

# *Chapter Fourteen*

## **Hong Kong and Macau**

### **Postcolonial Futures**

*Clifton W. Pannell and Gregory Veeck*

Two special places are found on China's southeast coast, small enclaves of previous European colonial control. Today, both are special administrative regions (SARs) of the People's Republic of China (PRC). These are Hong Kong and Macau (Macao) (see figure 14.1). Both were returned to full Chinese sovereignty and control in recent years (Hong Kong in 1997 and Macau in 1999) when they were designated as Special Administrative Regions with a guarantee of fifty years of separate development under Chinese control (one country, two systems). Our goal in this chapter is to review their past and then examine what the last two decades have brought, with an assessment of what their return to China has meant for their development and future prospects.

Both of these places were designated or chosen for their strategic locations on either side of the Pearl River estuary near the city of Guangzhou (formerly Canton) (see figure 14.1). These locations were intended to take advantage of the trading opportunities that were afforded by proximity to this major city of South China. Guangzhou, at the head of the Pearl River estuary, had long been a center of commerce and exchange. Arab traders and other Europeans had sought access for trade purposes while a secondary goal was that of spreading Western religions in the Celestial Empire.

Macau was established first, around 1557, as a tiny Portuguese outpost where the Chinese allowed the Portuguese to visit and stay while awaiting access to the trade fairs in Guangzhou. This was the first European foothold in China, but China maintained sovereignty, and the Portuguese were meant to be sojourners. Located on a shallow harbor on the western shore of the Pearl River estuary, Macau was eventually eclipsed by the establishment of Hong Kong following the Opium War of 1839 in which the British forced open China for trading purposes and seized Hong Kong Island with its deep and protected harbor as well as a few small neighboring islands.

