thus far maintained official silence concerning the Izvestiya article. Pro-Communist newspapers in Hong Kong have avoided the subject except for one daily which played the story as an attempt by the USSR to stir up trouble between Peiping and London.