Hong Kong

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Hong Kong, a British colony, experienced much social and economic change as the result of the First World War. The expansion of Japanese power in Asia and the destabilizing effect of the war on China made Hong Kong an increasingly vulnerable possession of the British Empire after the war.

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Hong Kong, 1914

Although Hong Kong witnessed minimal fighting between 1914 and 1918, the war changed the international order of East Asia, and produced strategic, political, social, and economic shockwaves that affected the fate of Hong Kong in the long run. Hong Kong was one of the two formal British possessions along the Chinese coast, and clearly the more important one. According to the Hong Kong defence scheme drafted in 1911, it was “the base and headquarters of His Majesty’s ships on the China Station, and the most important British commercial port abroad.”[1] It was the forward base for the British military and naval presence in China and East Asia, as well as the headquarters of the British Army’s South China command (and later also of the North China command) and of the Royal Navy’s China Station. Hong Kong housed the largest dry docks owned by the British east of the

[1]
Suez, some of which were large enough to repair battleships. It was also the key to lucrative trade with China, and an important point for the British to maintain and exert influence in East Asia.

In 1914, Hong Kong had a population of around 460,000. Among them, 12,075 were non-ethnic Chinese and 1,640 were British men, 370 Portuguese of British nationality, and 357 Indians of British nationality (excluding the police and the military). Most of these people served in the commercial houses that had engaged in Chinese and treaty port trade for decades, or in the colonial government.

Hong Kong was, on the one hand, a cosmopolitan city where people of different ethnicities settled. On the other, it was a society in which class and racial segregation existed. The large Chinese population, perhaps excepting the 21,000 who were of British nationality (among them, 2,000 received an English education),[2] were largely disconnected from the colonial government and the ruling elites. These consisted predominately of British and a small number of co-opted Chinese commercial elites such as Sir Kai Ho (1859-1914) and Sir Boshan Wei-Yuk (1849-1921), who served in the legislative council in which ex-officio members had more votes. However, one may easily overlook the diverse cultural, social, and economic backgrounds of the hundreds of thousands of people who were categorized rather casually as “Chinese”. They include the villagers in the New Territories, who were divided between the Punti and Hakka communities; the boat people referred to as Tanka; and the city dwellers from different parts of China. Not all of them were infused with modern Chinese nationalism, and they might or might not see Hong Kong as their permanent home.

When Britain declared war on Germany on 4 August 1914, the city was recovering from a deadly plague outbreak in May that killed more than 1,300 in two weeks. The colonial government and the garrison were unprepared for any kind of protracted conflict. Perhaps fortunately for the colony, the governor, Sir Henry May (1860-1922), was a strong and effective leader, who had served as the chief of the Hong Kong police from 1893 to 1902. May was, reasonably, concerned with the state of defence of the colony. The port city had a small garrison of three infantry battalions, several coastal artillery batteries, and a small local defence flotilla consisting of several destroyers and submarines. Supposedly, the forward and the most important defence of the colony was the British fleet, but its presence in East Asia was considerably weakened after the Russo-Japanese War (1904-1905), as the Royal Navy concentrated its heavy units in the North Sea. At that time, the China Station had only a slow pre-dreadnought, the HMS Triumph, as well as two armoured and two light cruisers. In comparison, the German East Asia Squadron (Ostasiengeschwader) had two modern armoured cruisers and three light cruisers. The former two, Scharnhorst and Gneisenau, were faster than the British pre-dreadnought and outgunned the British cruisers. From early July 1914, the units of the China Station, scattered across Asia, were ordered to concentrate in Hong Kong, including the French cruisers in Asia. However, the fleet was hardly prepared for action: the HMS Triumph, hastily put into operation, had to borrow soldiers from one of the garrison battalions to serve on board. To protect the port and the surrounding sea lanes, three merchant ships were being converted into armed merchant cruisers in the Hong Kong dockyards.[3] Thus, the outbreak of the war led to a considerable panic among Chinese residents, many of whom saw Hong Kong as a refuge from the wars in mainland China; around 60,000 residents left the colony during the early weeks of the war.[4]
The garrison was nervous about a German attack, especially when it became known that the major units of the German East Asia Squadron were not at Qingdao (Tsingtau) (Scharnhorst and Gneisenau were at the Caroline Islands). Hong Kong had no means to detect incoming threats; the warning system consisted only of examination officer posts at the entrances of Victoria Harbour, flag signals at Victoria Peak (one of the highest points of Hong Kong Island), and the warning gun of the HMS Tamar (the navy’s receiving ship at the harbour). The traffic of Victoria Harbour, one of the busiest in Asia, could be easily disrupted if blockships were scuttled at either side of the harbour. Delays in communication added to the nervousness of the garrison. On 12 August 1914, after the garrison had been in position for more than a week, the Japanese freighter Shikoku Maru approached the harbour without stopping to allow the examination officer to board the ship. The Shikoku Maru, which was not equipped with wireless radio, had set sail from Ishigaki Island, where the news of the war was not known until after the ship had left. As the ship failed to heed the examination officer’s warnings, the nearby coastal battery opened fire on it. Four plugged shots were fired as a warning against the Japanese vessel, which was seen as a blockship. Failing to stop the ship for almost ten minutes, the battery landed a lyddite shot on its bridge, killing a sailor. The British military authorities insisted that the action was justifiable, as the Shikoku Maru had ignored the order to stop the ship; the master of the ship claimed that the British had failed to communicate effectively during the incident.[5]

