

國立政治大學亞太研究英語碩士學位學程  
International Master's Program in Asia-Pacific Studies  
College of Social Sciences  
National Chengchi University

碩士論文

Master's Thesis

論文題目:香港一國兩制:初始的檢視研究

Thesis Topic

One country two systems in Hong Kong: A preliminary  
assessment

Student: Kai Han Lin

Advisor: Alex Chiang

中華民國 104 年 10 月

October 2015

## Abstract

This research is an attempt to conduct a preliminary assessment of one-country two systems in Hong Kong since the handover of sovereignty from British government back to China in 1997, particularly on the aspects of high degree of autonomy and economic performance. As promised in Sino-British Joint Declaration in 1984 that China pledged to be committed to sustain high degree of autonomy and way of life, capitalism in Hong Kong and this policy would remain unchanged for 50 years. This research draws heavily on secondary data and documentary analysis to answer the research questions, and the research found out that high degree of autonomy, way of life, have in some parts been encroached upon. On the other hand, the prosperity of Hong Kong has been ensured.

Key words: One country two systems, umbrella movement, Joint declaration, high degree of autonomy

## Acknowledgement

I owed a great debt of gratitude to my adviser Alex Chiang whose meticulous guidance made this thesis possible. I also wish to thank my fellow classmates Kevin and Jerrel because without their support and encouragement, I would not be able to conquer all the frustrations that I had encountered during my study in IMAS.

Most important, I would like to say big thank you to my mother Kathy, who raised me up single handedly working as hard as she could to provide me with the best quality of life which enables me to pursuit my dreams without worrying about the livelihood. I also wish to thank my girlfriend Tess Jheng who always stands by my side supporting me unconditionally.

## Table of Contents

<b>Chapter 1</b>	<b>Introduction</b>	<b>1</b>
1.1	Motivation and Research purpose	1
1.2	Research questions	3
1.3	Literature review	4
1.3.1	Alleged violations of human rights	4
1.3.2	Economy and Democracy in Hong Kong	5
1.4	Research Method	9
1.5	Scope and limitations	10
1.6	Chinese resumption of Hong Kong's sovereignty	12
1.6.1	British Colony of Hong Kong	12
1.6.2	Negotiation of Hong Kong transfer	15
1.6.3	Joint Declaration and promises	18
1.6.4	One country two systems	22
<b>Chapter 2</b>	<b>Implementation of economic policies</b>	<b>25</b>
2.1	Economic integration with China	25
2.2	Economic growth of Hong Kong since 1997	26
2.3	Economic freedom of Hong Kong	30
2.4	Income inequality	32
2.5	Unemployment rate	35
2.6	Hong Kong inward direct investment	38
2.7	GDP Per Capita of Hong Kong	41
2.8	People's satisfaction with the economic condition in Hong Kong	42
<b>Chapter 3</b>	<b>Implementation of High degree of autonomy and Alleged controversies</b>	<b>45</b>
3.1	Election reform of Chief Executive	45
3.2	Political fallout of election reform	50
3.3	Did China renege on its promises ?	53
3.4	Press freedom	60
3.5	Patriotic education	68
3.6	Controversy over Article 23	71
<b>Chapter 4</b>	<b>Civil Rights in Hong Kong</b>	<b>75</b>
4.1	Freedom of Association	75
4.2	Freedom of Religious Believe	77
4.3	Freedom of Procession and Demonstration	78
4.4	Freedom of Speech	80

4.5 Degree of democracy .....	81
4.6 the impacts on One Country Two Systems .....	84
4.6.1 Applicability of One Country, Two Systems to Taiwan.....	84
4.6.2 Hong Kong People’s Confidence in One Country Two Systems and Trust in Central Government .....	89
Chapter 5 Conclusion .....	93
References .....	99



## List of Charts

Chart 1 Economic growth of Hong Kong.....	29
Chart 2 : Economic Freedom of Hong Kong.....	32
Chart 3 : Income Inequality : Cini Coefficient of Hong Kong .....	34
Chart 4 : Unemployment rate in Hong Kong.....	35
Chart 5 : Hong Kong inward direct investment .....	40
Chart 6 : Hong Kong GDP PER CAPITA .....	41
Chart 7 : People’s Satisfaction with the current economic condition 1992-2014 .....	44
Chart 8 :Method of Election of Chief Executive of Hong Kong in 2012 ...	48
Chart 9 :Method of Election of Chief Executive of Hong Kong in 2017.....	50
Chart 10 : People’s confidence in” One country, Two Systems’ .....	58
Chart 11 : People’s Satisfaction with the Current Political Condition .....	59
Chart 12: Press freedom of Hong Kong .....	68
Chart 13: Rating of Appraisal of Freedom of association .....	76
Chart 14 : Rating of appraisal of Religious believe .....	78
Chart 15: Rating of appraisal of Freedom of Procession and Demonstration .....	79
Chart 16 : Rating of appraisal of Freedom of Speech .....	81
Chart 17 : Appraisal of Degree of Democracy .....	82
Chart 18 : Opinion on applicability of One Country, Two Systems to Taiwan .....	88
Chart 19 People’s confidence in” One country, Two Systems’ .....	92

## **5Chapter 1 Introduction**

### **1.1 Motivation and Research purpose**

Hong Kong was transferred from the United Kingdom back to China in 1997 after two periods of British occupation in 1842-1941 and in 1945-1997. The society, the economy, as well as the political system in Hong Kong had been shaped and influenced by western ideology considerably particularly in terms of democracy, universal human rights, and capitalism. Those features were enjoyed by the people in Hong Kong for a quite long time until the transfer of sovereignty back to China which casted a whiff of uncertainty on the future of Hong Kong.

However, in order to honor the promises made in Sino-Joint Declaration and to minimize the resistance from the people of Hong Kong who might harbor premonition about the possible change after the transfer of sovereignty, as well as to further secure prosperity and stability of Hong Kong after the handover, the idea of One Country Two Systems(OCTS) was first proposed in 1984 by Chinese leader Deng Xiaoping who later on formulated it meticulously with an attempt to lay down the foundation of political system and the rule of law in Hong Kong.

One Country Two Systems has therefore been implemented in Hong Kong since 1997, which has encountered a plethora of trials and tribulations and still stumbling along its way to reach the consummated one as people anticipated. As of 2015, We are in an opportune time and better position to examine the practice of one-country two systems to see how it has being implemented in practice and most importantly to find out if China has honored its promises made to British government and Hong Kong

people in Joint-declaration that China would be committed to ensure the high degree of autonomy of Hong Kong, and way of life for 50 years that is until 2047.

What lies behind my motivation to choose this topic for my thesis? First of all, it is the outbreak of umbrella movement in 2014 which galvanized approximately 500,000 people to the streets to demand for the genuine universal suffrage instead of the distorted one. The movement completely engrossed my attention and prompted me to delve into the very fundamental causes of the problem as what was the rationale for those people being willing to take risk to fight against a government which has an authoritarian boss.

Secondly, as One Country Two Systems is also the core strategy that China pledges to adopt to tackle with Taiwan issue. It is of great importance for Taiwanese government and people to make a conscientious observation of one country two systems to further consider the possibility of taking it as one of the options to resolve the protracted predicament of cross-strait drama. Moreover, a lot of people nowadays believe that Taiwan and Hong Kong share the same fate. It is not only because both places live under the shadow of China but also the struggles that they both have with China. The recent social movements and demonstrations which happened one after the other in both places have the stunning similarities in terms of the rationale of the protest, forms of the demonstration. These factors lead to the tightening of uncanny but tangible link between Taiwan and Hong Kong in which Hong Kong has been the exemplified city of one country two systems, and Taiwan might be the next target for China as one of the embodiments of one country two systems.

Lastly, in 1984 The Chinese leader Deng Xiaoping made several far-reaching



comments on one country two systems during a meeting with Sze-Yuen Chung a politician from Hong Kong. Deng stated that “Beijing will not assign officials to the government of the Hong Kong Special Administrative Region” not to interfere in Hong Kong’s internal affairs” etc. (Chung, 2001.P101). Therefore, the people in Hong Kong tend to perceive these comments as the inviolable principles of One Country Two Systems, regardless of how diametrically different is the interpretations of these promises between people and government. These written promises would be etched in deeply in people’s memory, and therefore if government does something that are inconsistent with these promises, then what would ensue is not only a blow to government’s credibility but also the more formidable challenge in the future.

## **1.2 Research questions**

In order to conduct a research on the assessment of one country-two systems in Hong Kong, it is quite important to have a basis as the backbone of this research. Therefore, I would like to base this research on what China had promised to abide by in the Sino-British Joint Declaration, particularly in terms of high degree of autonomy, economic prosperity, and to further delve into the major occurrences happened which are either deemed controversial or detrimental to the promises since the handover.

Therefore here comes first research question:

- (1) Has the implementation of one-country two systems been practiced in accordance with the promises and the Joint Declaration?

The other dimension will be focused on in this research is the impacts of One country Two Systems on the society in Hong Kong especially in regards to economic

integration with China and freedom of religion, freedom of press as well as human rights. This part of research is to find answer to if Hong Kong has been benefiting from China economically since the handover as Chinese leader Deng Xiaoping at the time presumed that the Chinese resumption of sovereignty in Hong Kong would not impair the prosperity of Hong Kong<sup>1</sup>. And also to see if the Hong Kong government has been truly committed to protect these universal human rights that are enshrined in the basic law and promised by China as that will remain unchanged for at least 50 year.

And this is the Second research question:

(2) What have been the impacts of one-country two systems on Hong Kong's society?

### **1.3 Literature review**

#### **1.3.1 Alleged violations of human rights**

Based on what China had promised to be devoted to protect the way of life, freedom of speech and religion at the signing of Sino-British Joint Declaration, Cheung and Chen (2004), raised the case of Falun Gong to assess China's commitment to the freedom of religion which could be the best criteria of evaluation adopted to assess Hong Kong's performance. Due to the unceasing confrontation between Falun Gong practitioners and Chinese government in mainland China, it is of great importance to observe how would China tackle with this intractable issue in Hong Kong when

---

<sup>1</sup> Chinese leader Deng Xiaoping made comment on One country two systems in 1984 June, 22-23 stated that A patriot is one who respects the Chinese nation, sincerely supports the motherland's resumption of sovereignty over Hong Kong and wishes not to impair Hong Kong's prosperity and stability. Those who meet these requirements are patriots, whether they believe in capitalism or feudalism or even slavery. We don't demand that they be in favor of China's socialist system; we only ask them to love the motherland and Hong Kong.

freedom of religion is enshrined in the Basic Law or if China would reenact its persecution of Falun Gong in Hong Kong? On the freedom of press Cheung and Chen (2004) mentioned the premonitions that journalists have about the possible enactment of Article 23 would seriously impinge on the freedom of speech, and also raised several cases regarding Chinese's influence in Hong Kong's media.

Cheung and Chen (2004) also illuminates the establishment of Bill of Rights in the law, which provides the sacrosanct human rights to people in Hong Kong. Cheung and Chen (2004) points out that the bill of rights was not applicable to Hong Kong under British government, however, it was only after the outbreak of Tiananmen incident which galvanized British government into action to include Bill of Rights into law. However, by the time when this study published in 2004, there were little of cases you can examine to see if there are any violations of human rights after the handover, but as of 2015 we are at a better position to look back at last 15 years to examine local government's commitments to the Bill of Rights in Hong Kong.

### **1.3.2 Economy and Democracy in Hong Kong**

The impact of economic integration with China on Hong Kong since the handover is one of the most important parts of my second research question. The comprehension of the economic development in Hong Kong is therefore crucial. Ash (2000) expounded on how Hong Kong and China complement each other on economic development especially when Hong Kong's economy met its bottleneck by the end of the 1970s caused by the shortages of land, labor and technical skills, which were detrimental to the growth.

However, the economic quagmire was later on alleviated by the opening of China to the whole world. Ash (2000) depicts it as "Like Fish Finding Water"

because of the plenty of cheap labor and the abundance of available land in the neighboring Chinese provinces (Guandong and Fujian) contributed substantively to the revival of Hong Kong's industry. Moreover, this symbiotic relationship was also manifested in China after it opened its door to the world, Hong Kong served as the best learning model for China to look up to, particularly in terms of the financial and trading systems, and that signified the inextricable economic ties between China and Hong Kong.

Cheng (2007) who argued that even if Hong Kong's economy was ostensibly doing a decent job and the Gross Domestic Product (GDP) was not growing as exponential as China, at least it has been growing steadily. However, the problems of economy still looming large as ordinary people feel never share the benefits of economic growth which Cheng (2007) argues the root causes are the outflow of manufacturing industries to Pearl River Delta in southern China in tandem with the sluggish development of Hi-tech industries.

It further resulted in the decline of job opportunities in Hong Kong and people's dissatisfaction toward the government. The dissatisfaction was intensified by the slow progress of democratic development as well as the ineptitude of the government on the handling of several issues. In the end the author argues that the noticeable change of values of people in Hong Kong is tangible and the central government could no longer believe that prosperous economy could bring stability to the country.

On the aspect of democracy, Qian (2000) offered an interesting insight into the government and politics in Hong Kong which focused on China's clandestine political scheme at the time with the attempt to assign over 83,00 mainland Chinese officials

from 1983 to 1996 with changed names and false identities to Hong Kong as the immigrants in order carry out political missions with an aim to influence Hong Kong's political sphere, to secure favored political interests of CCP.

Ma (2007) devoted to the to democratic development in Hong Kong in which he expounded on his own observation of the democratic development. He characterized three phases where the first phase of the process is the fragmentation within the Democratic Party (DP) in Hong Kong. Ma (2007) asserted that during 1997-2002 the lack of cohesive objective for the future of party and the divergent ideologies impair the consolidation of party's power. It was followed by the institutional changes by the Hong Kong government that were unfavorable to Democratic Party in the political sphere.

The trials and tribulations were even aggravated by the indifferent attitude toward the progress of democracy among the people due to the premonition people had before the handover that China would probably intervene in Hong Kong's affairs aimed to strangle Hong Kong's democracy. Therefore, the Democratic Party's political manifesto was greeted with lukewarm reaction. The second and third phases highlight the rebirth of democracy from early 2003 to early 2005, and the last phase is lost opportunities and new impasse. The rebirth of democracy is rekindled by the government's attempt to enact article 23, which is aimed to outlaw any activities that are deemed subversive to the government and the country. It triggered the public outrage and half of million people took to street to protest for fear that if passed freedom would be nefariously encroached upon. This demonstration ended up in the postponement of the enactment of this law, and the author perceived it as the point when people started to pay attention to public affairs, as well as an important stage in Hong Kong's democracy.

Nonetheless, the ominous challenge soon arose again in 2005 that Ma (2007) named it as third phase in which unpopular Chief Executive Tung stepped down and succeeded by Donald Tsang who successfully won back the popularity and pacified the people's anger toward the government, and that led to the dampening passion for democratic reform among people who believe that the universal suffrage in 2012 proposed by the Democratic Party is unlikely.

Therefore, the devastating blow again to the Democratic Party whom Ma (2007) argued that the failure to keep that momentum on in 2003 and the unfavorable institutional changes in the political system resulted in the sluggish democratic development for the first ten years since the handover.

By way of conclusion, the prevalent problems that persist in Hong Kong judicial system appear to be the ambiguity of the Basic Law that has been regarded as the source of encroachment on Hong Kong's high degree of autonomy, and then the economic relations of Hong Kong with China since the handover (Ma, 2007).

The development of democracy in Hong Kong was however, unanimously agreed by scholars as having been stagnated since the handover, and lastly the human rights issues, in which the scholars argued that the government has been doing a decent job in this aspect and the rights that enshrined in the constitution have been well protected.

However, most of the studies on in One Country Two Systems could be traced as far back as 2001, therefore, outdated but provided the fundamental structure and criteria of assessment which paved the way and laid down the foundations for people who are interested in this research. For instance, the methods that adopted by the most

scholars who devoted to evaluate the operation of One Country Two Systems are to find out the inconsistencies of promises and practices, and to analyze the controversial attempts by the central government to enact law which are deemed as violation of high degree of autonomy in order to foresee the future development of One Country Two Systems, and all these approaches will also be heavily drawn on in this research.