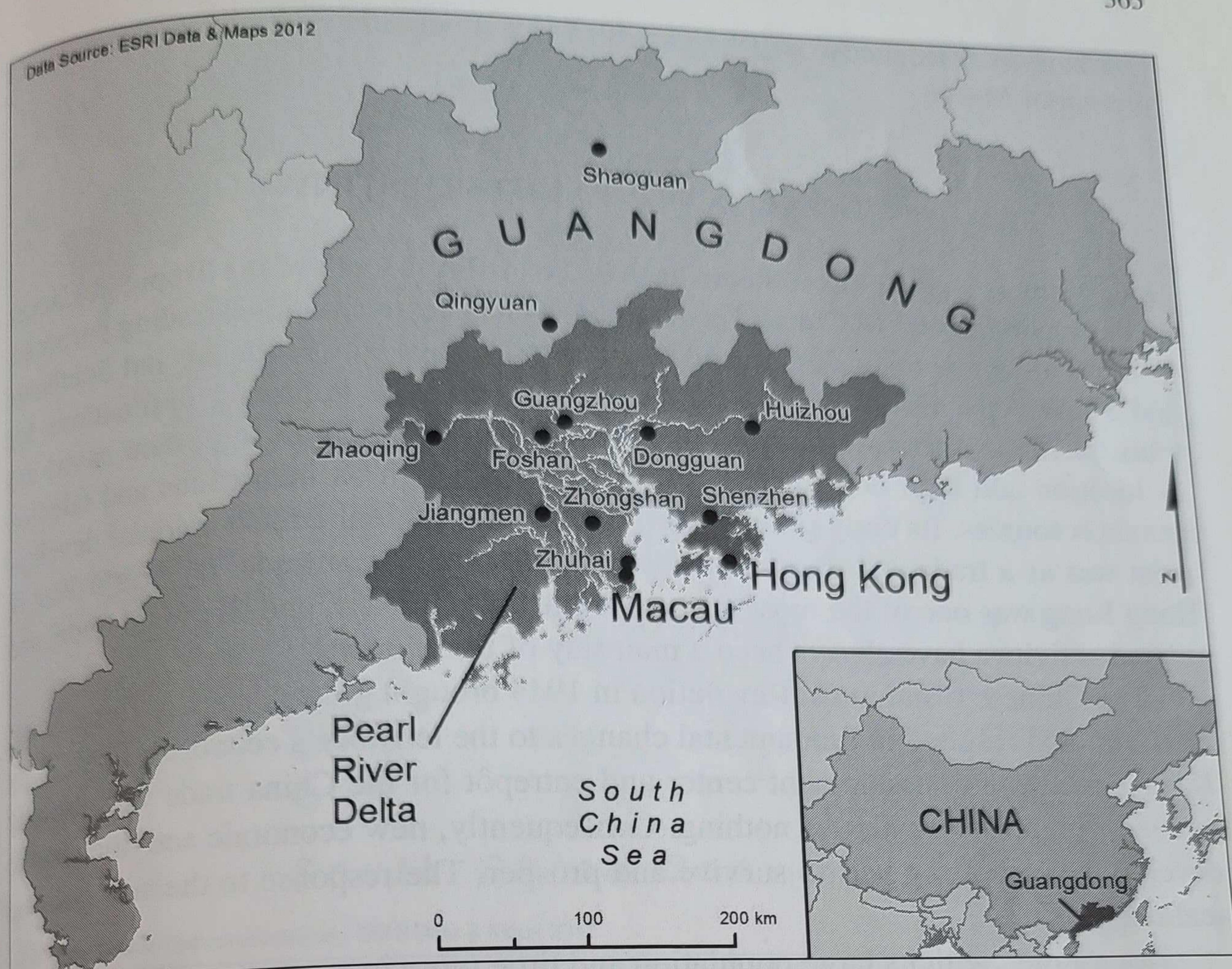


Figure 14.1. Guangdong Province and the Pearl River Estuary, with Locations of Hong Kong, Macau, and Other Major Cities. Cartography by Jason Glatz, Waldo Library, Western Michigan University.

The Opium War changed the calculus of power, as China sought to resist Western intrusion but was outgunned by the superior armaments and tactics of British naval forces (see chapter 3). The treaties that followed allowed the British to gain sovereignty over Hong Kong Island and the adjacent Kowloon Peninsula. Later in 1898 Britain added an additional expanse known as the New Territories, leased for ninety-nine years. This brought the total land area of the Hong Kong Crown colony to almost 1,000 km<sup>2</sup> by the end of the nineteenth century. Today, after land reclamation activities, the total land area of Hong Kong is approximately 1,104 km<sup>2</sup>.

The Portuguese, too, benefited from the British incursions as they negotiated sovereignty over Macau and made it a formal colony in 1887, along with two small adjacent islands (Coloane and Taipa). Yet it was much smaller (about 16 km<sup>2</sup>) and unable to compete effectively with the deep-water harbor of Hong Kong for shipping and commerce. For much of its later history, Macau has been a backwater and afterthought to Hong Kong, although recent events have transformed the sleepy enclave.

Our story, consequently, will begin with Hong Kong and then review the past and present of Macau.

## HONG KONG AND ITS DESTINY

Hong Kong is a small but strategic enclave located just south of the Tropic of Cancer on the southern coast of China. The location is ideal for international trading purposes, as it lies along the main shipping and air transport lanes between Japan and Southeast and South Asia. Both the port and the airport are very important destinations for trans-Pacific and trans-Indian Ocean traffic. Hong Kong's most important assets are its location and high degree of accessibility, along with its industrious and talented human resources. Its early growth from the period of initial British colonial development was as a trade and transshipment center for the China trade. By World War II, Hong Kong was one of the most important entrepôts in Asia, and shipping, trade, and related activities have always been a mainstay of the economy.

The Chinese Communist Revolution in 1949 brought great change to Hong Kong, however, and resulted in fundamental changes to the territory's economy. First, Hong Kong's role as a transshipment center and entrepôt for the China trade was abruptly cut and diminished to almost nothing. Consequently, new economic activities had to develop if Hong Kong was to survive and prosper. The response to the new political realities was rapid.

Hong Kong, with its large population and little more in assets than its accessibility and a hardworking and industrious people, turned quickly to industrialization. Sources of capital from overseas Chinese and local entrepreneurs, and from the United Kingdom, Japan, and the United States, provided the capital to invest in a variety of different kinds of petty and larger-scale enterprises. Among the most important were textiles and garment making, traditionally a major industrial and manufacturing activity for the colony. Textiles and clothing were followed soon by numerous other manufactured goods such as furniture, toys, sporting goods, and later the assembly of electronic components and optics. The main goal was to take advantage of Hong Kong's key endowment of a low-cost and efficient labor supply.

### Hong Kong's Environment and Biophysical Resources

The environment of Hong Kong and the New Territories is very similar to that of the related adjacent hills of southeastern China. It is mainly a region of low folded mountains composed of volcanic and metamorphic material. Several ridgelines of rugged, precipitous hills characterize the lay of the land and the relief. The strike or axis of these ridges is typically northeast to southwest, and the tallest peak is Tai Mo Shan (957 m) in the heart of the New Territories. Victoria Peak on Hong Kong Island is more than 300 m, a fact that allows for striking views and vistas of the surrounding waters and lands (see figure 14.2).