This incident, however, was quickly overshadowed by the Japanese entry into the war on the side of Britain that took place on 23 August 1914. With Japan’s entry into the war, Hong Kong was seen as secure from seaward threats, as the Japanese navy could easily control the East Asian waters. This also allowed the British to send troops to lay siege to Qingdao, the only German colony in China. However, this did not mean the end of the security problem, real and imagined, for the colony. The garrison commander, Major General Francis Kelly (1859-1937), reported to London in December 1914 that there existed “very strong anti-British feeling among the Indian Police, the Indian Watchmen and the Indian residents” and they posed “a real danger” as the garrison consisted mainly of Indians.[6] Before the war, the Indian population in Hong Kong was never considered anti-British; however, the Indian nationalist movement became more active in Asia after the outbreak of the war, partly as the result of German support. However, unlike in Singapore where a deadly mutiny of Indian soldiers broke out, the Indian population in Hong Kong remained peaceful throughout the war.

As the majority of the British in Hong Kong were businessmen, professionals, and colonial administrators, not many chose to go back to Britain and join the armed forces. By early 1915, there were only forty-seven volunteers. Most of the British in Hong Kong did not join the armed forces until 1917, when the government introduced the Military Service Ordinance, which required all males to serve, in various capacities. As a result, the Hong Kong Defence Corps, a local territorial army unit previously formed during the 1850s but disbanded for decades, was re-established. In all, at least seventy-five of the residents who were recruited for military service were killed outside Hong Kong during the war.[7] In the meantime, at least 535 Hong Kong Chinese died; 384 of them were among the thousands of local Chinese recruited to serve as laborers in Mesopotamia, employed by the
British Army and the British Indian Army. Many died as the result of disease, exposure, or accidents. Although much has been written about the Chinese from Shandong and the northern provinces who were recruited to serve on the **Western Front**, little has been done to understand the experience of the Cantonese from Hong Kong and Guangdong who served with the Entente (predominately British) forces in Mesopotamia. More than 100 Chinese sailors from the British merchant marine died in action, through disease, or by accident.[8]

Towards the final stage of the war, Hong Kong resumed its role as the springboard for the British to project power in Asia; battalions travelled through and warships were replenished in Hong Kong during the British intervention in the **Russian Revolution** in Asia. Hong Kong was also one of the places from which members of the Chinese Labour Corps were shipped to Europe and Mesopotamia.

**Economic and Geopolitical Changes**

The First World War led to immediate and longer-term changes in the economic situation of Hong Kong. Initially, the war brought some economic disruption, because the British **government** controlled all ocean-going shipping. As the Asia-Pacific region was little affected by military action after 1914, the entrepot trade of Hong Kong grew throughout the war, especially when the situation in Guangdong became more stable. Chinese business, particularly the shipping and banking sectors, also benefited because of the partial withdrawal of British shipping and the increased ties between Hong Kong and the nearby areas.[9] As the price of silver increased, and more credit became available, property speculation became rife in the built-up area and gradually extended to Kowloon and the New Territories, where British rule was established only in 1899.