#### **1.4 Research Method**

This research will be primarily based on the documentary analysis and secondary data analysis whereby I will endeavor to sift through the governmental documents, official statements and the Joint Declaration to unravel what exactly had promised to do which would be my fundamental basis for the further research. And then conduct in depth analysis of multiple controversial cases since the handover which will be contrasted with promises made to answer:

- (1) Has the implementation of one-country two systems been practiced in accordance with the norms and principles of the promises and Joint declaration?

The alleged violations of human rights cases which caused public outrage will be thoroughly studied and also be contrasted with promises and agreements to see if the government's handling of these contentious cases are legitimate or not. It will be followed by the examination of the opinion polls which will be predominantly derived from Public Opinion Program<sup>2</sup>, the University of Hong Kong. the secondary data with

---

<sup>2</sup> Public Opinion Program (POP), the university of Hong Kong was established in 1991 with an objective to provide academia, press media, decision makers, and people with the useful and convincing figures. Since 1991, POP has been conducting a wide range of opinion polls unceasingly which has not only provided people a extensive look into Hong Kong but also offered generously to those who are interested in the study of Hong Kong but have hard time conducting surveys in Hong

the topics including the freedom of speech, freedom of religion, freedom of press, freedom of assembly, confidence in democracy, confidence in One Country Two Systems, as well as the confidence in central government. The surveys reflect people's opinions on various aspects of life over the past decade which would enable this research to make an evaluation in the end to answer my second research question.

(2)What has been the impact of one-country two systems on Hong Kong's society?

### **1.5 Scope and limitations**

There has been a devoid of widely recognized theories to assess the performance of a political system. Particularly the One Country Two Systems is still at its embryonic stage elbowing its way toward its anticipated result. It's a unique political system a region of Communist country is ruled by a de facto democracy. Thus there is a hurdle to draw comparison of One Country Two System with historical or contemporary models to make cogent assessment of its effectiveness.

However, this preliminary assessment is to study the terms and agreements of Sino-British Joint Declaration and promises thoroughly that China made to Hong Kong and proceed to juxtapose the practice of One country two system with the promises enshrined in the Join-Declaration and the Basic Law.

It is to assess the central and local government's commitments to uphold the

---

Kong. The survey methods POP adopted are predominantly through telephone surveys and the target population of these surveys are Cantonese speakers in Hong Kong of age 18 or above, and the sample size of all these surveys are more than 500 successful cases each time, since May 2000, it has been increased to more than 1000, and weighted according to gender-age distribution of the Hong Kong population. (<http://hkupop.hku.hk/chinese/aboutpop/index.html>) Public Opinion Program (POP), the university of Hong Kong.



principles of this system, on the aspect of political system what would be studied is the major controversial election reform since the handover to shed light on the coherence of its practice.

The impact of One Country Two Systems on the society of Hong Kong, of which the focuses will be on the dimensions of economy and human rights. On the scope of human rights, what would be examined thoroughly are the major alleged violations of human rights since the handover.

What will be mainly focused on are the economic growth in Hong Kong and economic integration with China after the handover to see what has been the positive and negative impacts on Hong Kong and proceed to draw on opinion polls to find out how people really think of the economy after the handover. However, what will not be touched upon is the data of Hong Kong's import and export as well as the economic relations with other countries.

## **1.6 Chinese resumption of Hong Kong's sovereignty**

### **1.6.1 British Colony of Hong Kong**

Hong Kong, the most striking financial center in Asia, rose from rags to riches and transformed from a mundane port to a city, is lauded as having the freest economy, breathtaking skyscrapers, magnificent views and bustling activities. All of these distinctions not only have helped Hong Kong magnate a staggering amount of Foreign Direct Investment, but also being regarded as the best gateway to China for doing business.

The watershed of Hong Kong history started from the foreign merchants in 1839. When the gigantic stockpile of opium which had been the lucrative source of their fortunes, was confiscated and burnt down by the Chinese governor Lin Zexu in Guangzhou in a fierce campaign to clamp down those lethal entertainments deemed as the source of scourge for Chinese people and government (Murray, 1993).

However, this crackdown changed the fate of Hong Kong drastically. The British government was enraged and felt humiliated by this incident. It galvanized British government into action by dispatching warships to China's coast in 1840. British troops at the time completely overshadowed Chinese decrepit weapons and demoralized forces and therefore dealt a devastating blow to China. As a result, China was coerced to come to the table with Britain to portend the start of negotiation of what is well known today as the first unequal treaty for China.

In 1841 The Convention of Chuanbi signed by British government's Superintendent of China Trade Charles Elliot and Chinese Governor of Qishan

portended the start of a series of humiliating treaties and signaled the end of China's thousands of years history of majestic Emperor era. In this treaty, Hong Kong was ceded to the British Crown along with an indemnity of six million dollars and the resumption of trade at Guangzhou. However, this treaty was repudiated by the Chinese government due to the fact that Qishan took his own initiative to pronounce the treaty without getting permission from the Emperor. Therefore this treaty was widely regarded as null and void by China (Steve, 1995).

Nonetheless, after a series of losses of battles to more superior British forces, then China was again forced to go to the negotiating table in 1842 to sign Treaty of Nanking. Hong Kong was officially ceded to British Queen in perpetuity along with the lifting of the trade ban as well as the exorbitant indemnity totaled 21 million dollars.

Unfortunately, Treaty of Nanking was not the end of China's nightmarish encounter with those once dubbed as rapacious, aggressive foreigners by Chinese government. In 1856, another skirmish erupted in which Chinese forces arrested an expired British registration vessel suspected of piracy in the region. In return, the British government demanded an apology and immediate release of crews. However, Chinese government then did not apologize which was the sparking point that led to the full fledged war between Britain and China. Later on France, Russia joined the already mighty forces of Britain and brought resounding victory of allied forces. China stricken by western imperialism was again held at gunpoint to agree on the convention of Peking and Kowloon was ceded to Britain.

The Britain colonialism in Hong Kong had not concluded yet. It was only until the lease of New Territories for 99 years signed in the second convention of Peking in 1898 to extend Hong Kong's territory against the backdrop of British's fears of growing population and the need of larger territory to protect Hong Kong from that of war torn era (Steve, 1995).

Then the whole territory of Hong Kong under British colonialism was finally concluded which included Hong Kong (ceded to Britain in perpetuity in the Treaty of Nanking) Kowloon (ceded to Britain in perpetuity in the Convention of Peking) and New territories. ( leased to Britain for 99 years expired on 1997 July1)



## 1.6.2 Negotiation of Hong Kong transfer

In the 1970s, as expiry of the lease of New Territories approaching, a flurry of trepidation arose from the horizon nagging away at those landlords and business people who were worried about their land lease as well as the future of Hong Kong after the expiry of New Territories in 1997. (Steve, 1995). Being pressured to reassure the concerned people, the then British governor of Hong Kong Murray MacLehose did not hesitate to grasp the opportunity to raise the question regarding the lease when invited to visit Beijing by Deng Xiaoping in 1979. The visit inaugurated the start of the negotiation which was imbued with trials and tribulations and oscillating between harmony and discordance.

In response to MacLehose's question, Deng asserted that the essence of the question should be the sovereignty issue as who would really be in control of Hong Kong after 1997 and the situation should be discussed in the formal talk between the two sides. Therefore, neither details nor constructive talks were reached in Britain's first ever attempt of testing China's stance on Hong Kong issue. (Steve, 1995).

However, some reassuring answers were offered by Deng and the governor MacLehose brought the message to people of Hong Kong stressing that Deng told him to tell investors in Hong Kong to put their hearts at ease.

The first several rounds of occasional talks between officials from both sides were either futile or failed to convey the explicit message to each other, because the leaders of both countries were preoccupied with the respective domestic problems at the time.

The British side was way more keenly to explore the possibility of formal talk but Deng was more concerned about the reunification with Taiwan rather than Hong Kong issue. The turning point, however, emerged in late 1981 when Deng realized that the Taiwan issue could not be easily resolved in the near future and the policies designed specifically for Taiwan issue were not appreciated by Taiwan at all, of which dawned on Deng that policies (one country two systems) that designed to deal with Taiwan issue could also be applied to Hong Kong where could be tested with the practice of this political system first. If succeed, Taiwan could be enthralled in the possibility of this system to ultimately achieve reunification, therefore, Deng started to shift his attention to Hong Kong issue. (Robert, 1993)

In 1981 After another eagerness of seeking formal talks, British Foreign Secretary Lord Carrington being greeted with the same frosty attitude from Deng who trotted out the same rhetoric that investors in Hong Kong should ‘set their hearts at ease’. Hope rose again when British Deputy Foreign Minister Humphrey Atkins flew to China with a major objective to arrange a visit for Prime Minister Margaret Thatcher to Beijing, Atkins discovered that China did not as reticent as before about Hong Kong issue. This time Chinese Prime Minister Zhao Ziyang asserted that China would safeguard its sovereignty over Hong Kong, and the prosperity of Hong Kong would be maintained and declared that China was ready to talk, therefore the date of the visit by Thatcher was finally set in 1982.

On September 22, 1982, British Prime Minister Margaret Thatcher landed in China, made this momentous visit which marked the first round of formal talk between these two countries. However, the talk was not as slick as both sides thought

would be.

To put it in a nutshell, this round of talk could be characterized as the expression of both sides intransigent opinions on Hong Kong issues and neither side was willing to give in an inch to the other. China insisted on taking back the sovereignty over Hong Kong and demanded complete withdrawal of the British. It also declined British request to keep administration after 1997 in order to maintain the stability and prosperity of Hong Kong, while repudiating the legality of three treaties signed at the time of western imperialism. On the other hand, Thatcher was also quite strident in her ground that those three treaties signed were all valid in international law, and Britain has moral responsibility to Hong Kong. She was even fiercer in her interview with BBC after the negotiation, said that if one party to a treaty or a contract says “ I cannot agree to it, I am going to break it”, you cannot really have a great deal of confidence that any new treaty they make will be honored ...if you abrogate one, why should anybody believe that you are serious another? China, however, was not intimidated by Thatcher, in the meeting with Thatcher, Deng was reportedly threatened to impose unilateral action on Hong Kong in two years if Britain refuse to cooperate and agree on transfer of sovereignty as the basis of negotiation. (Robert, 1993)

After a news release in Beijing that Thatcher left China was a sense of uncertainty, speculation were further deflated the confidence of Hong Kong people manifested in the slump of stock market and the value of currency. China did not waver to take advantage of it by pumping up its intensity of propaganda in pro China newspapers in Hong Kong to castigate Britain’s imperialism and leaking the partial contents of negotiation which was supposed to be kept confidential as agreed upon by

both sides. All of which were intended to put more pressure on Britain as worries and uncertainties rose in Hong Kong society, British government must take action to reassure the public.

In 1983, the hope of second phase of formal talks raised again, the strained relations thawed. However, hopes shattered for those who believe that the British could thrush out a solution to continue ruling Hong Kong when Percy Cradock the then British ambassador to China sent a letter to China from Thatcher stating that Britain would accept the Chinese demand for sovereignty over Hong Kong after 1997. (Steve,1995) This crucial message was later on confirmed explicitly by Foreign Secretary Geoffrey Howe. He publicly announced that” it would not be realistic to think of an agreement that provides for continued British administration of Hong Kong after 1997”. This twist turn of Britain’s position finally led to the draft of Joint-Declaration that concluded the fate of Hong Kong.

### **1.6.3 Joint Declaration and promises**

After considerable concessions made by the British on sovereignty issues over Hong Kong, who realizing that the failure to extend the lease of new territories would be impossible to keep ruling Hong Kong in tandem with deadline set by China who threatened in 1982 that if the agreement could not be reached in two years by 1984, China would unilaterally announce its own policies toward Hong Kong. The British would not be able to provide Hong Kong with any guarantee for the future after 1997, and therefore failed to fulfill its self imposed ‘ ‘ moral responsibility on Hong Kong (John, 1993). Against this backdrop, the concession made by Britain enabled them to go back to negotiating table with China to ensure the conditions and terms



that were beneficiary to Hong Kong would be written in the Joint-declaration and enshrined in Basic Law.

After ferocious rounds of 22 formal talks on September 26, the historical joint declaration was signed by respective representatives, Richard Evans, the British ambassador to Beijing and Zhou Nan, China's Chief negotiator. This momentous event laid out the foundation for Hong Kong and several important promises were made in this joint declaration which has become the backbone of the spirits and rule of law that Hong Kong rests on thereafter, especially the 12 principles formulated by China in the 1980s to provide Hong Kong with much needed assurances back then but mixed with trepidation as well, caused by the sneaking doubts that some people in Hong Kong had on China's commitments on this declaration. These 12 principles have become the criteria of assessment of One Country Two Systems and etched deeply into the minds of Hong Kong people.

These 12 principles are written under section 3 of Sino-British Joint Declaration:

(1) Upholding national unity and territorial integrity and taking account of the history of Hong Kong and its realities, the People's Republic of China has decided to establish, in accordance with the provisions of Article 31 of the Constitution of the People's Republic of China, a Hong Kong Special Administrative Region upon resuming the exercise of sovereignty over Hong Kong.

(2) The Hong Kong Special Administrative Region will be directly under the authority of the Central People's Government of the People's Republic of China. The Hong Kong Special Administrative Region will enjoy a high degree of autonomy, except in foreign and defence affairs which are the responsibilities of the Central

People's Government.

(3) The Hong Kong Special Administrative Region will be vested with executive, legislative and independent judicial power, including that of final adjudication. The laws currently in force in Hong Kong will remain basically unchanged.

(4) The Government of the Hong Kong Special Administrative Region will be composed of local inhabitants. The chief executive will be appointed by the Central People's Government on the basis of the results of elections or consultations to be held locally. Principal officials will be nominated by the chief executive of the Hong Kong Special Administrative Region for appointment by the Central People's Government. Chinese and foreign nationals previously working in the public and police services in the government departments of Hong Kong may remain in employment.

British and other foreign nationals may also be employed to serve as advisers or hold certain public posts in government departments of the Hong Kong Special Administrative Region.

(5) The current social and economic systems in Hong Kong will remain unchanged, and so will the life-style, rights and freedoms, including those of the person, of speech, of the press, of assembly, of association, of travel, of movement, of correspondence, of strike, of choice of occupation, of academic research and of religious belief will be ensured by law in the Hong Kong Special Administrative Region. Private property, ownership of enterprises, legitimate right of inheritance and foreign investment will be protected by law.

(6) The Hong Kong Special Administrative Region will retain the status of a free port and a separate customs territory.

(7) The Hong Kong Special Administrative Region will retain the status of an

international financial centre, and its markets for foreign exchange, gold, securities and futures will continue. There will be free flow of capital. The Hong Kong dollar will continue to circulate and remain freely convertible.

(8) The Hong Kong Special Administrative Region will have independent finances. The Central People's Government will not levy taxes on the Hong Kong Special Administrative Region.

(9) The Hong Kong Special Administrative Region may establish mutually beneficial economic relations with the United Kingdom and other countries, whose economic interests in Hong Kong will be given due regard.

(10) Using the name of "Hong Kong, China", the Hong Kong Special Administrative Region may on its own maintain and develop economic and cultural relations and conclude relevant agreements with states, regions and relevant international organisations. The Government of the Hong Kong Special Administrative Region may on its own issue travel documents for entry into and exit from Hong Kong.

(11) The maintenance of public order in the Hong Kong Special Administrative Region will be the responsibility of the Government of the Hong Kong Special Administrative Region.

(12) The above-stated basic policies of the People's Republic of China regarding Hong Kong and the elaboration of them in Annex I to this Joint Declaration will be stipulated, in a Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, by the National People's Congress of the People's Republic of China, and they will remain unchanged for 50 years.

It is obvious that Hong Kong was truly granted a high degree of autonomy except foreign and defense affairs, which on the surface looked really impressive. However, how it has been practiced in reality is the question that people concerned should

answer.

#### **1.6.4 One country two systems**

In late 1970s, driven by the unwavering determination to unify Taiwan with peaceful means, an island being occupied by KMT after losing Chinese civil war to Chinese Communist Party. Retreating to and establishing its own government in Taiwan, the KMT also claimed itself representing China with an ultimate goal to take back mainland with its Three Principles of People.