Figure 14.2  
Jason Glazier

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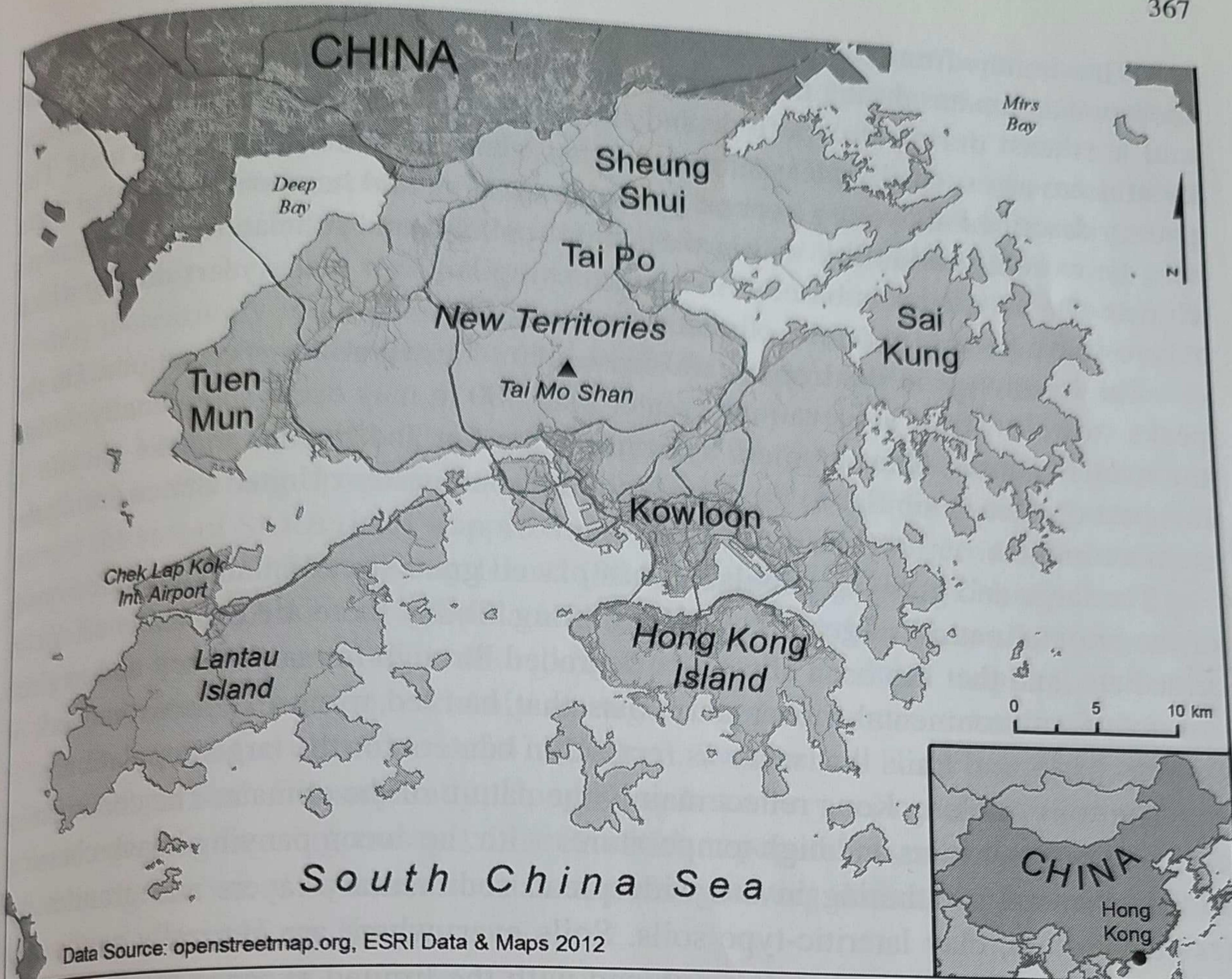


Figure 14.2. Hong Kong and the New Territories. Adapted from ESRI (2012). Cartography by Jason Glatz, Waldo Library, Western Michigan University.

The only large area of flatlands is located in the alluvial plain of the northwestern region of the New Territories in the area around Deep Bay. Generally the lithology of Hong Kong is composed of older rocks of igneous and metamorphic origin and more recent folded sedimentary strata. Among the more common are crystalline or granite-like rocks, many of which have been heavily weathered as a result of the high average temperatures and very extensive precipitation and humidity throughout much of the year (Tregear 1980).

Hong Kong's climate is monsoonal. Rainfall totals about 2,250 mm per annum and is concentrated heavily in the summer months, especially from May through September. During these months, winds typically blow from the south and southwest, giving the territory a monsoonal pattern of onshore breezes. Another significant feature of this climate is the late summer and autumn concentration of precipitation, a result of the frequency of large tropical cyclonic storms known in Asia as typhoons that sweep across the region every year. The accompanying heavy rainfall sometimes triggers catastrophic landslides and debris avalanches on very steep slopes with damage to property and life.

The months from October through April tend to be drier as is characteristic of monsoonal climates during the cool season. The winds commonly blow from the east and northeast during this period, and there is usually little rainfall. The autumn months are an especially pleasant time to visit when the climate is dry and cool. The pattern described above is a general pattern only. It should be remembered that there may be extreme variability within the overall pattern, and the nature of the general climate characteristics is based on averages compiled over many years during which records have been kept on the climate.