On the surface, the wartime economic and credit boom explained the increase of government revenue from 8.6 million Hong Kong dollars in 1913 to 18.6 million in 1918. However, this was largely because of the introduction of the government monopoly on opium in March 1914, which allowed the government to make an enormous profit during the war years. By 1918, the opium monopoly contributed to a staggering 46.5 percent of total government revenue. While tax revenue increased by nearly 30 percent from 1912 to 1918, opium revenue increased more than seven-fold during the same period.[10] To an extent, the opium monopoly helped the Hong Kong government to pay for the extra war contribution to Britain. It was because of growing international pressure on the colonial powers to suppress the opium trade after the war that the importance of opium-related income declined (to 22 percent in 1921). By then, the government had begun to rely on the sale of land as a new source of revenue, with unforeseen political and economic consequences (see section 3).

The wartime boom was followed by a period of inflation, during which the Chinese working class in Hong Kong was hit particularly hard. The price of rice, the staple food for Chinese from all classes, rose by about five times from 1918 to 1919.[11] Rice riots, as in other parts of Asia, broke out in July 1919, only a week after the celebration of the official end of the war.[12] The colonial government,
which had previously seldom promoted the welfare of the local population through state intervention on any large scale, acted decisively. It bought the rice stock in Hong Kong and imported more from Indochina, using government money. Free meals were also distributed for the poor.\[13\] However, the action was more of a one-time act than a sign of a new attitude towards colonial governance.

The war also witnessed the decline of German economic interests in Hong Kong. According to the census in 1911, there were 342 Germans in the colony. Before the First World War, these Germans were economically influential. Instead of posing a threat to the British, however, German economic interests in Hong Kong were complementary to those of the British, as business from both countries worked to enhance their position in China vis-à-vis the Chinese and the Japanese. Such cooperation took place in the form of active German investment in British ventures, and participation of Germans in the business communities in Hong Kong and the treaty ports. The close local economic cooperation was reflected by the fact that the Hong Kong and Shanghai Bank was accused of cooperating too much with the German Deutsch-Asiatische Bank before the First World War.\[14\] The influence of German business was so strong in Hong Kong that by 1914, the percentage of German shipping was only slightly lower than that of Japan (15 percent versus 17 percent of the total), although the British remained dominant (47 percent).\[15\] However, the Germans in Hong Kong did not try to convert their economic influence into political power and remained collaborators as well as benefactors of British rule. There was a small number of Germans serving in the colonial government, and they never held important positions, except perhaps for Ernst Eitel (1838-1908), the missionary who served as the inspector of schools and Governor John Pope-Hennessy’s (1834-1891) Chinese secretary during the 1870s. They also had only limited connections with the German Empire. Without much political influence, the German community had cultivated small societies separated largely by class, like many of the expatriate communities in the colonies and the treaty ports.\[16\]

The outbreak of the war provided an opportunity for some of the British and Entente businessmen to get rid of their German counterparts (sometimes competitors, in other cases partners), who were increasingly powerful because of the growing German economic interest in Asia. Initially, the colonial government did not see the Germans in Hong Kong, many of whom were businessmen who had been settled in the colony for decades, as an immediate threat. The German residents only had to register with the police and were not allowed to leave Hong Kong, but they could continue their business. However, under pressure from London, the colonial government subsequently liquidated all German firms and later confiscated German properties, including the Club Germania, the hub of German social life in Hong Kong.\[17\] The colonial government then interned all German male residents in Hong Kong and “repatriated” the women and children. In all, about 200 Germans were interned at a specially built internment camp near Hung Hom. Throughout the war, only a single escape attempt was made, during which three men were caught in the New Territories after escaping from the camp through a tunnel in 1916. The German internees were not released until after the war; they were then deported to Germany and their property was not returned. In 1921,
there were only three Germans left in Hong Kong, a decade later, the number had risen to 156, less than half of the pre-war population. The First World War proved to be a devastating blow to the German business community in Hong Kong, as it never regained its pre-war status.

As the result of the geopolitical changes brought by the First World War, Hong Kong became a more vulnerable possession of the British Empire. During the war, a potential threat facing the colony, at least in the view of some in the British Army, was that of a Chinese invasion. The possibility of such an incursion was first mentioned in the early 1910s, when the garrison raised the necessity of building defensive positions along the Kowloon Ridge. This ridge of mountains separated Kowloon and the New Territories and had been leased from the imperial Chinese government in 1898. As the situation in China became increasingly volatile after the Revolution of 1911 and with Sun Yat-sen (1866-1925) trying to establish himself in Canton after 1913, this possibility, though distant, was not discounted until the later stage of the war. When the war broke out, the War Office ordered the garrison to erect a defensive line across the Kowloon Peninsula, if much further south than the originally planned positions. The line was poorly designed and hastily built, without consultation with the colonial government, which continued to develop Kowloon. The line was soon engulfed by the newly developed areas, so that the garrison reconsidered the desirability of fortifying the Kowloon Ridge in order to protect the colony in the future from landward attacks.