Chinese leader Deng Xiaoping came up with an idea that could allow the existence of differences so to dampen the resistance from the authorities in Taiwan with the hope to achieve reunification without needing to resort to force. One Country Two Systems, claimed as an ingenious political system specifically designed for Taiwan, has its distinctive natures allow Taiwan to maintain its autonomous status and keep its administrative power, military forces, economic and social systems, and way of life (Wang1995).

Unfortunately, in 1979 Taiwan did not seem to be fond of this seemingly generous offer from China, in 1979 (Wang 1995) In response to a message from China appealing to Taiwan to end military confrontation and pursuing peaceful reunification through negotiations between the Communists and the Kuomintang, the authorities in Taiwan chastised this scheme as outright propaganda and conspiracy and in return put forward three nos policy .( no contact, no negotiation ,and no compromise) which signified KMT's entrenched antagonism against CCP and further deepened the stalemate in cross-strait relations.

China apparently had its offer been scorned by Taiwan, but the efforts to devise one country two systems were not completely in vain at all. Even though it did not fulfill its original goal of settling Taiwan issue. Question of Hong Kong was raised in the same year. China was caught unguarded by this sudden but profound question to answer, even though China already had something in mind that they definitely would be determined to take back the sovereignty over Hong Kong but lacked constructive policies toward it. (Wang 1995) Deng aniao realized that the immediate strategy and blueprint were at their disposal that was one country two systems originally formulated to deal with Taiwan problem. As a result, with some revisions, it had become the core principle of China's stance and policies on Hong Kong. (Robert 1993)

It is easy to sense CCP's obsession with the territorial integrity of China particularly when it was willing to acquiesce to places operating under One Country Two Systems by granting people human rights, independent judicial powers, capitalism, way of life, right to enact law, election, and free from intervention of Central government etc. Merely only the defense and foreign affairs lie in the responsibility of central government. This is, if truly being implemented without any violations by central government would certainly be a remarkable achievement, given that some of those rights enjoyed by Hong Kong and Macau are an outright anathema to chinese government who often deems those rights as the source of destabilizing and subversive factors.

Therefore keeping tight grip on the release of those rights in mainland but allowing places applicable to one country two systems to enjoy those rights. Based on the rationale behind One Country Two Systems China seems so innocuous and

benevolent just like a mother who had her kid kidnapped by a thug and was willing to agree with all the conditions demanded by the criminal. However, in 1989, the massacre in Tianamen Square committed by CCP, a dramatic twist sent the chilling feeling down the spines of Hong Kong people and greatly blemished the credibility of China and its commitment to one country two systems was suspected as well. This is why this research is carried out in order to infer some logics from this capricious mind of Chinese policy makers.



## **Chapter 2 Implementation of economic policies**

This chapter is to examine Hong Kong's economy after the handover, specifically to delve deep into its economic development from various perspectives after Hong Kong was returned to China in 1997. The rationale behind the needs of assessing Hong Kong's course of economic development as well as its performance is the fact that since China asserted that the return of sovereignty over Hong Kong to China would secure the prosperity of Hong Kong. Thus, it calls for a conscientious analysis to see if this presumption has been the palpable one or merely the empty rhetoric?

### **2.1 Economic integration with China**

The economic integration between Hong Kong and China is one of the most noticeable epitomes of the interdependence, reciprocity, and symbiosis between them, which had already been evinced even before the handover in 1997. In 1978 China decided to open its door to the world, after China had been through that tumultuous period of time, Hong Kong, however, was industrialized already and started to face rising wages.

Under this circumstance, the opening of the door by China was the radiant beam of hopes for Hong Kong to perpetuate its prosperity by exploiting the advantages that China was dangling in front of them. Hong Kong did not waiver to grasp this golden opportunity and China in return was also quite welcome to offer its untapped labor sources to Hong Kong with the hope that Hong Kong could help them to get out of the self imposed isolation and to catch up with the world.

Since China reopened its door in 1978, Hong Kong started to relocate its

manufacturing to its neighbor Guangdong where cheap labors were abundant to help Hong Kong alleviate its pressure over rising wages. At the same time China also took this opportunity to take the first step forward to restructure its economy under the auspices of Hong Kong's relocation of manufacturing.

During the period of time, Hong Kong played a critical role in helping precipitate China's pace of catching up with the world. After the handover the economic ties between the two were even more inextricable particularly when Closer Economic Partnership Arrangement(CEPA) free trade agreement was signed in 2003 with an attempt to deepen the economic cooperation between Hong Kong and China.

China offered easy access for Hong Kong to invest in mainland as well as the elimination of trade barriers that further bond these two together to the extent that Hong Kong had become heavily dependent on China.

The reciprocal economic relationships between Hong Kong and China first manifested in the late 1970s and were reenacted in the 21st century after the handover. We can take closer look at whether China's assertion that one country two systems would ensure the prosperity of Hong Kong has been realized or not. By looking at Hong Kong's GDP per capita, economic freedom, foreign direct investment, gap between the wealthy and the poor, trade statistics, unemployment rate, whereby we could make a fair judgment on this part of research.

## **2.2 Economic growth of Hong Kong since 1997**

Since the then Chinese leader Deng Xiaoping asserted vociferously that One



Country-Two Systems could ensure the prosperity of Hong Kong after the handover in 1997. As a result, we have a legitimate reason to give an acid test to his assumptions by poring over several economic indexes to see if Hong Kong has been doing satisfactorily on economic end ?

Hong Kong in 1997 was taking the disastrous brunt of Asian financial crisis stemmed originally from the currency crisis in Thailand. And later on spreaded to many other Asian countries and led to recessions. That Hong Kong was not exempt from it, and the stock market plummeted drastically alongside the interest rate rose to 280%. As a result, the economic growth in 1998 nosedived to the minus 5.9% in 1999, and then bouncing back to 2.5% and the stunning surge of the growth rate to 7.7 % in 2000 followed by the mundane growth rate for the next three years of 0.6 % in 2001, 1.7% in 2002 and 3.1% in 2003 respectively. However, in June 2003, the signing of Closer Economic Partnership Arrangement (CEPA) provided much needed economic help to Hong Kong from China, which is aimed to provide Hong Kong with privileged access to the Chinese market, trade liberalization and investment facilitation as well as the elimination of trade barriers. (Zhang 2013)

The Closer Economic Partnership Arrangement (CEPA) signified the deeper economic cooperation between China and Hong Kong, Closer Economic Partnership Arrangement was reportedly to have generated 36,000 new jobs for Hong Kong residents between 2004 and 2006 along with the HK\$ 1.6 billion worth of service receipts from companies in the 18 service sectors engaged in the export of services to China in 2004 alone (Zhang 2013).

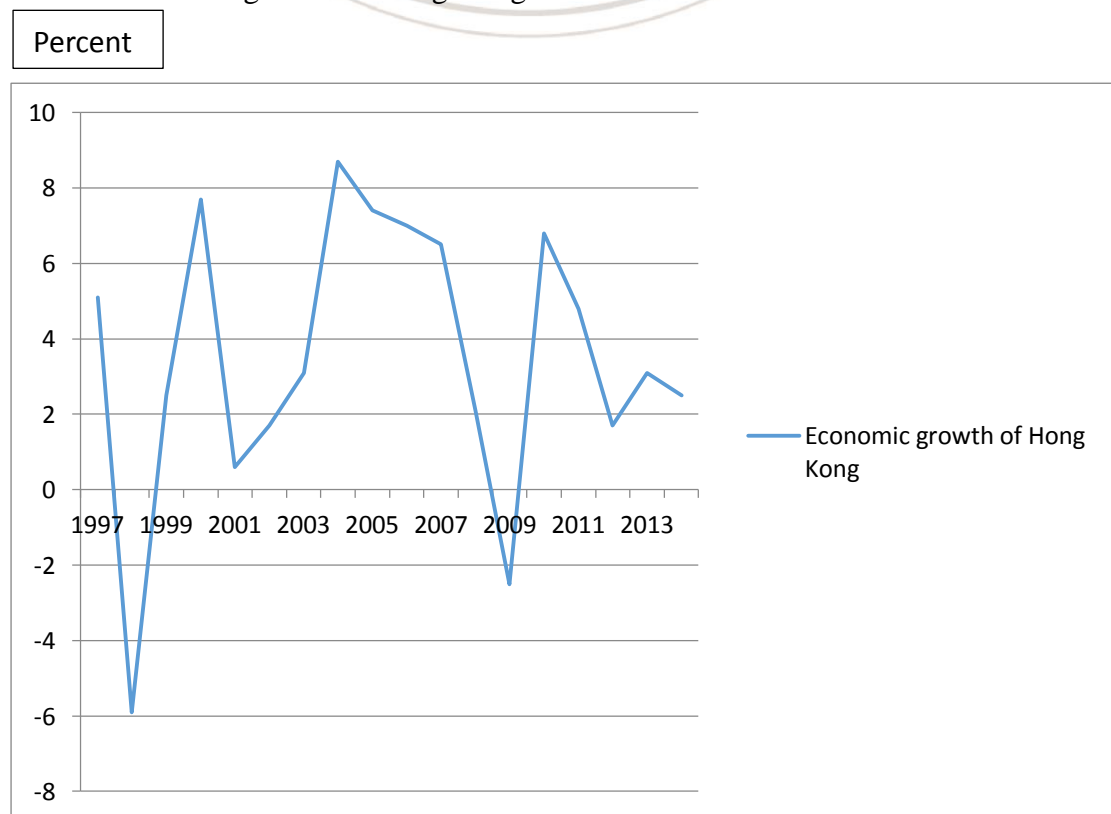
From 2004 to 2006 Closer Economic Partnership Arrangement (CEPA) gave another significant boost to Hong Kong economy that 1.2 billion US dollars worth of services receipts were generated by companies in 22 services sectors. Of all those benefits created under the auspices of Closer Economic Partnership Arrangement(CEPA)in 2004 ended up in 8.7% economic growth rate in that year, accompanied by the three consecutive years of jaw dropping growth rate of 7.4% in 2005, 7% in 2006 and 6.5% in 2007.

Closer Economic Partnership Arrangement(CEPA) brought what Hong Kong was desperately needed at the time of recessions and provided substantive economic benefits to revive Hong Kong's sluggish economy caused by the global mishaps. However, the global financial crisis in 2008 once again crippled this Asian financial hub and the annual growth rate dropped 4.4 % from 6.5 in 2007 to 2.1% in 2008 and the next year -2.5% downward growth in 2009( see chart 1). China on the other hand did not hesitate to extend its helping hands to Hong Kong by devising 14 measures in 2009 with an objective to pump up Hong Kong's ever volatile economy by adding another supplement to Closer Economic Partnership Arrangement(CEPA) and the outline of the plan for the development of Pearl River Delta (PRD) (Zhang 2013). Thus, the economy of Hong Kong bounced up again in 2010 to 6.8% growth rate and the following four years with the decent growth rate of averaging 3.5% from 2011-2014.

The course of the economic development of Hong Kong since the handover can not be explained without mentioning China's role. Particularly China's engagement in helping resolve the economic crisis that Hong Kong was plagued by at the time,

even though some might cast doubt on China's intention of bailing out Hong Kong as the pretext of showing Hong Kong people the caring, the camaraderie that China has over Hong Kong in order to win the hearts of Hong Kong people and to tamp down the political divergence between the two as well. Nonetheless, the importance of China's role in Hong Kong's economic course could not be downplayed regardless of its purported political aims bound with the economic aides, China's efforts did genuinely contributed substantively to the revival of Hong Kong's economy when mired in recession, however, the negative part of this intense economic cooperating could also not be ignored.

Chart 1 Economic growth of Hong Kong



Source : Census and Statistics Department

## 2.3 Economic freedom of Hong Kong

Economic freedom is one of the most overarching criteria that could be used to measure China's promises made to Hong Kong to have its own capitalism remained unchanged for 50 years. Against the backdrop of China's command economy which is renowned for manipulating its economy in the fashion that is in accordance with country's core values and to steer the course of economy to meet its anticipated growth. Hong Kong, on the other hand being lauded as the financial hub of Asia with freest economy marked the diametrical difference between the two in terms of economic system. As a result, the acid test is that could China be determined enough staying in its own course while being refrain from meddling in Hong Kong's economy? The measurements adopted by Heritage Foundation to assess economic freedom could be the most authoritative one to answer the questions.

Economic freedom defined by Heritage foundation as:

*Economic freedom is the fundamental right of every human to control his or her own labor and property. In an economically free society, individuals are free to work, produce, consume, and invest in any way they please. In economically free societies, governments allow labor, capital, and goods to move freely, and refrain from coercion or constraint of liberty beyond the extent necessary to protect and maintain liberty itself. (Heritage foundation 2015).*

It further adds that Economic freedom brings greater prosperity and cited what American Ambassador Terry Miller said that "A free society releases the energies and abilities of people to pursue their own objectives. It prevents some people from arbitrarily suppressing others" (Heritage foundation 2015 ; Principles of Economic Freedom).

The virtues of economic freedom as Heritage Foundation cited are including:

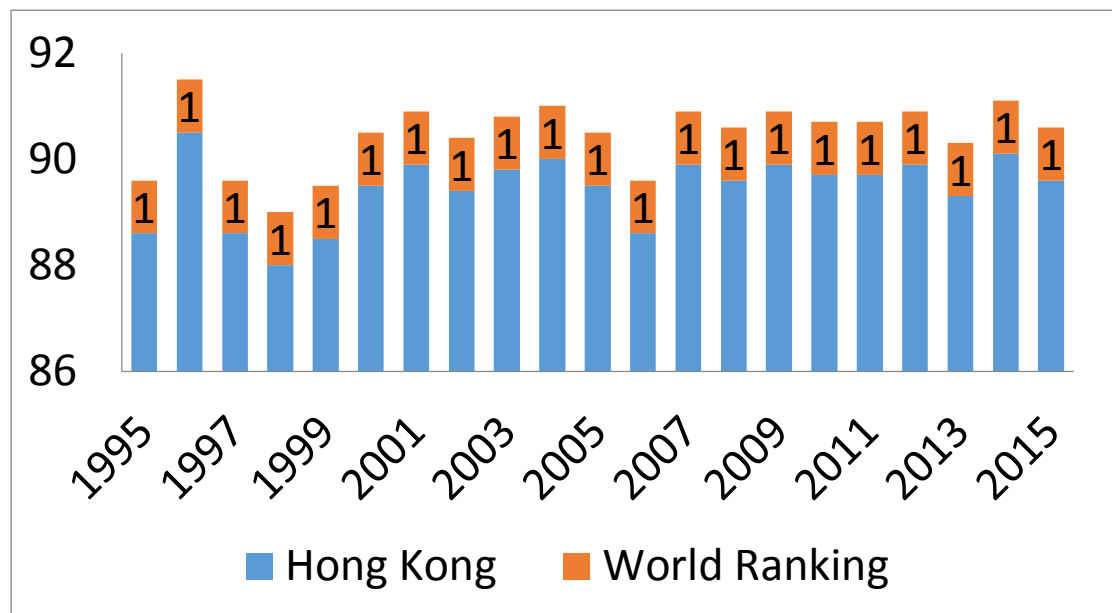
*All liberties and rights of production, distribution, or consumption of goods and services. The highest forms of economic freedom should provide an absolute right of property ownership; full freedom of movement for labor, capital, and goods; and an absolute absence of coercion or constraint of economic activity beyond that which is necessary for the protection and maintenance of liberty itself(Heritage foundation)*

To put it in nutshell, the concept of economic freedom is therefore, the freedom should be granted to the individuals whose economic behaviors in the market and the rights to get access to it shall not be constrained by the government. To measure a country's economic freedom the important factors to look upon are four major aspects with different measurements attached. The four aspects are :

1. Rule of Law (property rights, freedom from corruption)
2. Limited government (fiscal freedom, government spending)
3. Regulatory Efficiency (business freedom, labor freedom, monetary freedom)
4. Open markets (trade freedom, investment freedom, financial freedom)

Heritage Foundation started to conduct annual research on the economic freedom of countries in 1995, and Hong Kong has been ranked number one as having the freest economy all the way from 1995 up to now in 2015 with averaging 87 points(see chart2) measured by the four abovementioned criteria. This unparalleled performance matched by none of the other countries signaled the unflagging faith of Hong Kong government in its own norms of market mechanism as well as China's decent obedience of non-intervention in Hong Kong Economy.