The location is in the tropics, and frost is not known at lower elevations. On the peaks, however, frost at elevations greater than 300 m may occur sporadically during the winter months. The summers by contrast are hot and humid, and the climate in this part of Asia is similar to the climate in the southeastern United States during the summer months.

The large and growing population has placed great stress on and degraded much of the original natural vegetation of Hong Kong. Today there are extensive efforts to remediate land that has been abused or degraded through human agency and neglect. An active environmental movement exists that has led to an extensive network of country parks and trails that serve as recreation centers for the large population.

The soils of Hong Kong reflect mainly the nature of the climate. The combination of heavy summer rains and high temperatures with the accompanying heavy chemical and mechanical weathering in the widespread sedimentary layers and granites has resulted in thin, clay lateritic-type soils. Soils everywhere are generally acidic. The rather poor quality of local soils combined with the limited expanse of alluvial lowlands results in a very small quantity of farmland and declining agricultural activity and output. Indeed, Hong Kong has very little suitable land for growing crops to support its very large population of more than seven million today. Consequently, it is heavily dependent on China and imports of food from other places. Agriculture as an economic activity has almost disappeared in terms of both output and employment in what it contributes to Hong Kong's economy today.

## People and Society

The population of Hong Kong is approximately 7.3 million, of whom 53.7 percent are female. The birth and fertility rates are low (the birthrate in 2013 was 0.5 percent, and total fertility rate was 1.1 children on average born to each woman). The latter is well below replacement, so Hong Kong's future population growth will depend largely on in-migration from mainland China.

At the end of World War II the population was roughly one million in 1945. By 1971 this population had increased to about four million, and the increase was attributable to improvements in health care and a high birthrate in Hong Kong itself as well as periods of very rapid immigration from mainland China. After another decade the population of Hong Kong and the New Territories had increased to five million. The population was youthful, but the government had worked to reduce the rate of growth;

by 1981 the birthrate had declined to 1.8 percent, and the rate of population growth through natural increase was slowing. Yet immigrants, including refugees from Vietnam and Cambodia, continued to swell the local population.

Most of the population of Hong Kong is ethnically Chinese (98–99 percent), and most of these are native speakers of Cantonese. There are other Chinese ethnic groups, however. These include prominently both Hakkas and Hoklos, the latter having been a fishing group. In recent years, migrants from other provinces of China have arrived. Today, increasingly *putonghua* (Mandarin) Chinese is heard, and many local people are learning the official language of China as Hong Kong increasingly integrates with the mainland.

Hong Kong is crowded. The land area is very limited, and the territory is simply small for such a large population, with a land area of 1,104 km<sup>2</sup> and a population almost the size of Switzerland's approximately eight million. Moreover, most of these people live on small Hong Kong Island (80 km<sup>2</sup>) and Kowloon (47 km<sup>2</sup>) (see figure 14.2). Kowloon in 2013 had a population density of more than forty-six thousand per km<sup>2</sup>, and in the tenements of its Mongkok District, the densities may reach as much as five thousand per hectare, certainly among the highest human densities found anywhere. By contrast, with an area of 41,285 km<sup>2</sup>, Switzerland has a population density of only 198 per km<sup>2</sup>. Consequently, Hong Kong has a very serious challenge to simply provide adequate housing and space for its resident population, which is further intensified by the arrival of so many tourists and the growing desire of mainland Chinese to visit and stay in Hong Kong.

### Hong Kong's Changing Economy

As noted above, the political changes that occurred in 1949 with the success of the Chinese Communist Revolution led to an economic embargo on Chinese goods in major sections of the global economy, and Hong Kong's roles as a reexporter and transshipper of goods from China diminished severely. Consequently, Hong Kong sought to restructure its economy and create an industrial sector to take advantage of its abundant labor supply. During the 1950s and 1960s, this sector expanded rapidly and benefited in part as a result of the wars in Korea and later Vietnam.

Industrial production of textiles and clothing grew rapidly, along with the manufacture of a variety of goods such as footwear, toys, furniture, sporting equipment, and light metal goods. By the 1970s, other competitors with lower labor costs entered the market, and Hong Kong had to focus on higher-value items such as electronics and optical equipment. The geopolitical circumstances were also changing, and the China trade in the global economy was expanding rapidly. As relations with the United States improved, the China trade, as well as Hong Kong's transshipment and reexport functions, began to grow.