After the war, Chinese politics started to have greater effect on Hong Kong. During the 1919 Paris Peace Conference, the Chinese government started to demand the “return” of the sovereignty of the “leased territory of Kowloon”, which was seen as a product of an unequal treaty. The surge of nationalistic feeling in China after the Paris Peace Conference also affected the colony. As Canton was controlled by the Chinese nationalist revolutionaries led by Sun Yat-sen after 1918, Hong Kong started to feel the pressure of the existence of a hostile nationalistic regime. This took place as the economy of the colony became increasingly intertwined with that of Canton. After Sun Yat-sen decided to cooperate with the Soviet Union in 1921, the revolutionary government and its agents, some of them early members of the Chinese communist party, started to exert more influence on the large working class in the Hong Kong-Canton area. Many joined the organized trade and seamen unions and became increasingly nationalistic and anti-British. To counter extremist influences, the colonial government supported the study of Chinese culture and language, leading to the establishment of the School of Chinese at the University of Hong Kong. However, under the active instigation of the Canton government and the Soviet Union, Hong Kong, if not colonial rule, was hit hard by the two major strikes: the Seamen’s Strike of 1922 and the Canton-Hong Kong Strike of 1925-1926.

The most threatening for the British, however, was the rise of Japanese power and influence in East Asia. Before the war, the British military concluded that the colony had to be substantially reinforced if the Anglo-Japanese Alliance was to end. During the war, Japan placed much pressure on China by forcing the Beijing government to sign the “Twenty-One Demands” in 1915, and took over the German possessions in Qingdao and some of the central Pacific Islands. These events did not
immediately raise the alarm of those in Hong Kong or London. Soon after the war, however, the War Office concluded that Hong Kong could not be held in the face of a determined assault by a major power. Thus, the War Office suggested that Britain should not try to hold Hong Kong in an event of war against Japan. The Admiralty held a different view and saw Hong Kong as an indispensable forward base in a war against Japan, as the navy needed a base that was close enough to Japan in order to launch an effective blockade. Hong Kong became a weak point in imperial defence, as the Washington Conference in 1921-1922 ended the Anglo-Japanese Alliance and forbade the British the substantial improvement of the coastal defence of Hong Kong. Throughout the subsequent two decades, British military planners repeatedly studied the defence of Hong Kong, while Singapore became the main base and received more attention. However, the British government and the armed services were not prepared to openly abandon Hong Kong, and a considerable amount of money and resources were devoted to improving its defences, especially from the mid-1930s when the international situation became more volatile.

Politics

In 1914, Hong Kong was a progressive city by contemporary Asian standards; the colony had just established a university, one of the few modern universities in Asia, in 1911. In terms of politics, however, the city was run by a colonial government, with a legislative council that consisted of a majority of ex-officio members. Political participation of the population was limited to the few British and Chinese appointed by the governor to serve as unofficial members of the legislative council. As the result of the 1911 Revolution and the subsequent political turmoil, many Chinese refugees settled in the city, but little was done on the part of the colonial government to cater to the need of the new residents. The Chinese population, among them people from a variety of backgrounds, were not active in asserting any political agenda but not insensitive to nationalistic feelings, as the Tram Boycott of 1912-1913 shows.[23] Through charitable organizations, chambers of commerce, and guilds, the Chinese, especially the elites, had a strong social fabric and, on some occasions, exerted their influence.

During the war, the Chinese started to play a more active role in the public life of the city. As in other British possessions around the world, the British community expressed some patriotic fervour at the beginning of the war; many donated to charities such as the National Relief Fund. Chinese business leaders also showed their support by contributing money to the war effort, including raising money with the British community to buy two fighter aircraft for the Royal Flying Corps by 1915. Throughout the war, the colony donated or loaned HK $12,000,000 to Britain to support the war and relief efforts.[24] When a fire at the Happy Valley Racecourse killed more than 600 spectators (mostly Chinese), Chinese charitable organizations helped with the identification of the dead and their burial, and persuaded the government to build a memorial nearby to commemorate the dead. However, social segregation between the Chinese and the British was somehow retained, even though some of the Chinese were already playing an important role in the social and political life of the colony. In 1918, the colonial government introduced a law that forbade Chinese and Eurasians from living on
Victoria Peak, an area that was reserved for Europeans.[25]