Chart 2 : Economic Freedom of Hong Kong



Source :Heritage Foundation : 2015 Index of Economic Freedom

## 2.4 Income inequality

The gap between the poor and the wealthy, if it is ever widening and becomes unbridgeable, could absolutely be the scourge of suffering for the people as well as the source of latent social instability.

The public grievance toward the government, which is obliged to play a critical role in ensuring the just distribution of wealth, alongside the efforts to shorten the gap between the poor and the wealthy. Otherwise the social problems would be brewing the great potential of heightened tension between people and government.

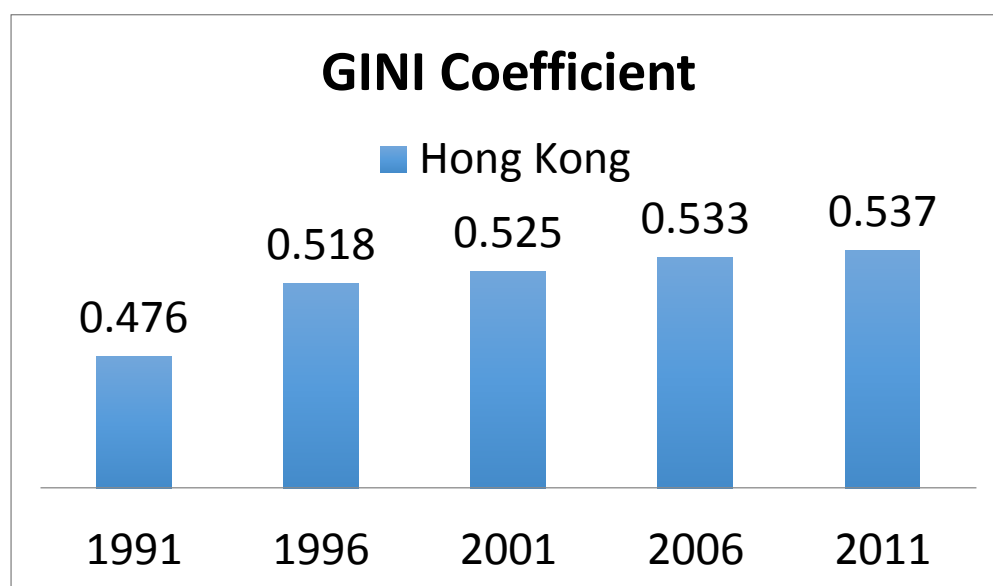
As the corollary of it, the United Nations Human Settlements Programme (Un-Habitat) has defined a scale for social inequality using GINI coefficient and argues that countries measured above 0.4 of income inequality may have serious negative political, social and economic consequences for societies if it is not properly addressed.

Countries under scores 0.299 will be regarded as low inequality, between 0.3 and 0.399, as relatively low inequality; 0.4 and 0.449, relatively high inequality, 0.450 and 0.499 as high inequality; 0.500 to 0.599, very high inequality; and 0.600 or above as extremely high inequality.

Hong Kong, under the vibrant capitalism is also the victim of this haunting epidemic: Income inequality. In 2011 Census and Statistics Department of Hong Kong released a report titled Household Income Distribution in Hong Kong. This report signaled a gritty fact that when this report also referred to the GINI coefficient, widely used method to measure inequality with the scale from 0 to 1. Of those countries measured, the closer to 0 the more equal, the closer to 1 the more unequal.

Hong Kong had reached an alarming figure 0.537(see chart3) which points out that the distribution of wealth in Hong Kong has posted a formidable challenge to Hong Kong government. According to United Nations Human Settlement Programme (UN-HABITAT, 2008), cited that Hong Kong as the number one unequal city in Asia in 2008 and amongst developed economies worldwide in 2009. Moreover, not only the GINI coefficient but also the monthly household income and GDP per capita could also be juxtaposed to shed more light on the income inequality(A.C.M. Chan 2014).

Chart 3 : Income Inequality : Cini Coefficient of Hong Kong



Source : 2011 Thematic Report Household Income Distribution in Hong Kong P.107

The GDP per capita rose from HK\$16,579 in 1998 to HK\$20,062 in 2008 (A.C.M. Chan2014). However, the monthly median income in 1998 stood at HK\$18,000 and remained the same in 2008 that indicated most of the population have not reaped the benefits from the economic growth and expansion of Hong Kong. According to Trading Economy 2015 the GDP per capita as of July 2015 is US\$34,222 and the monthly median household income according to Hong Kong Quarterly Report on General Household Survey, in the first quarter of 2015 stands at US\$24,500, almost US\$10,000 differential between househole income and GDP per capita which indicates the exacerbating income inequality.

The crux of the problems is that, first of all, since the structural change of Hong Kong society into knowledge based economy which leads to the fiercer competition between people to find a job and the low skilled workers got replaced by



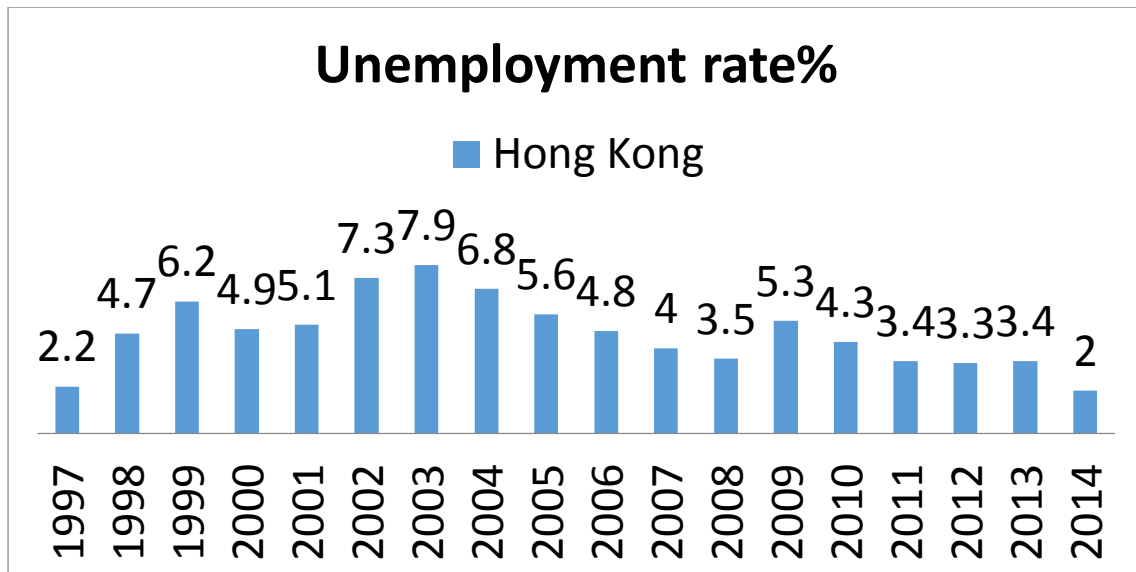
the Chinese workers in mainland after the years of the relocation of manufacturing industries to mainland China.

Second of all, Hong Kong government's laissez-faire attitude in the welfare system, the expenditures of it were reduced under the name of keeping budget surplus at a time of economic adversity that hurt many of the Hong Kong people. The circumstances are further exacerbated by the unequal access to education particularly between the poor and the rich. As education being commercialized, the poor are often the ones with less access to get high quality education that is cherished by the knowledge based economy of Hong Kong,

## **2.5 Unemployment rate**

The fluctuation of Unemployment rate could be attributed to so many factors. However, in Hong Kong, except for few episodes of recessions that the unemployment rate was staggeringly high due some unpredictable problems, for example; Asian financial crisis in 1998 and 1999 (4.7%, 6.2%), SARS in 2003 (7.9%), global financial crisis in 2008 and 2009 (3.5,5.3), the average rate of unemployment is oscillating between 2% to 6%, and up to 2014 was a decent 2.(see Chart 4)

Chart 4 : Unemployment rate in Hong Kong



Source : Census and Statistics Department : Hong Kong Statistics Table 006

None of the counties could expect to have full employment, Hong Kong is not an exception. However, since the handover, Hong Kong government has been praising the narrative of backing from the motherland regardless of the political connotations the economic integration of these two is inevitable. As a result, this section is to examine China factors in the role of creating job opportunities for Hong Kong as well as the impact that China has brought to Hong Kong against the backdrop of the rhetoric of “backing from the motherland”. (Tai-Lok-Lui 2012)

As mentioned earlier that Hong Kong played a critical role in facilitating China’s economic transformation at the time of China’s open door policy, which coincided with Hong Kong’s rising labor costs. As a result, Hong Kong capitalize on China’s abundant and cheap labor forces by relocating its labor intensive manufacturing to China in the 1980s and employed 3 million people at the time. (Tai-Lok-Lui 2012)

However, the benefits of cheap labors offered by China led to the sluggish technological upgrading. (Tai-Lok-Lui 2012) But Hong Kong took this opportunity to reinforce its producer services and business services and rapidly turned into service-oriented economy. According to Census and statistics department report of Hong Kong Residents working in the Mainland of China in 2010, 64,200 Hong Kong people were working in mainland in 1992, the number increased substantively to 190,800 in 2001 and 244,00 in 2004, but that figure dropped to 175,100.

According to the same report, the types of work that Hong Kong people do in mainland, the category of craft and related workers, plant, machine operators and assemblers accounted for 28.4 % of Hong Kong people in Mainland in 1992 but dropped dramatically to only 7.6% in 2010. While managers and administrators accounted for 50 % among all the occupations which pointed out that the Hong Kong workers in labor intensive industries have been replaced by locals after they had learned the needed skills to maintain the productions. More jobs offered in China are white collar level. In 2010 managers and administrators with professionals and associate professionals accounted for 83 percent of Hong Kong people working in mainland, that signified the fact that the job opportunities offered for Hong Kong people shifted from labor intensive one in the 1990s to the more white color one in 21<sup>st</sup> century after China's demand for the skilled laborer got replaced by the locals and a greater demand for the highly educated, experienced one. (Tai-Lok-Lui 2012)

This indicates that China no longer needs skilled manufacturing workers anymore and the job opportunities offered are largely for those experienced, educated, and managerial level of jobs. As the statistics showed that in 2010, 74 percent of

Hong Kong people working in mainland were aged 40 or above which signaled the fact that young people and blue colors have less opportunities to find a job in mainland, Tai-Lok-Lui (2012) argued that it is the opposite of what Hong Kong government touting about the slogan of backing from the motherland particularly when the opportunities have been limited to the exclusive one rather than the opportunities that are available to public, and that might sow the seed of social tension in a long run.

## 2.6 Hong Kong inward direct investment

Hong Kong has a freest economy in the world and is the best gateway to Chinese market. What we could infer is that many investors would prefer to pour its investment into Hong Kong and further connect it with Chinese market. The executive director of British Virgin Islands international finance center Elise Donovan remarked in 2013 in an interview that "Hong Kong is very important to BVI. It continues to be an important bridge to China and Asia. We are very keen to ensure BVI continues to serve the region and the business continues to grow"<sup>3</sup>. The comment has been reflected in the figures of the inward direct investment to Hong Kong, as you can note that the Inward DI from BVI has since been surging substantially after the handover, reaching 3677.3 HK\$ billion in 2007 as the best one ever, and 3341 HK\$ billion in 2013. (see chart 5)

China on the other hand has roughly the same vast amount of investment going

---

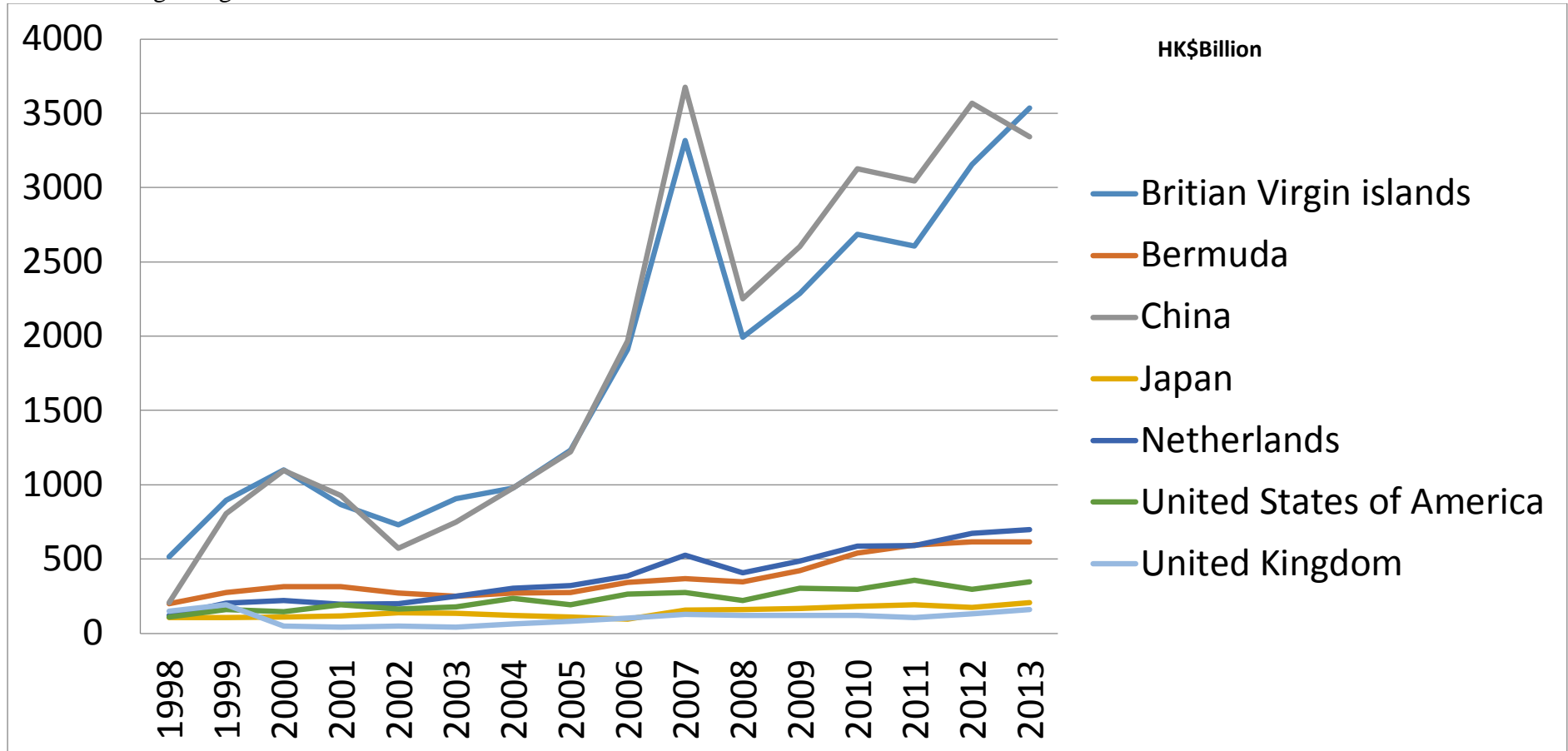
<sup>3</sup> Elise Donovan the executive director of BVI International Finance Centre, remarked in an interview with *South China Morning Post* that "Hong Kong is very important to BVI. It continues to be an important bridge to China and(Asia. <http://www.scmp.com/news/hong-kong/article/1213467/british-virgin-islands-picks-hong-kong-be-its-asia-hub>)

to Hong Kong as BVI did since 1998 and that undoubtedly could be attributed to the economic integration between the two as well as China's 12<sup>th</sup> Five Year Plan which encouraged mainland enterprises to "go out" to seek investment and business opportunities. Hong Kong subsequently, with the reputation of being a financial center and freest economy, vibrant capitalism has become the largest recipient of China's outward investment that accounting for 57 percent of China's outward FDI. (Hong Kong Trade Department Council 2015)

The other major foreign investors in Hong Kong are including Bermude, Japan, Netherlands, USA, United Kingdom. Though, all the investments from those countries combined are still less then either BVI or China.