With the improved political environment and the beginning of reforms in China in 1978, Hong Kong's economy began a structural shift. In the 1980s, many of Hong Kong's factories migrated to the adjacent Pearl River Delta (PRD) where labor and

land costs were much lower, and where Hong Kong's capital, technology, and access to the global marketplace could facilitate the marketing and distribution of manufactured goods from China. This combination of economic factors (Hong Kong as the front office and the PRD as the manufacturing location) made the Hong Kong/Pearl River Delta axis a formidable competitor in world markets, eventually leading the PRD to become the "factory to the world" with its low-cost and sophisticated manufacturing.

The result of all this structural change has created a new economy in Hong Kong in which the role of industry and manufacturing has declined substantially, as seen in both the contribution to annual GDP as well as the employment structure. In the last twenty-five years the high growth has been in service activities—the so-called producer services of shipping and logistics, finance, property development, insurance, legal and accounting services—activities that require a skilled and well-educated labor force.

One of the most intriguing aspects of this new economy has been the outcome of the Hong Kong handover back to China in 1997. Many had predicted that there would be a substantial downturn in the economy, and initially there was some reduction in tourism and some financial activities. But these declines may have been the result of other factors, and the economy and Hong Kong property market soon recovered and moved rapidly to new heights of prosperity. In 1992, five years before the handover, China's paramount leader, Deng Xiaoping, had visited the Pearl River Delta and had signaled to other leaders and the people of China that the kind of economic prosperity seen in Hong Kong and the PRD were virtuous and could be a model for all of China. Soon thereafter, the Chinese economy began to grow rapidly as free market mechanisms became widespread in China and the export of Chinese goods to global markets began a remarkable surge.

The economic reforms in China in the late 1970s led to increased growth in China's economy, first in agriculture and later, in the 1980s and 1990s, very rapid growth in the industrial sector of the economy. This remarkable economic growth had a profound impact on Hong Kong as well, for the industrial economy that had been so vibrant in the 1960s through the 1980s began to contract as it shifted production from low-value consumer products to more high-value-added goods that required a more skilled labor force. However, as the labor costs rose, much of the factory production, as noted, migrated to adjacent locations in the Pearl River Delta, often funded and managed by Hong Kong entrepreneurs who were seeking the lowest-cost production centers. In 1986 there were 919,000 people employed in manufacturing in Hong Kong. By 2007, this had shrunk to 200,000, a remarkable transition in the economic structure of Hong Kong (Government of the Hong Kong Special Administrative Region 2015).

In 2013, the total share of Hong Kong's employment structure indicated only 2.9 percent of the labor force in manufacturing, with another 0.4 percent in utility and maintenance jobs. About 8.4 percent were in construction work, yielding a total of only approximately 12 percent of the labor force in activities that could be considered in the secondary sector of the economy. As no workers were indicated in agriculture,

the remainder (88 percent) are allocated to the tertiary or service sector of the economy. Hong Kong is one of the world's most advanced economies in parallel with its very high per capita income of more than US\$45,000, one of the wealthiest places on earth. Clearly a remarkable structural shift has taken place in Hong Kong's economy as it has worked to fashion an economic system that takes its human resources and makes the most effective use of them. At the same time Hong Kong maintains an open, efficient, and relatively honest market-oriented economy buttressed by a political/legal system that supports the ethos of a focus on successful commerce (Government of the Hong Kong Special Administrative Region 2015).

Today's economy has three main supporting buttresses: shipping, finance, and tourism. Shipping and logistics have been a constant since the British first established the colony in 1842. While shipping remains important, and until recently Hong Kong was the largest container port in the world in terms of container TEU<sup>1</sup> throughput, shipping is now in relative decline. Nearby competitors such as Shenzhen and Guangzhou, with their lower labor costs and terminal charges, have captured an increasing share of the China traffic, and Hong Kong's position is likely to continue to decline (Loughlin and Pannell 2011). One bright spot, however, is the role of air freight and Hong Kong's ability to maintain a leading role as a key air freight center for East and Southeast Asia based on its fine airport and its efficiency and reliability in facilitating the movement of air freight.

The second buttress is finance and commercial services, which have burgeoned in the last fifty years as Hong Kong took over some of the earlier banking and financial activities that Shanghai had once dominated before the communist takeover. Hong Kong has its own central bank that issues the Hong Kong currency, now tied with a fixed exchange rate to the US dollar (7.756 HKD to one US dollar in 2013). The Hong Kong SAR is financially strong, with US\$340 billion in foreign currency reserve assets in 2015. This ranks tenth in the world (Government of the Hong Kong Special Administrative Region 2015; Hong Kong Monetary Authority 2015).

Today Hong Kong is considered the third-leading global financial center in terms of its international banking and financial functions. In this competition, it is surpassed only by London and New York and is seen as overtaking regional rivals such as Tokyo and Singapore. Rivals in China such as Shanghai and Beijing have not been able to supplant Hong Kong owing to the latter's legal system, market-based currency system, transparent markets, and confidence from the global marketplace. Supported in part by the remarkable and robust property and housing market in Hong Kong along with huge investments in higher education and research activities, Hong Kong has advanced its service economy in those activities referred to as producer services—accounting, insurance, financial planning and service, legal services, and other related commercial areas.