However, the growth of Chinese voices in local affairs continued after the end of the war, as the example of the establishment of the Heung Yee Kuk shows. Wartime economic development led to a seemingly ever-expanding property market, and rapid urban expansion in Kowloon, particularly in the area of “New Kowloon” that was originally part of the New Territories. Some of the major investors in the land and property market in New Kowloon were rich local Chinese elites such as Sir Kai Ho. To benefit from this boom and make up the losses because of the decline in opium revenue, the Hong Kong government resumed land and resold it at a profit. The landowners of the New Territories, who were discontented with the little compensation offered by the government, organized themselves and petitioned London. This was one of the earlier attempts of the local Chinese to challenge the policy of the colonial government. It was led by a small group of landed elites to defend their interests, and they were ready to accept colonial rule as long as their interests were protected. Their willingness to collaborate with colonial authorities was shown by the fact that the very name of their organization, Heung Yee Kuk, was given by Governor Cecil Clementi (1875-1947), who was fluent in Cantonese. However, when the Kuk was formed in 1923, its headquarters hoisted the flag of the Chinese Republic, the five-colour flag, showing the influence of Chinese nationalism among even the less politically-minded landed elites. Heung Yee Kuk evolved into an organization that represented the landed interests of the New Territories, not only during the colonial period but also until the present day.[26]

The war witnessed an expansion of the power and responsibility of the government. Months after the war started, German residents were rounded up and interned. The colonial government was given extensive power to monitor its residents, control economic activities, and censor the press. However, except for regulating the prices of certain goods in 1917, such power was not used.[27] Instead of using emergency powers, the colonial government used the Trading with the Enemy Ordinance, which was introduced throughout the British Empire in October 1914, as the legal basis for the confiscation of German properties in Hong Kong. The expansion of the power of the government met with a request, by the local British residents, for more political participation. In order to gain more say in “any trade and shipping problems which may arise in anticipation of the close of the War”, twenty-eight representatives of British commercial interests in Hong Kong, including the Hong Kong Shanghai Bank, petitioned the secretary of state for the colonies, in late 1916, for an increase in the number of elected members of the legislative council.[28] The petition, however, was ignored by the government in London, which did not see the need to introduce any constitutional change. This only came about in the late 1920s, when the number of official and unofficial representatives on the legislative council increased.[29]

Conclusion

In 1914, Hong Kong was a crowded commercial port of the British Empire with a diverse population.
The imperial government found the colony increasingly difficult to defend, despite its economic and political importance. Throughout the duration of the war, the colony remained largely stable and witnessed considerable economic growth; the colonial government was able to minimize the economic strain of the war on Hong Kong by paying for the war with revenue derived from the opium monopoly. Although the colonial and imperial governments were unwilling to introduce any reform that allowed more political participation, the large Chinese population started to have a greater voice in public affairs. The war did not make Hong Kong safer, however; after the war, the growth of Japanese power and influence in East Asia, the volatile political situation in China, and the inability of Britain to maintain a naval preponderance in the region made Hong Kong more vulnerable than before the war.

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Notes

1. ↑ The National Archives, Richmond, United Kingdom (thereafter referred to as TNA), CAB 11/58, Hong Kong Defence Scheme, 1911, p. 1.

2. ↑ Hong Kong. Correspondence Relating to the Petition for Greater Representation of the Public on the Executive and Legislative Councils, Hong Kong Government Sessional Papers 1916, p. 61.


5. ↑ Gaimushō kiroku, Japan Center for Asian Historical Records, Ref: B11092762300, Honkon hōtai yori Shikoku Maru hōgeki no ken, 1914.

6. ↑ TNA, CO 129/429, General Officer Commanding, Hong Kong to War Office, 18 December 1914.


17. For example, London pressured the Hong Kong government to pass the Trading with the Enemy Ordinance in October 1914, allowing the government to prevent, detect, and punish any acts of trade between residents and the enemy, and allowed the government to wind up the assets of enemy banks. See Hong Kong Hansard, 6 October 1914, pp. 102-111.


28. Correspondence Relating to the Petition for Greater Representation 1916, p. 69.

29. Ibid., p. 91.

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