However, investments from those countries have neither been scaled back nor up dramatically, but grow slightly year by year, which could be interpreted as the confidence of those long term investing partners has not been deflated since the handover, and which also indicates the fact that Hong Kong's unswerving faith in its own principles and mechanism of the markets as well as China's restraint from putting its hands into the operation of Hong Kong's market play a critical role in ensuring Hong Kong's prosperity.

Chart 5 : Hong Kong inward direct investment



Source : Census and Statistics Department 2015 : Hong Kong statistics Table 048

## 2.7 GDP Per Capita of Hong Kong

During the financial crisis in 1997, GDP Per capita of Hong Kong was down from US\$22,000 in 1998 to US\$20,200 in 1999, and then it started to climb up each year and reached the highest since 1997 to roughly \$30,100 in 2009(see chart 6). It took downward turn slightly in 2010 and then surged again for the next four years to US\$34,222 in 2014. The upward trend of GDP growth seemingly bodes well for the economic prospect.

Chart 6 : Hong Kong GDP PER CAPITA



SOURCE: WWW.TRADINGECONOMICS.COM | WORLD BANK

Source : Trading economics.com : Economic Indicator Hong Kong

## **2.8 People's satisfaction with the economic condition in Hong Kong**

The determinant of people's satisfaction with the economy in Hong Kong could be reasonably explained based on the intermittent occurrences of economic crisis. Before the Asian financial crisis in 1997, people's satisfaction with economic condition was as high as 71.3 % in 1993, and 30.3% in 1995 two years before the handover.

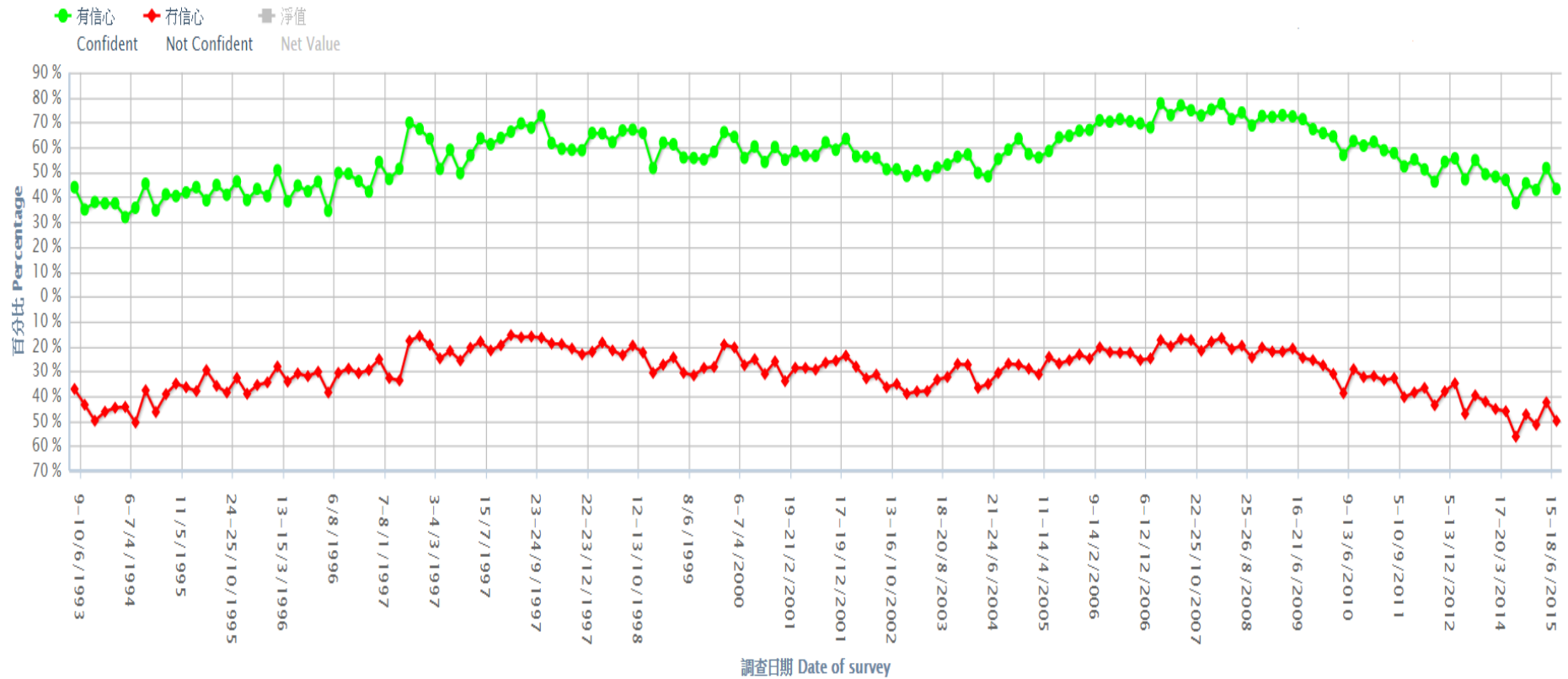
However, after Hong Kong got stricken by Asian financial crisis in 1997, people's satisfaction with the economy went downward and surged to an alarming number of 81%. Since then the dissatisfaction averaged 70.9 percent for the following 6 years till 2004, and slumped to 43.3 % a year after the Closer Economic Partnership Arrangement (CEPA) was signed. (see chart 7)

The Closer Economic Partnership Arrangement (CEPA) revived the flagging economy of Hong Kong, and the dissatisfaction figure was kept going down to 16.7% in 2007 which signaled economic optimism brought by Closer Economic Partnership Arrangement (CEPA). However, the global financial crisis corroded this freest but also the vulnerable economy again. People who were negative toward Hong Kong economy surged again to 46.7% in late 2008. Nonetheless, not as alarming as it was in 2003, and after 2008 dissatisfaction figure in the opinion polls had been vacillating between 30% to 51.6 % till 2014 which stood at 30.9 % leveled off with the people who were positive toward economy ( 31%).



Ever since the handover, Hong Kong's economy has been in large part intertwined with China. China often acts as the bulwark against Hong Kong's economic malaise. However, the problems brought about to Hong Kong society by this deep economic integration should also not be neglected, income inequality, unaffordable house prices, overflowed Chinese tourists for example. All these problems could legitimately be the tremendous source of social tensions, if not handled properly. And even if China, since the handover, has been doing a remarkable job in refraining from steering the course of Hong Kong economy. However, its indirect influence is largely palpable which could possibly be manipulated to get political concessions from Hong Kong on certain issues that are not welcomed by China. As a result, how would Hong Kong government strive to address the social problems that affect the daily life of Hong Kong people instead of having a penchant to cater to the needs of the tycoons would certainly be critical issues for Hong Kong government in the future.

Chart 7 : People’s Satisfaction with the current economic condition 1992-2014



Source :Public Opinion Programme, The Unuiversity of Hong Kong. People’s Satisfaction with the current economic

## **Chapter 3 Implementation of High degree of autonomy and Alledged controversies**

This Chapter is to shed light on the course of election reforms, as well as to analyse the massive demonstration dubbed as umbrella movement in 2014 to find out who is right and wrong. The Election reform in Hong Kong has been traversing a relatively treacherous path since the handover. What obligates Hong Kong government to conduct election reform is not only to satiate the desire of Hong Kong people for universal suffrage, but also to fulfill constitutional obligations in the Basic Law.

### **3.1 Election reform of Chief Executive**

In the Article 45 of the Basic law stipulates that:

*“The Chief Executive of the Hong Kong Special Administrative Region shall be selected by election or through consultations held locally and be appointed by the Central People's Government.*

*The method for selecting the Chief Executive shall be specified in the light of the actual situation in the Hong Kong Special Administrative Region and in accordance with the principle of gradual and orderly progress. The ultimate aim is the selection of the Chief Executive by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures.”*

As a result, this inevitable election reform prompted the first Chief executive (CE) of Hong Kong Tung Chee-Hwa who were elected to the office by Election Committee composed of 800 members in 1996 to churn out the first ever proposal in 2005 of election reform for 2012 election of Chief Executive (Martin, 2009).

The original method for selecting Chief Executive is elucidated in the Basic Law in which the Chief Executive has to be nominated and voted on by Election

committee composed of 800 members from four different sectors:

Annex I of Basic Law:

<b>Industrial, commercial and financial sectors</b>	<b>200</b>
The professions	200
Labour, social services, religious and other sectors	200
Members of the Legislative Council, representatives of district-based organizations, Hong Kong deputies to the National People's Congress, and representatives of Hong Kong members of the National Committee of the Chinese People's Political Consultative Conference	200

The threshold to be a candidate for Chief Executive is to secure at least 100 votes from those of 800 members largely chosen by Chinese government.

However the first Chief Executive of Hong Kong Tung Chee-Hwa was chosen in 1996 by a selection committee of 400 people. (Martin, 2009)

In the election reform in 2005 Tung Chee-Hwa sought to increase members of Election Committee from 800 to 1600 people. But none of the substantive progress was made to accomplish universal suffrage, which was followed by the

demonstration on December 4, 2005 to voice opposition to the proposal. On December 4, 2005 the proposal did not cross the threshold of two-third votes required to get bill of election reform passed in Legislature Council.

In the wake of failed election reform along with other issues that led to the step down of the first Chief Executive Tung Chee-Hwa was succeeded by Donald Tsang who won the 674 votes out of 800 Election Committee members and became the second Chief Executive of Hong Kong.

In response to the failed passage of election reform, in 2007 the Standing Committee of the National People's Congress (NPCSC) announced that it decided to rule out the direct election of Chief Executive in 2012 but stated that Chief Executive may be directly elected by universal suffrage in 2017 (Martin, 2009).

Given the advent of 2012 Election, the Hong Kong government in 2009 put forth the other reform for 2012(see chart 8) in which the major revamp was the number of Election Committee curtailed to only 1200 people from the following four subsectors:

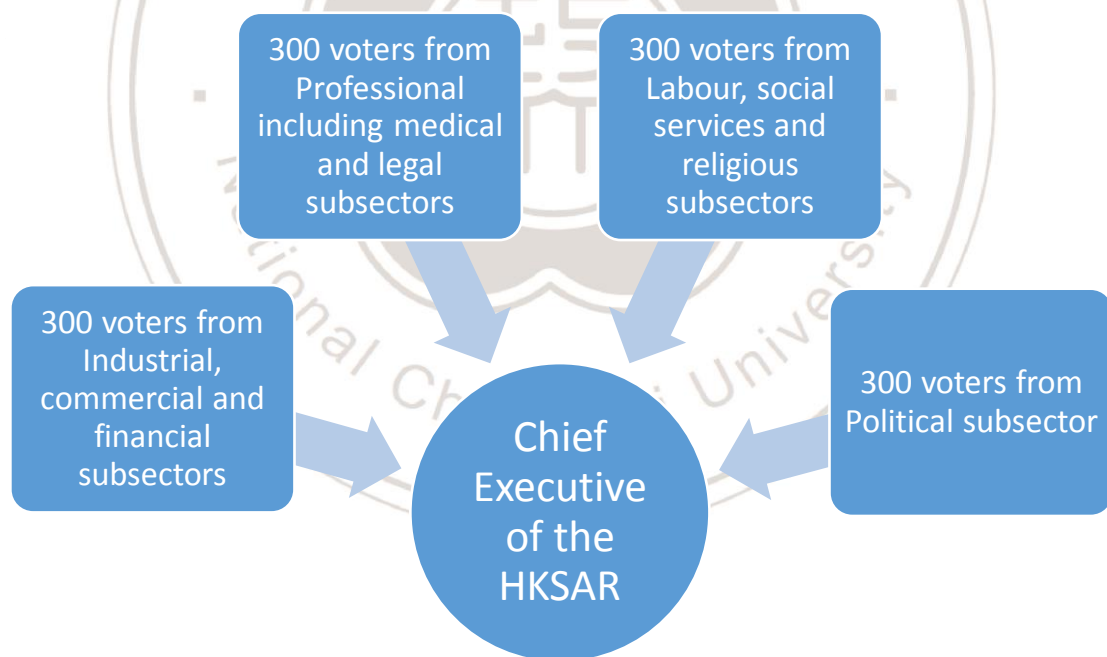
- |  |     |
|--|-----|
| 1) Industrial, commercial and financial subsectors     | 300 |
| 2) Professional including medical and legal subsectors | 300 |
| 3) Labour, social services and religious subsectors    | 300 |
| 4) Political subsector                                 | 300 |

And to be a candidate, supports from at least 150 members of Election Committee

are required.

This proposal finally got passed for the first time in the Legislative council after the requirement of two-third votes was met in 2010. The successful passage is largely due to the concessions made by both Central government and pro democrats. The Central Government accepted Democratic Party's proposal to allow 3.2 million voters to vote for five new district councilor seats in the Functional Constituency of the Legislative Council to stymie another crisis. In 2012 the third CE Leung Chun-Ying was elected to office after winning 689 votes from the Election Committee. (Yew, 2013)

Chart 8 :Method of Election of Chief Executive of Hong Kong in 2012



Source :Methods for selecting the Chief Executive in 2017 and for Forming the Legislative Council in 2016

After Chief Executive Leung took office in 2012, the intensity of the supports for proposed universal suffrage in 2017 is still unabated. As a result, the

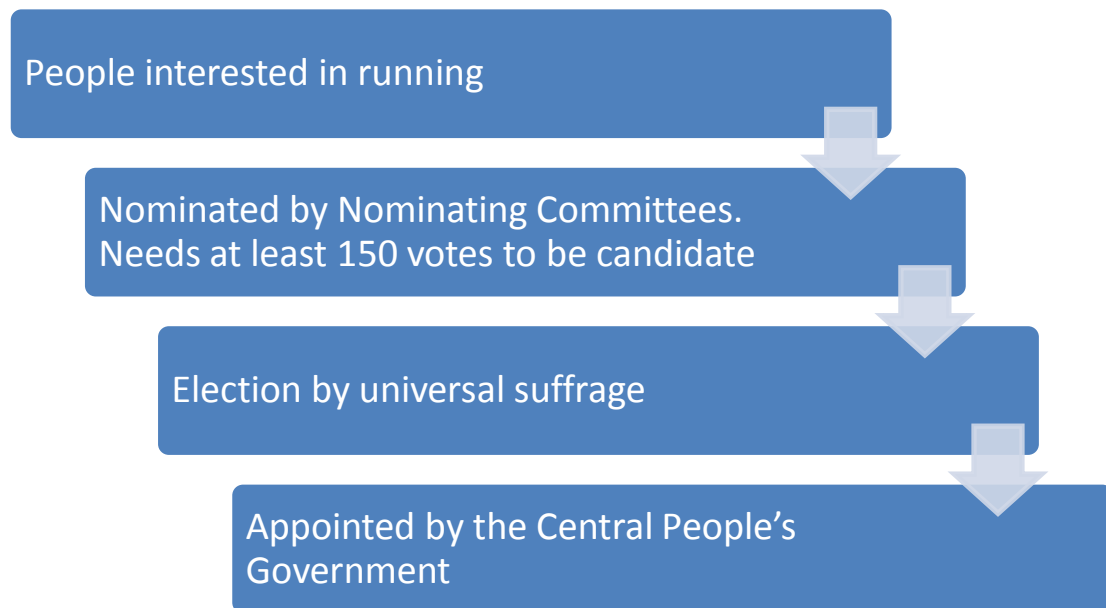
Standing Committee of the National People's Congress (NPCSC) announced its decision on the selection of Chief Executive in 2014, and finally grants people with universal suffrage but it was seen largely as the distorted one. All the pan-democrats in Legislative Council have stated to veto any proposal that underpins this decision. (Michael, 2015)

Why does this new proposal presumably made to fulfill constitutional obligations, render such a public uproar that later on led to the massive demonstration dubbed as umbrella movement?

The reasons are that first of all, the method of selection of Chief Executive in 2017 bears striking resemblance to the previous one except for universal suffrage. Nomination for example, in 2012 is to be nominated and selected by Election Committee. In the latest one, Nominating Committee will nominate to three candidates for registered voters to cast ballots to.