Hong Kong's human resources are among the best educated and most productive found anywhere in the world. This is certainly a key advantage and asset that has enabled Hong Kong to advance to its preeminent position in the global economic system. The labor force participation rate has hovered around 61 percent in recent

years, with the male rate at about 69 percent and the female rate at 54 percent. The unemployment rate is low; in 2008 it was 3.5 percent, and this declined to 3.3 percent in 2013.

One of the intriguing aspects of employment in Hong Kong is the migration of mainly female domestic servants, largely from the Philippines and Indonesia. This has been a growing labor cadre over a number of years. In 2008 there were 252,000 of these workers, and this increased to 316,000 by 2013. Visitors to Hong Kong Island can witness large numbers of these women in Hong Kong's Central District taking a day off on Saturdays and Sundays (see photo 14.1). This is an important source of revenue transfer to both the Philippines and Indonesia given the scale of such employment in Hong Kong.

Third, tourism since World War II has always been important. Tourism has exploded in the last ten years as huge numbers of Chinese tourists from the China mainland have flooded into Hong Kong. While there has been a modest decline in foreign tourists since the handover in 1997, this has been more than made up for in tourists from the mainland People's Republic. In 2014 the number of mainland tourists was estimated at forty million, with more anticipated in the future.



Photo 14.1. Weekend holiday activity for amahs in Hong Kong's Central District, HSBC Building, 2014. Clifton W. Pannell.

Such huge numbers have placed great stress on available hotel and support facilities, and the great influx of mainland tourists has become a controversial topic in the current narrative of Hong Kong's relationship with China. Local Hong Kongers express resentment at the mainland Chinese who come into the SAR to purchase certain items such as Western baby formula that may not be available in the mainland. In some cases these Chinese tourists have offended the local people by not observing strict rules on sanitation and other practices, leading to outbursts of criticism in the local press of the "rude behavior" of the mainlanders.

### **Hong Kong's Changing Politics and Situation**

Hong Kong's Basic Law, a kind of constitution, was agreed upon as the controlling document by which Hong Kong as a special administrative region (SAR) of China would be governed. Britain's prime minister, Margaret Thatcher, and China's paramount leader, Deng Xiaoping, had agreed on this in 1984, with more details emerging in the run-up to the handover in 1997. The idea of one country, two systems was proclaimed in which Hong Kong was to govern itself for fifty years, during which it was allowed to issue its own currency, provide its own police and administrative apparatus, continue its separate and independent judiciary, and operate a free and market-based economy. A Legislative Council (Legco) was empowered to establish rules and regulations for governing the territory. Legco was to be composed of appointed and elected officials, with the idea of expanded suffrage for local people to elect Legco representatives as well as the chief executive officer, who operated as a kind of governor for Hong Kong. Political parties were allowed, and these could promote and sponsor candidates for elected office, although initially the extent of elections and voting was very limited.

The People's Republic of China, as the sovereign state, was to have authority over the foreign relations as well as the military security of Hong Kong, but with the idea that no obvious presence of the People's Liberation Army was to be seen. All of this was negotiated with the goal of maintaining the reality of business as usual in Hong Kong and its role in the global marketplace, with a minimum of intrusion in the internal functioning and operation of Hong Kong's domestic economy. At the time of the handover, China needed Hong Kong for its knowledge of how global commerce operated and as a source of capital, information, innovation, and management expertise. Allow the goose to continue to lay golden eggs.

In the ensuing political environment, the chief executive, a local businessman named Tung Chee-hwa, with encouragement from Beijing, moved quickly to increase his power and authority. He did so to control the politics and administration of Hong Kong in a manner in which the Chinese government and party in Beijing approved. Demonstrations and confrontation erupted between local people, who sought a greater voice in running local affairs through democratic procedures, and the Hong Kong authorities, who looked to Beijing for guidance.



Photo 14.2. Memorial statue to the student martyrs in Beijing, June 4, 1989, located on the campus of the University of Hong Kong, 2014. Clifton W. Pannell.

More demonstrations followed in which local democratic parties demanded a greater voice in selecting candidates for office and a broader suffrage that would enable local people to vote for candidates of their choice. Of particular importance was the desire for local people to have a voice in the selection of the chief executive. This issue has continued to rankle as a thorny bone of contention in the latest political outbursts and demonstrations in the summer of 2015 known as the “Occupy Central” movement. “Central” refers to the main commercial and financial district on Hong Kong Island that is the core area of Hong Kong’s preeminent role as a global financial center.

### The Search for Greater Democracy

The Occupy Central movement has as its main goal to open up voting for all citizens to select the chief executive in 2017, a promise that was made in the original document that granted the principle of “one country, two systems.” The promise was for universal suffrage to elect the chief executive. Beijing now proposed that there would be universal suffrage but that China would vet and approve three candidates who could stand for the office.

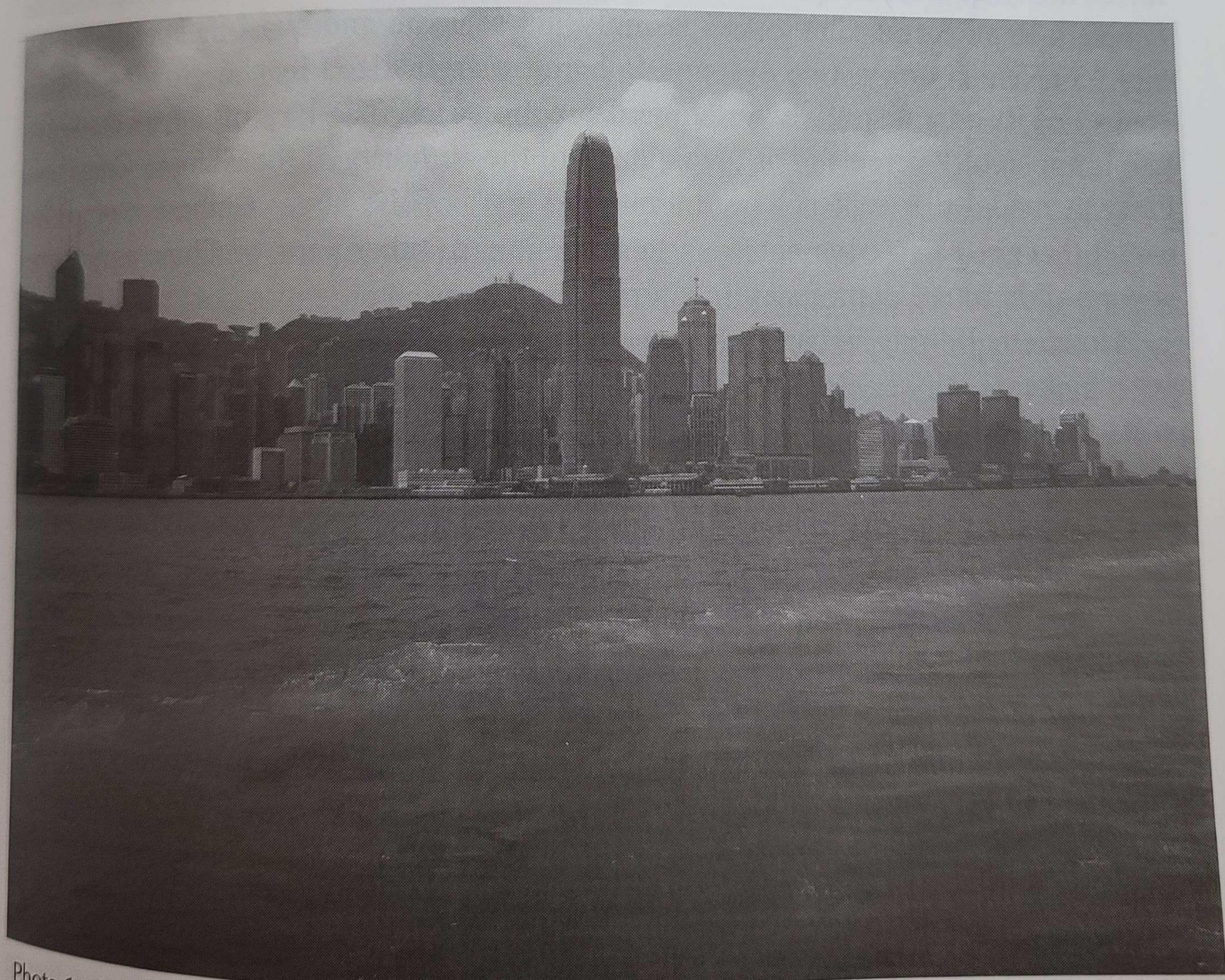


Photo 14.3. Hong Kong Island's skyline of the Central District, left to right: Bank of China, HSBC, Jardine House, and International Financial Center, 2014. Clifton W. Pannell.

This is hardly the kind of democratic procedure that Hong Kong people expected, and they erupted in increasingly larger demonstrations in the summer and extending into the autumn of 2014. Students set up barricades in Central and other major business districts such as Mongkok and Causeway Bay and created obstacles to traffic. The police reacted, and there was use of tear gas that further intensified the confrontations, which on some days involved hundreds of thousands of demonstrators.