Second of all, the composition of the Nominating Committee could be modelled on the formation of Election Committee which is allegedly composed of vest interested groups. (Yew, 2013) Thus, people in Hong Kong still cannot freely choose their preferred candidates but only those vetted by the government. Finally, to put it in a nutshell, the new election reform is just like people can choose one from two or three identical eggs in the same basket.

Chart 9 : Method of Election of Chief Executive of Hong Kong in 2017:



Source :Methods for selecting the Chief Executive in 2017 and for Forming the Legislative Council in 2016

### **3.2 Political fallout of election reform**

Three weeks after the decision on the methods of election was pronounced, in which people can only vote for two or three vetted candidates nominated by nominating committee composed mainly of pro-Beijing elite, and unwanted candidates would be ruled out. The Hong Kong Federation of Students and Scholarism (HKFS) made a first strike to protest what they called as fake democracy by launching a class boycott it lasted for four days from September 22 to September 26, during which thousands of students gathered on the campus of the Chinese University of Hong Kong to demand universal suffrage, resignation of Chief Executive, as well as the withdrawal of the decision of election reform.



Four days of peaceful demonstration was followed by the fiercer protests when a group of activists from Scholarism<sup>4</sup> trespassed on the Civic Square adjacent to central government on September 26 2014. It led to the arrest of Joshua Wong (organizer of Scholarism) who was released on September 28, 2014, the day when the police started to use pepper spray and tear gas to disperse thousands of the protesters who equipped themselves with goggles, raincoat and umbrellas as the countermeasure against police attacks. Insisting on peaceful demonstration, drew the world's attention and was dubbed as umbrella movement thereafter.

On the same day, leader of Benny Tai Occupy central announced the start of the occupy central. The group was initially planning to launch in protest against the election reform on October 1. However, (Hui, 2015) the leader were obliged to execute the plan earlier than expected. In the meantime, the draconian measures were still being adopted by police forces to clamp down on the crowds. However, the fiercer the police, the stronger the supports from people, who were not intimidated by it but instead, setting up the tents on the streets, blockading the roads, showing the unflinching brave to notch up their demands. Nonetheless, the situation did not turn to their favors when both local government and the central government in Beijing were keeping intransigent stance on it and seemed being impervious to what was going on. Therefore, without being able to get any concessions from the authority and the incessant interludes of violence being inflicted on the peaceful protesters by anti-occupy central activists and police forces. The exhaustion, dampened passion,

---

<sup>4</sup> Scholarism was established in 2011 by students in protest against "brainwashing education" that the government has been trying to implement, they advocate street protest to put pressure on government ([http://scholarism.com/?page\\_id=281](http://scholarism.com/?page_id=281))

dramatic slump of public supports<sup>5</sup> portended the end of 79 days of momentous movement.

On December 3, 2014 three core organizers of Occupy Central turned themselves in to the police. The police were busy cleaning up the aftermath of the movement. The leader Benny Tai, made a statement the next day admitting that it is time to go home. Not because they flinched, it ended due to the lack of public support, safety concerns of the protestors as well as the intensified police crackdown. Tai reiterated that it is not the end, though many people did not conceive this movement a success, but it did succeed in rekindling people's passion for fighting for democracy. He would endeavor to come up with other forms of protests to win the supports from the public, stressing that only by the unity of people could the government be pressured to respond to the demands accordingly.

Umbrella movement is the watershed of One Country Two Systems and signaled the division of two polarized ends of the Hong Kong people. According to Tai<sup>6</sup> that one end are the conservative people who outweigh political and economic stability than democracy and prefer gradual development, the other end are those who also favor stability but do not flinch from challenging Central Governemnt and fighting for justice. China on the other hand, finally had its enduring repulsion of genuine democracy and its true face on One Country Two Systems exposed to Hong Kong people through white paper and election reform without having any qualm about it.

---

<sup>5</sup> Hong Kong University, Public Opinion Program conducted an opinion polls from November 17-18, 2014 asking interviewees if occupy central should stop or not? 82.9 percent of the respondents said they should top, and 54.7 percent were opposed to occupy central while only 27.8 percent of respondents supporting it, but it did not necessarily meant that people did not support the intentions of occupy central, according to the survey, 40.4 percent of people supported stopping occupation but adopting other ways to continue pursuing of universal suffrage. ([http://popcon.hkupop.hku.hk/popcon\\_v1/index\\_proposedQuestResult.php?lang=en](http://popcon.hkupop.hku.hk/popcon_v1/index_proposedQuestResult.php?lang=en))

<sup>6</sup> Benny Tai, leader of Ocuupy Central commented in his article titled the repercussion of divisive society in Hong Kong in Apply daily about two polarized ends of people in Hong Kong <http://hk.apple.nextmedia.com/news/art/20150609/19177763>

However, it provides a golden opportunity for outsiders to assess China's commitment.

### **3.3 Did China renege on its promises ?**

The crux of the problems is that China holds an omnipotent power and dictates what Hong Kong should do. So the development of democracy in Hong Kong could be interpreted as a democracy growing under the supervision of a communist state who attaches the constraining shackles to it to ensure that democracy operates within the tolerable line without going past it. The following analysis will explain how those Articles in the Basic Law cause controversies that led to the umbrella movement.

Before the latest election reform in 2014, the Chief Executive of Hong Kong was nominated and elected by Election Committee composed of 1,200 members from four sectors<sup>7</sup> in Hong Kong. In order to achieve universal suffrage enshrined in basic law, National People's Congress unveiled election reform for 2017 on August 31 2014 which states that the Chief Executive will be elected by means of universal suffrage, voters could cast ballots to one of two or three candidates nominated by Nominating Committee whose structure and composition is basic the same as the Election Committee.

The arguments from both sides are that the opponents 'pro democracy' group asserted that candidates nominated by the Nominating Committee are the one China

---

<sup>7</sup> Four sectors 1. Industrial, commercial and financial sectors 2. The professions 3. Labour, social services, religious and other sectors 4. Members of the Legislative Council, representatives of district-based organizations, Hong Kong deputies to the National People's Congress, and representatives of Hong Kong members of the National Committee of the Chinese People's Political Consultative Conference ([http://www.basiclaw.gov.hk/en/basiclawtext/annex\\_1.html](http://www.basiclaw.gov.hk/en/basiclawtext/annex_1.html))

favoured committee will make sure that candidates are not on the opposite side of central government. So if people do not have rights to nominate candidates, then it is not the universal suffrage, therefore they demand a “genuine universal suffrage” instead of the rigged one.

People on the other side argue that Chinese officials dispute the arguments of pro democracy group by arguing that Article 45 of the Basic Law which clearly stipulates that “the ultimate aim is the selection of the Chief Executive by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures”. As a result both Hong Kong and the central government did not violate the Basic law but abide by it strictly. Moreover, Hong Kong government unveiled a promotional paper of election in which it further affirms this argument in Appendix 3.19 that the power to nominate Chief Executive candidates is vested in the Nominating Committee only, and that the power is a substantive one<sup>8</sup>.

Who is right? It is indeed that neither the Sino-British Joint Declaration nor the Basic law guaranteed that people would have rights to nominate candidates but only promised universal suffrage in the Basic Law. Without a doubt China and Hong Kong government honored their promises by allowing people to vote to quench their long thirst for democracy. But unfortunately, those highly educated Hong Kong people are not the one that China could trifle with.

---

<sup>8</sup> 3.19 It is clear from Article 45 of the Basic Law that the power to nominate CE candidates is vested in the NC only, and that the power is a substantive one. Any proposal which bypasses the nomination procedures of the NC, or undermines the substantive power of the NC to nominate candidates, might be considered not conforming with Article 45 of the Basic Law.  
<http://www.legco.gov.hk/yr13-14/english/panels/ca/papers/ca1209-cdoc20131204-e.pdf>

Even though China is specious on its arguments by citing the legitimacy of the Basic Law, however, Davis( 2015) argues that China did violate the Basic Law because the Article 39 of Basic law provides that the International Covenant on Civil and Political Rights (ICCPR) shall be implemented in Hong Kong<sup>9</sup>, and the article 25 of ICCPR stipulates that "Every citizen shall have the right and the opportunity, without any of the distinctions ( Article 2: race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status ) and without unreasonable restrictions" and those restrictions are:

- (a) To take part in the conduct of public affairs, directly or through freely chosen representatives;
- (b) To vote and to be elected at genuine periodic elections which shall be by universal and equal suffrage and shall be held by secret ballot, guaranteeing the free expression of the will of the electors;
- (c) To have access, on general terms of equality, to public service in his country.

Moreover, Davis (2015) also argues that ICCPR Human Rights Committee emphasizes that universal suffrage should enable the voters to have a genuine choice in a free and fair election. Thus we could clearly know that the ICCPR enshrined in the Basic law provides compelling arguments against the latest election reform, which is obviously

---

<sup>9</sup> **Article 39:** The provisions of the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and international labour conventions as applied to Hong Kong shall remain in force and shall be implemented through the laws of the Hong Kong Special Administrative Region. The rights and freedoms enjoyed by Hong Kong residents shall not be restricted unless as prescribed by law. Such restrictions shall not contravene the provisions of the preceding paragraph of this Article.

the travesty of ICCPR. As I mentioned earlier, the contradicting nature of the Basic Law has been the source of controversies in the election reform that plague Hong Kong for a while. It can be attributed to China's efforts of keeping decent degree of control over Hong Kong while being able to live up to its commitments to high degree of autonomy. That led to the ragbag of Articles in the Basic Law of Hong Kong which are brimmed with both democratic and authoritarian features.

The overall performance of One Country Two Systems should be left for Hong Kong people to give grades, which could best reflect how people perceive it (see chart 9) the people's confidence in one country two systems, can be noticed that in the first ten years since the handover in 1997, people who harbored no confidence in this political system were only oscillating between 20-40 percent while people who were confident about One Country Two Systems during the same period of time were constantly shifting between 50-80 percent. This is actually the very remarkable achievement as having such an upbeat supporting rate given that One Country Two Systems was never practiced in any other places before Hong Kong and being able to operate it according to its concept without conspicuous malpractices that could taint the credibility of both local and central government.

The opinion polls started to take downward turn in 2010. For the first time, people who do not have confidence rose to almost 40 %, though it climbed up slightly to only 32.4 % by the end of 2010 But ever since then people would no longer feel as buoyant about one country two systems as used to be, as we can note that since 2011 all the way to early 2015 people's confidence in one country two systems slumped drastically with the percentage going back and forth between 32% to 51.5%. The

worst record was in 2014 September the same month of Umbrella movement and hit all time low to 56.3%. This alarming indication of the abating support of one country two systems from people could be an unequivocal message to China that some flaws in this system are starting to knock the bottom out of China's credibility.

There is also something noteworthy that people who hold negative views toward the political condition in Hong Kong(see chart 10) reached 64.1 percent of those surveyed in December 2014 at the time of Umbrella government, which could be a thrilling alarm for both Hong Kong and central government.

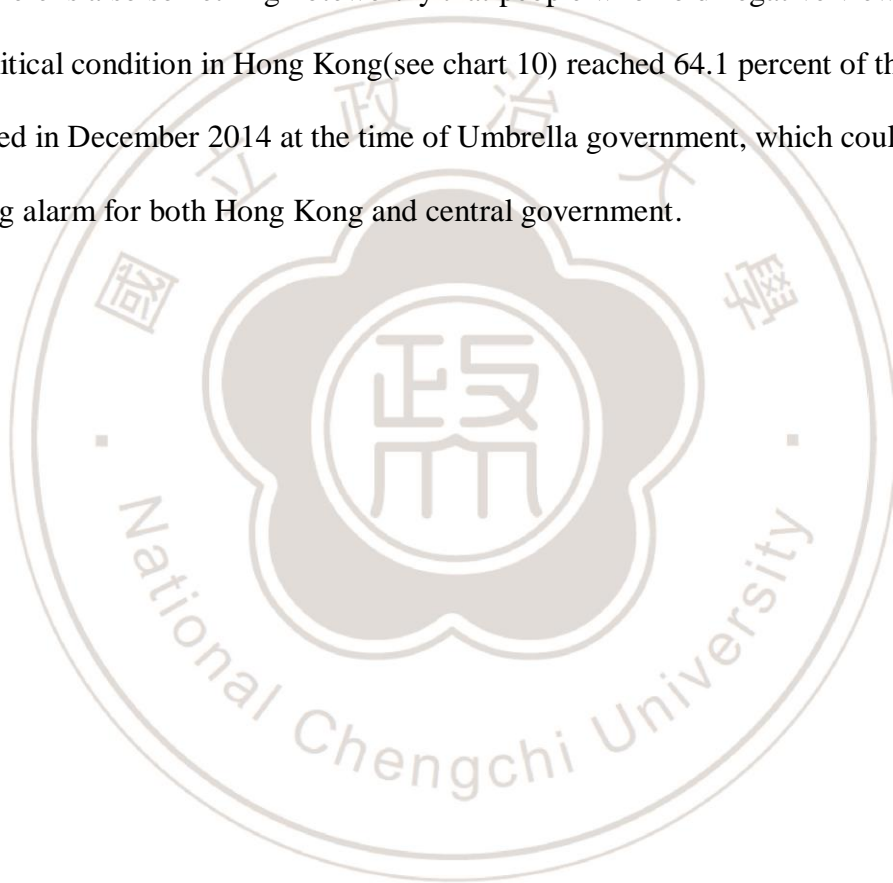
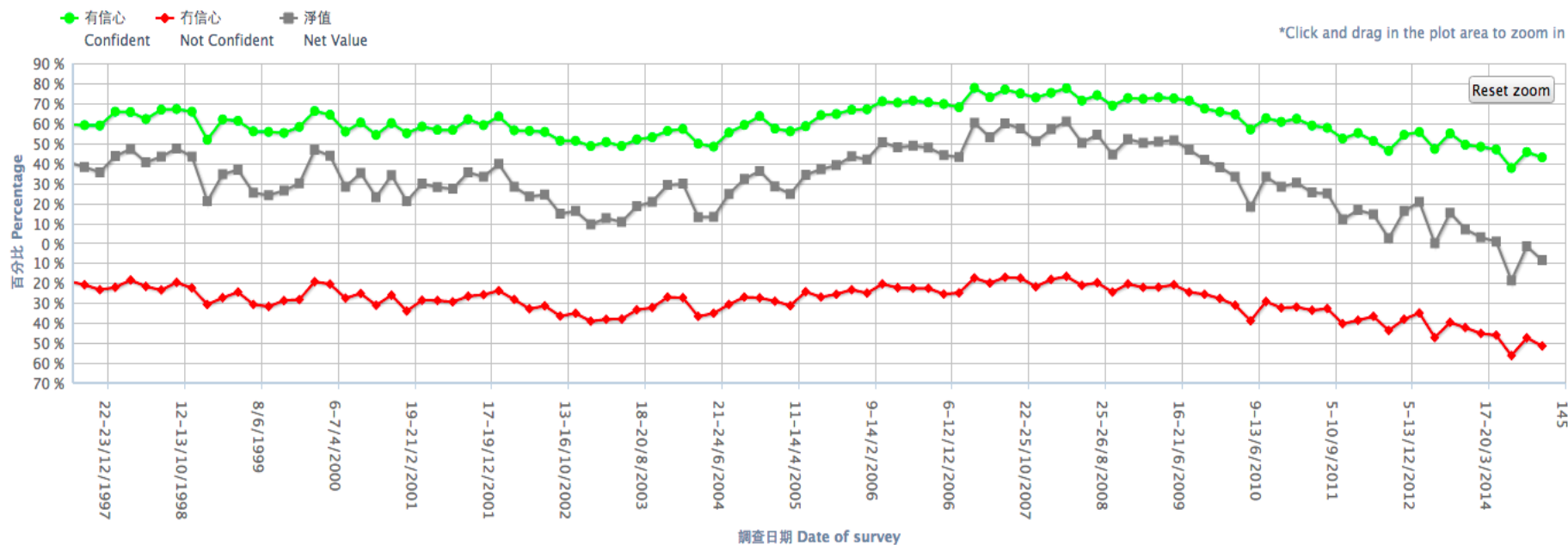


Chart 9 : People’s confidence in” One country, Two Systems’

市民對一國兩制的信心程度(按次計算)