While these demonstrations continued for some time, the police response was generally muted and avoided a heavy confrontational approach. Gradually, public support for the demonstrators began to decline, as the public did not appreciate the disruption in the main commercial districts. The local administration of Chief Executive Leung Chun-ying, taking its cue from Beijing, opposed the demonstrations as illegal and unlawful. This position was upheld in China, as President Xi Jinping was also quoted as saying the Hong Kong demonstrations were illegal and should be disbanded. Such a strong signal from the highest authority in China indicated that China was not going to allow Hong Kong to have free elections. Voting may take place for the chief executive in 2017, but only candidates whom Beijing has approved will be allowed to run.

Hong Kong's democracy movement appeared to lose the contest with Beijing over greater democracy in the election of Hong Kong's chief executive. This outcome raises many questions about the future of Hong Kong and its relationship with the People's Republic of China. Increasingly, its separate and quasi-independent status based on one country, two systems is being marginalized by the growing Chinese control of its administrative system and functionaries. The idea of a democratic system is apparently perceived as a challenge to the authority of the Chinese Communist Party, a model that will not be tolerated as part of the larger Chinese state. It is a model that the party does not wish to be visible in other parts of China as a symbol of a possible future democracy in China.

However, Beijing is certainly not a winner in this struggle. Observers in Taiwan (see chapter 13), who look to Hong Kong as a possible bellwether for their own political future, were watching the events in Hong Kong carefully and perhaps fearfully. It seems clear that the events in Hong Kong offered strong evidence in Taiwan for those who want nothing to do with a reintegration into China and to fall under Chinese sovereignty in the future. In the continuing evolution of Taiwan as a strongly functioning democracy, the heavy hand of China and its intrusion into Hong Kong's search for greater democracy was an ominous example of what Taiwan could expect if in the future it returns to the motherland.

China's Communist Party and its leaders apparently see the possibility of greater democracy in Hong Kong as a potential threat to the continuing exclusive rule of the party and its position of primacy in China. After studying carefully the collapse of the former Soviet Union in 1989, China's communist leadership is highly sensitive to any real or perceived threat to its continued role in controlling China and its people. This appears to explain the hypersensitivity and rejection of any efforts to advance true democracy in Hong Kong, and it suggests that Hong Kong's future is tied to

increasingly tighter control from Beijing. Given this reality, it seems likely that more efforts to reintegrate Hong Kong into the economy and society of the adjacent Pearl River Delta lie ahead.

## MACAU (MACAO)

The origins of the place known for the last 450 years as Macau, or Ao Men in Chinese *putonghua*, began in the somewhat isolated, out-of-the-way coastal margins of the Pearl River Delta near the exit into the estuary of one of the major distributary channels of the large Xi Jiang (West River) at what is believed to have been a tiny fishing village (again see figure 14.1). The impetus for the growth and change of this place came about through contact and interaction between Europeans, in this case the Portuguese, and the Chinese. The Portuguese were seeking to extend their influence from South and Southeast Asia, where they had established major trading and religious colonies at Goa on India's west coast and Malacca on the west coast of the Malay Peninsula facing the Strait of Malacca. Their motivation was commercial—to profit from trade in various commodities and with various partners—as well as cultural, for they wished to spread the gospel and gain converts to Christianity.

Cheng (1999) has asserted that the two goals were complementary for the Portuguese, who sought to capture some of the trade monopoly that Arab traders had established in the Indian Ocean and nearby areas and to counter the spread of Islam by spreading the gospel and converting locals to Christianity. The Portuguese also were competing vigorously with other European powers, such as the Dutch, who were seeking to extend their own commercial interests along the seaward margins of Asia.

By contrast, the Chinese, who had in the fourteenth century sent out a major fleet into the Indian Ocean, had redirected their interests into the interior of their empire, as the Ming dynasty sought to reestablish Chinese dominion over its imperial holdings and to revitalize the idea of Chinese hegemony in those interior regions where tributary relations were essential to maintaining Chinese sway over the far-flung and disparate interior regions of the empire (see chapter 3). Thus its leaders sought to minimize contacts with and the effects of the presence of foreign intruders, who in their view had little to offer a celestial empire, and they insisted on maintaining only the most tenuous of links with places far removed and isolated from mainstream China. In this way, the Chinese signaled their disinterest in and disdain for the foreigners and their intrusive ways.

The Portuguese first arrived in this area in the early sixteenth century, perhaps as early as 1503. According to Charles Boxer (1948), the first Portuguese to visit China was a man named Jorge Alvarez, who in 1514 left a stone memorial, or *padrao*, on an island named Tamao near what is today Macau, and the first Portuguese ships to visit China's great southern port city of Canton arrived at the head of the Zhu Jiang (Pearl River) in 1517. The Portuguese eagerly sought a place to establish a trading post, but the Chinese resisted Portuguese efforts at different locations along