People's Confidence in "One Country, Two Systems" (per poll)

(6/1993 – 3/2015)

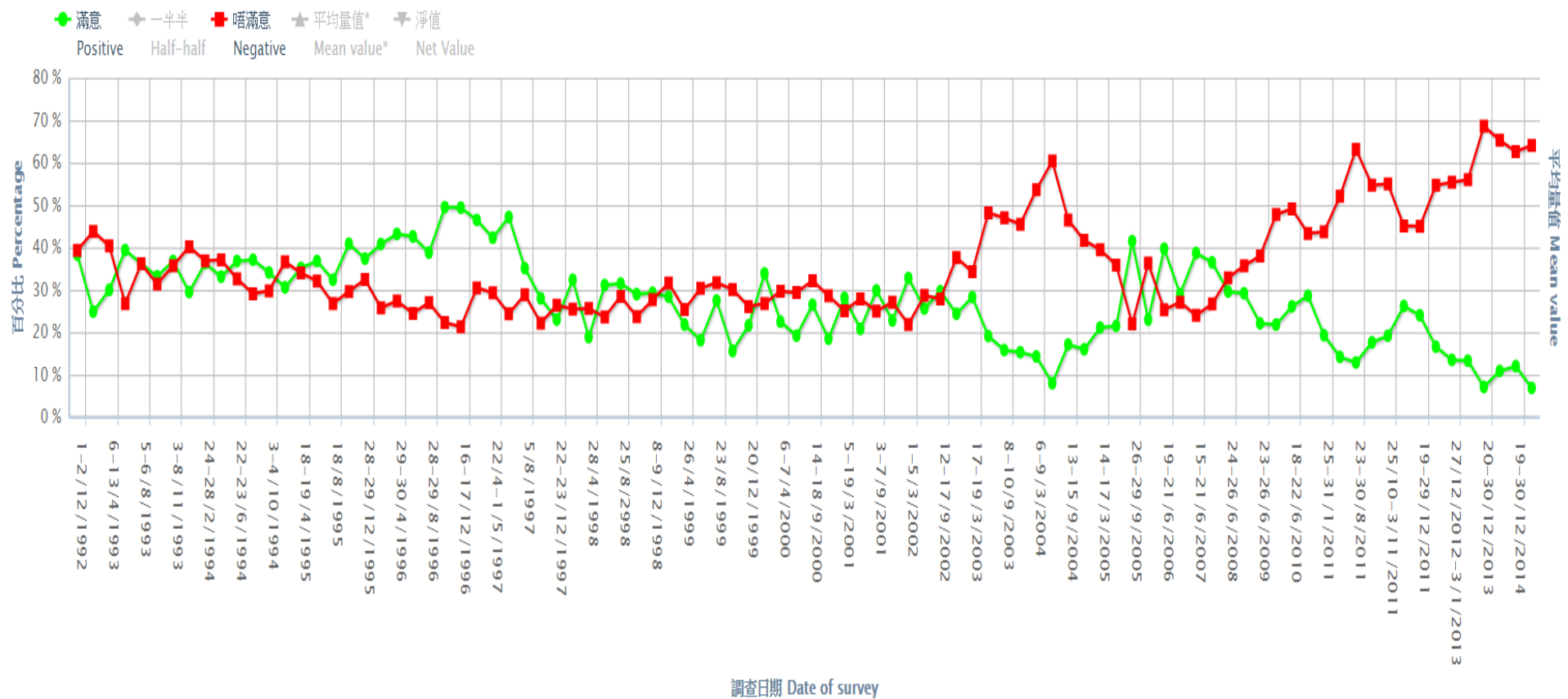


「冇信心」百分比以「負向百分比」表示。  
 "% of 'Not Confident'" is presented as "negative % of 'Confident'".

Source :Public Opinion Programme, The Unuiversity of Hong Kong. People’s confidence in” One country, Two Systems”



Chart 10 : People's Satisfaction with the Current Political Condition



Source :Public Opinion Programme, The Unuiversity of Hong Kong. People's Satisfaction with the Current Political Condition

### 3.4 Press freedom

Without a doubt news media plays an overarching role in the society, particularly in the democratic societies where the news media are granted with some inviolable rights to report, to discover, to disseminate information to the people without any vicious interventions from the government or any sorts of constraining forces aimed to strangle the free flow of true, genuine, unexpurgated news coverage. People are also having rights to get unfettered access to those unsanitized version of news.

However, Hong Kong has been making a mockery of press freedom over the past 2 years as several assaults of journalists, obstructions of reporting, self-censorship surfaced from the horizon casting a looming pall over the human rights issues in Hong Kong. These indications not only signaled backpedalling on the progress of democracy but also calls into the serious question about China's commitments to its promises. Press freedom is in fact the best indicator to take a deep look at the fundamental virtues of One Country Two Systems as well as to see how and when would China start to take action if that invisible line of the acceptable range of freedom got trespassed by Hong Kong, because, First of all, press freedom is potentially the one that China detests the most among those freedoms that Hong Kong granted to have. Given the intensity of censorship in China, it is easy to tell how China would think the prospect of the free flow of information would bring the calamitous repercussions to its regime. Second of all, we could exactly infer some frame of reference of Chinese hardcore

from their attitudes and handling of press freedom issues, then we could realize if the underlying nature of one country two system is just another authoritarian political systems bears striking resemblance to that of Chinese Communist Party.

The press freedom is enshrined in the Article 27 of the Basic Law, which provides that:

*“Hong Kong residents shall have freedom of speech, of the press and of publication; freedom of association, of assembly, of procession and of demonstration; and the right and freedom to form and join trade unions, and to strike”.*

And the Article 39 of the Basic Law prescribes that Hong Kong should enact laws to place the International Covenant on Civil and Political Rights into effect under the Basic Law. Therefore, in 1991 the Bill of Rights Ordinance succeeded in adding ICCPR’s provisions into Hong Kong Law. The introduction of Bill of Rights Ordinance further consolidated the salience and protection of human rights in Hong Kong as Article 16 of Bill of Rights stipulates that:

*“Everyone shall have the right to freedom of expression; this right shall include freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media of his choice”.*

The Article 19 of ICCPR is identical to Article 16 of Bill of rights that protects freedom of speech, and noted that The United Nations Human Rights Committee, the

organization that provides authoritative interpretations of the ICCPR's provisions has articulated the core value of free press (Pen America 2015)

*“A free, uncensored and unhindered press or other media is essential in any society to ensure freedom of opinion and expression and the enjoyment of other Covenant rights. It constitutes one of the cornerstones of a democratic society.....The free communication of information and ideas about public and political issues between citizens, candidates and elected representatives is essential. This implies a free press and other media able to comment on public issues without censorship or restraint and to inform public opinion. The public also has a corresponding right to receive media output”.*

The provision of these laws offer the solid foundation as well as the assurance for the rights that Hong Kong people endowed with. As a result, the concerned people could invoke to the unbendable law to ensure that sanctity of these rights if they sense the encroachments, however, if the people in power do not share the same values as that of concerned people, then what will proceed next could be auguring ill for the future.

The Hong Kong Journalists Association (2014) argues in its annual report that 2014 is the darkest year in the history of press freedom in Hong Kong. Journalists in Hong Kong are stricken by harassments, physical attacks, obstruction of coverage, pressure from invisible hands, as well as the withdrawal of the advertisements. The report also

pointed out that Hong Kong was immune from any transgressions of press freedom for the first 15 years since the handover, which implies China's impressive self-restraint particularly in non-intervention as well as the respect of high degree of autonomy. However, from July 2012 to June 2013 there had been the surge of gruesome cases of physical attacks, of which some were targeted at the important figures of critical media organizations, and in 2014, the press freedom deteriorated to the disgraceful level.

However, the harsh question we need to answer is that should China be blamed for the deterioration of press freedom? This question could trigger the profound contemplation about this question, as the report argues that prior to the handover the physical assaults already existed those happened in 1985, 1994, 1996 and 1998 but those cases were left unresolved and never come to the conviction, that raises the question as who is the mastermind behind those attacks? And why the criminals against press could always get away with ?

To answer the first question: Should China be blamed for it or not? To find irrefutable evidence such as the orders given by China to crackdown on Hong Kong press is really difficult because those invisible forces and that of sneaking pressure are

palpable but not tangible. For instance, the report states that the number of listed Chinese enterprises from mainland in 1984 only accounted for 4 percent. However, in 2013 the proportion of Chinese companies from mainland surged to the staggering number of 56.5 percent, and those who have strong business ties with China would be encountering pressure from China who could exert economic pressure to gain submission. The notable cases in 2014 are the international banks withdrew long standing advertising contracts with Apply Daily which is renowned for its outspoken style of coverage. The Hong Kong Shanghai Banking Corporation (HSBC) and Standard Chartered, reportedly started to pull advertisements from Apply daily and Next magazine in late 2013. The later one explained that to pull back the advertisements are for the marketing and commercial reasons. However, the senior executive Mark Simon told the New York Times that “ a representative from HSBC told him that the decision to stop a advertising came after the deputy director of the central government’s Liaison Office in Hong Kong, Yang Jian told the bank to end its advertising relationship.” (Pen America,2015) This interview could be the solid evidence against China’s influence over press freedom in Hong Kong, and a lecturer of Journalism Yuen Chen<sup>10</sup> at Chinese University of Hong Kong wrote in an article for The world Post to express his concerns:

---

<sup>10</sup> Yuen Chen a lecturer of Journalism at Chinese University of Hong Kong wrote an article in The world post expressing her concerns regarding press freedom in Hong Kong : [http://www.huffingtonpost.com/yuen-chan/hong-kong-press-freedom\\_b\\_4568648.html](http://www.huffingtonpost.com/yuen-chan/hong-kong-press-freedom_b_4568648.html)

“To many in Hong Kong, the free press is increasingly being undermined by a creeping form of self-censorship, political pressure from leaders close to Beijing and the realities of the media market: State-backed Chinese companies are emerging as important advertisers, giving them the power to shape news coverage by threatening to yank their ads. Pressure sometimes comes from Hong Kong companies that do business in China. *Apple Daily*—whose reporters are barred from reporting in mainland China—recently confirmed that major local banks have pulled ads from the newspaper, a sign that business can suffer if coverage offends those with ties to Beijing.”

Apart from the pressure on those enterprises who have strong ties with China allegedly to withdraw advertisements from the newspapers that are outspoken and pro democracy. The revenues from advertisements are vital to the survival of news media. The other appalling challenge facing press freedom in Hong Kong is the physical assaults. It is absolutely the most abysmal form of containment against press freedom. During the umbrella movement there were 24 cases of violence against journalists committed by police and anti-occupy central group were being reported. Prior to that 11 cases of assaults were reported between July 2012 and June 2013 and six assaults reported between July 2013 and June 2014. (Pen America,2015)

The physical assaults occurred from 2012-2014 are listed below:

(1): attack on a *South China Morning Post (SCMP)* photographer

(2): the beating of a NOW TV cameraman

(3): the threatening of a New Tang Dynasty Television reporter with a knife

(4): The attack on the publisher of the political weekly *iSun Affairs*

(5): the ramming of a car into the front gate of the home of Next Media's owner,  
Jimmy Lai

(6): The assault on a *Sharp Daily* reporter

(7): The attack on the owner of the free newspaper *am730*.

However, Pen America (2015) found out that among those attacks only two arrests were made, attack which are on SCMP photographer and the beating of the Now TV cameraman. The perpetrators were convicted of common assault, and fined 1000 HK\$ and given community service orders.

The deadliest attack occurred on February 26, 2014. Ming Pao Daily News editor Kelvin Lau got out of his car near a restaurant and got stabbed multiple times by an unknown assailant who left Lau sustained severe injuries in his back and legs, Ming Pao is renowned for its critical coverage of government as well as its adamant stance on the values of professionalism. This incident led to the arrests of two mainlanders and the case is still pending on further inquiry and charges.

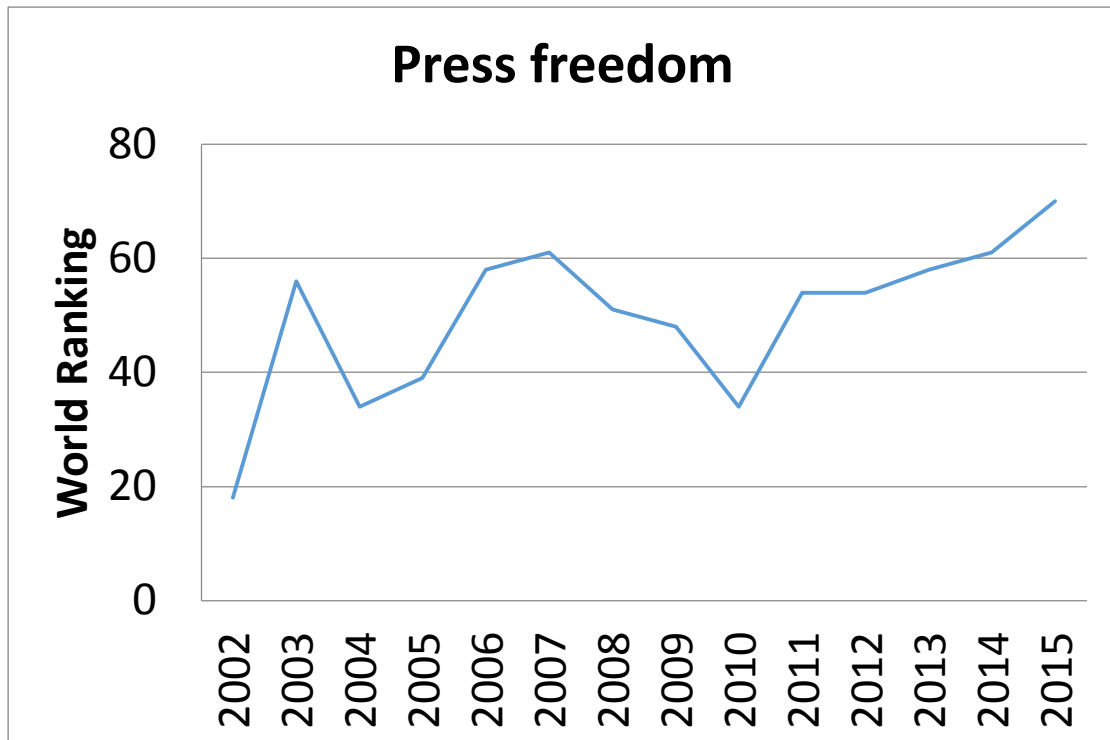
The combination of economic and physical threats leads to the alarming deterioration



of press freedom in Hong Kong. The root cause still lies in the government. The failure to unearth the mastermind behind those attacks along with the meager penalty against perpetrators and the lack of determination to protect the press freedom.

Measured by reporters without borders, press freedom in Hong Kong is in decline. as you can note that in 2002 Hong Kong ranked 18<sup>th</sup> as having the freest press in the world, but in 2015 it has plummeted to 70 (see Chart 11) even though it is way better than China (175, 180 countries/places measured in total) but this gradually drop of world ranking is certainly a looming sign and if the government still tends to acquiesce to those vicious attacks without making concerted efforts to preempt it, the credibility of both local and central government would only be seriously blemished and causing more backlash from people. China must have to reconsider its position on Hong Kong and one country two systems, if the nature and the fundamental values of one country two systems could be truly respected and abide by the authorities unconditionally, then the problems would be resolved, if not, they are simply digging themselves a deep hole.

Chart 11: Press freedom of Hong Kong



Source : Reporters without borders :World Press Freedom Index 2015

### 3.5 Patriotic education

Tens of Thousands of people were galvanized to the streets on July 29, 2012 in protest against the implementation of Chinese national education lessons in primary schools.

It what was viewed by many as China's attempts to indoctrinate nationalism, Chinese elements, patriotism, into the minds of those malleable students. Protests marched

along en mass on the day of the demonstration with the banners chanting " stop

brainwashing us" .It is quite easy to notice people's disenchantment with the

government, as showed in opinion polls that people's confidence in central

government has been deflating. Antagonism, distrust, could also be sensed from the

umbrella movement. All of those could be attributed to the growing Chinese influence

in Hong Kong as well as the China's failure to strike a decent balance between

securing political interests in Hong Kong and honoring its promises to Hong Kong that leads to the gradual revelations of China's intentions and uneasiness over the political development in Hong Kong.

Education can be a powerful means to shape one's frame of mind, if that was shaped by an education filled with impartial, authentic accounts of histories or scientific facts then people do not have to bother worrying about their children. However, if that is a case, then people should start to worry when the things turned the other way around particularly if the government was trying to dictate the form of education to the one that suits its political propaganda.

It all started in 2007 when then Chinese president Hu Jintao stressed the need to strengthen national education for youths in order to "pass on Hong Kong compatriot's glorious tradition of loving the country and loving Hong Kong" in his visit in Hong Kong for commemoration of the 10<sup>th</sup> anniversary of reunification. It was followed by the immediate, fanatically efforts from Hong Kong government to take this order by scaling up the budget for national education. The budget was increased substantively from HK\$ 5 million in 2006 to HK\$ 60 million in 2008 and the former Chief Executive Donald Tsang also pledged to give greater emphasis on the patriotism

education in primary and secondary curricula. (Kan 2012)

What prompted China is that since the handover, China has not yet won the hearts of Hong Kong people except for its sovereignty as one can note that Hong Kong people never flinch from exerting the rights that they have by organizing, participating social movements to express their grievances to the government. That is exactly an anathema to China who deems the social movement as a destabilizing force to its regime. Moreover, the ever increasing Hong Kong people regard themselves as Hong Kongers instead of being Chinese touches a raw nerve. As a result, an effort to win back the hearts of Hong Kong people is quite important. China apparently believes that education might be an efficient way of achieving that goal. (Kan 2012)

The content of textbook was first reported by the media on 4 July, entitled the China model which praised ‘the Chinese Communist Party as a progressive, selfless and united ruling organization’ and commends the democratic and superior nature of China’s current political system, while dodging several far-reaching issues like Cultural Revolution and the June Fourth tragedy. This sort of flagrant propaganda effort to put China into Hong Kong educational system was therefore greeted with overwhelming backlash followed by the demonstration and ended up the government

giving in to public pressure and postponing the introduction of this Moral and National Education. (Kan 2012)

China's attempt to win the loyalty of Hong Kong people by using this anachronistic way was definitely an affront people in Hong Kong who have been living in a society with free flow of information, universal human rights, de facto democracy as well.

China should realize a that it cannot apply that sets of strategy in mainland to tackle with Hong Kong issues. Particularly as a global financial center, anything that happens in Hong Kong could easily catch the attentions from the whole world, more of the flaws of this political systems will be exposed and lead to the skepticism of China's commitments by the watchful eyes.

### **3.6 Controversy over Article 23**

Article 23 of the Basic law is apparently one of its most controversial items that portends the potential disaster on the human rights in Hong Kong. Article 23 stipulates in the Basic Law that "The Hong Kong Special Administrative Region shall enact laws on its own to prohibit any act of treason, secession, sedition, subversion against the Central People's Government, or theft of state secrets, to prohibit foreign political organizations or bodies from conducting political activities in the Region, and to prohibit political organizations or bodies of the Region from establishing ties with foreign political organizations or bodies." All of which resembles some of the

draconian national security laws in mainland China, and underlines China's enduring wary of potential social unrest would probably lead to the instability.

The formulation of Article 23 came up in 1988 and the final draft was nailed in 1990 a year after Tiananmen Square massacre and dictated Hong Kong to enact this law on its own after the handover. However, Article 23 has been put on the backburner since the handover, due in large part to the widespread demonstration against this law on July first 2003 five months after the release of preliminary draft of Article 23 attempting to enact it, and that led to the postpone of the enact of this law indefinitely.

If enacted, any organization even with a scintilla of political elements deemed as violation of this law by the government would be punishable. Given that the scope of acts in Article 23, prohibition could be stretched as far as government wants and far-reaching as well. For instance, the first proposal to implement article 23 which stipulates that any organization affiliated with a mainland organization outlawed in China should also be banned in Hong Kong. This is without a doubt could pose human rights crisis in Hong Kong considering the heinous records of human rights violations in China, that any organization or religion characterized as either anti

government or cults by the CCP are cracked down hard. The immediate example could be Falun Gong religious group, who claimed themselves as one of the sects of Buddhism. Falun Gong is legally accepted elsewhere in the world except China, who outlawed this group since 1997 and has been clamping down on them harshly ever since. Therefore other groups that are illegal in China but operate legitimately in Hong Kong. The wider ramification of Article 23 could also lead to the contradiction of the Basic Law and the following judicial crisis accordingly.

The International Covenant on Civil and Political Rights is (ICCPR) also enshrined in the Basic Law, of which the Article 18 and 19 explicitly provide people with right of freedom, of free expression, of religious faith unconditionally. But most of them are not granted to the people in Mainland. As a result, if Falun Gong and other groups outlawed in China deemed as the threats to national security it could be criminalized in Hong Kong according to Article 23. The contradiction between the Basic law and ICCPR is absolutely going to make a mockery of the rule of law and one country two systems in Hong Kong.

China's measures of silencing political dissidents and any other organizations that are deemed to have destabilizing factors to the government are well known, it signaled China's enduring fears of imagined threats to the stability of its regime posed by the

different voices as well as the influential organization. In order to secure the omnipotence, dominance of the regime, draconian measures are therefore needed to secure their interests. However, Hong Kong is a quite unique case, being granted to have universal human rights, de facto democracy by an authoritarian boss who regards those things often as threats and unnecessary but did it out of expediency. Thus, such an incongruence could be evinced. At the worst if the powerful one does not respect the weak one, but which could also be stifled at the best if the subordinate one is respected. The current trend of mainstream sentiments in Hong Kong explicitly manifested that the harsher the government measures the more determined people are to fight for their rights. China, on the other hand, has to realize the fact that people in Hong Kong are not as easily domesticated as it thought would be, a smarter way to strike a good balance between honoring its promises and securing national interests is badly needed, otherwise, China will only alienate people further away.



## Chapter 4 Civil Rights in Hong Kong

This Chapter is to examine if the human rights enshrined in the Basic Law have been well protected or not by looking at the variety of opinion polls conducted by the Public Opinion program of University of Hong Kong. The importance of this Chapter being that as those rights are promised to be upheld by China in the Joint Declaration. The best way to evaluate China's promises on it is to tap on opinion polls that could best reflect people's perception on those protected rights, so could we be able to give fair judgement on it. In the surveys Public Opinion Program ask respondents to use 0 to 10 scale to indicate the satisfaction with various aspects of human rights.

### 4.1 Freedom of Association

Freedom of association provides people with rights to gather, to call upon people who share the same faith, values, interests to come together to form an organization.

Freedom of Association is enshrined in Article 18 of Hong Kong Bill of Rights

Ordinance which stipulates that :

*Everyone shall have the right to freedom of association with others, including the right to form and join trade unions for the protection of his interests.*

In stark contrast to China where Freedom of Association is grimly encroached upon.

As a result, there comes an important job to watch closely if there is any hint that both

central and Hong Kong government are trying to curb the growth of social groups and

infringe the rights of it.

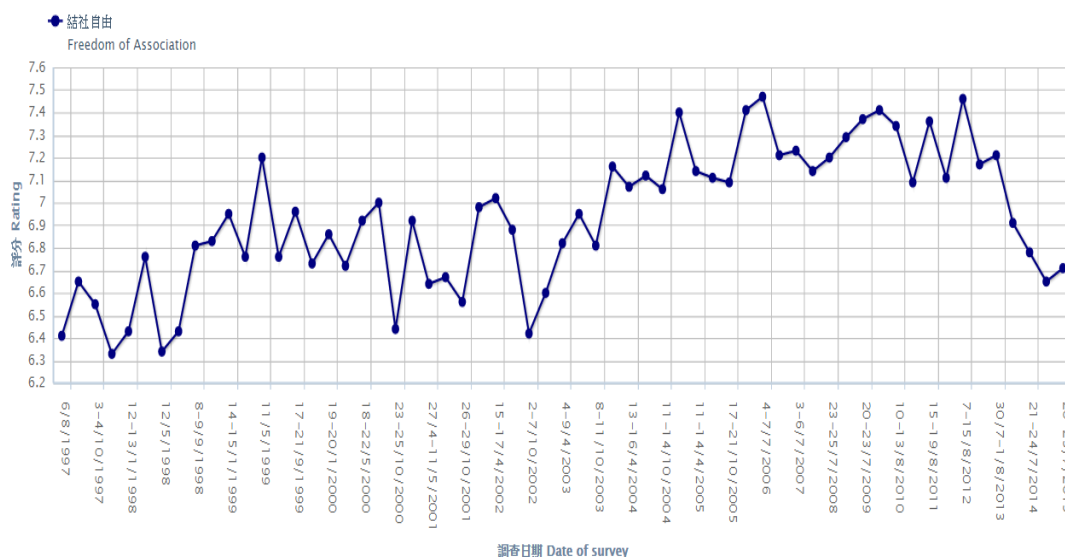
The only political maneuvering that had threatened to endanger this right so far was

Article 23 of the Basic Law, which has been put on the backburner for years since the mass demonstration against the enactment of it in 2003.

If this law enacted any groups deemed as threats to the national security would be crackdowned, but fortunately it did not happen and according to the Hong Kong

Council of Social Service the number of Non Governmental Organization reached 415 in 2015 with various types of social service. The number of Non Governmental Organization clearly points to the variety and vibrance of social activities and Freedom of Association.

Chart 12: Rating of Appraisal of Freedom of association



Source :Public Opinion Programme, The University of Hong Kong. Rating of Appraisal of Freedom of association

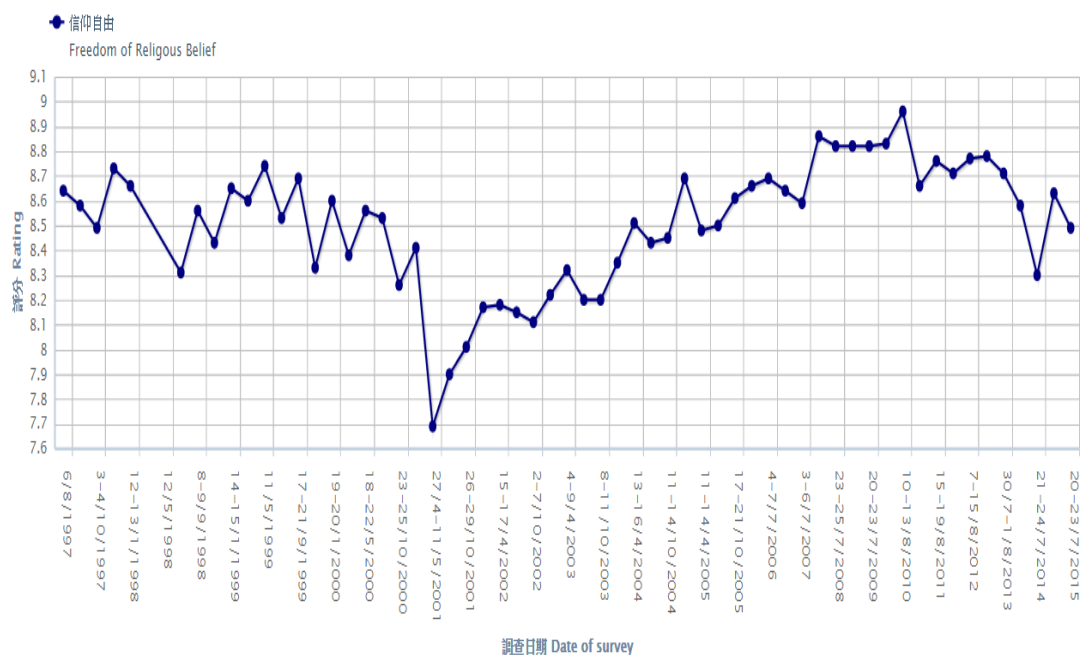
The satisfaction of freedom of association spiked to all time high in 2012, an average

scale of 7.46 and never dropped below 6 since 1997. (see chart 12) Even though the downward trend was spotted the following years since 2012, surveys still show that people's freedoms to join, to leave any kind of the groups are appropriately protected.

#### **4.2 Freedom of Religious Believe**

Freedom of Religious believe is protected in the Article 15 of Bill of Right Ordinance. This one could be an authoritative one to tell if the rights have been well upheld by the government or not, Religions in China are often at odds with the government and having hard time getting along with the authorities as well. Falun Gong and Tibet for example, these two have been suffering from the percecutions in China for different reasons, as a result, we could fairly assume that China abhors the existance of religious influence. Therefore, if China also attempts to put its hands into the religion in Hong Kong for political reasons then we could fairly conclude that the danger is lurking around the corner. However, in Hong Kong, as survey shows peoples satisfaction of Freedom of religious believe is remarkably high. Only two times over the span of 18 years had it dropped below 8, in all otther years the numbers are all well above 8(see chart 13). This noteworthy and exhilarating result could help alleviate the fears of practicing religious faiths in Hong Kong.

Chart 13 : Rating of appraisal of Religious believe



Source :Public Opinion Programme, The University of Hong Kong. Rating of appraisal of Religious Believe

### 4.3 Freedom of Procession and Demonstration

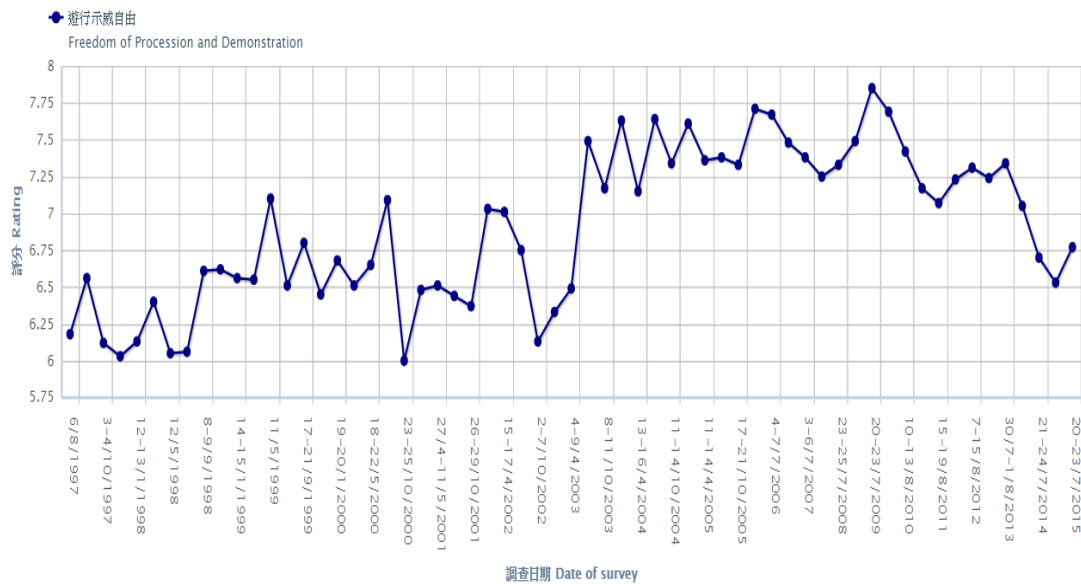
Freedom of procession and demonstration is also one of the most important index to see authorities commitments to their promises. Demonstration has long time been a repulsion to China, whether or not China has ever attempted to exert its influence over it is quite important. However, the annual demonstration on July 1st, along with the commemoration of Tienanmen Massacre on June 4<sup>th</sup> are all held smoothly.

Most importantly, Falun Gong in particular whose followers are also able to hold parade to celebrate the birth of their master each year in Hong Kong. And they are

also still allowed to hand out their pamphlets regarding how this group has been persecuted in China without blatant harassment from the government. All of these could reflect Procession and Demonstration is well respected in Hong Kong.

Even though some cases of brutal acts by police as well as the physical assaults by pro government protesters against anti-election reform protesters were reported during umbrella movement. However, those factors have not yet crushed people's confidence in the freedom of Procession and Demonstration. As you can note that during the umbrella movement the rating still reached 6.75 in 2015. (see chart 14)

Chart 14: Rating of appraisal of Freedom of Procession and Demonstration



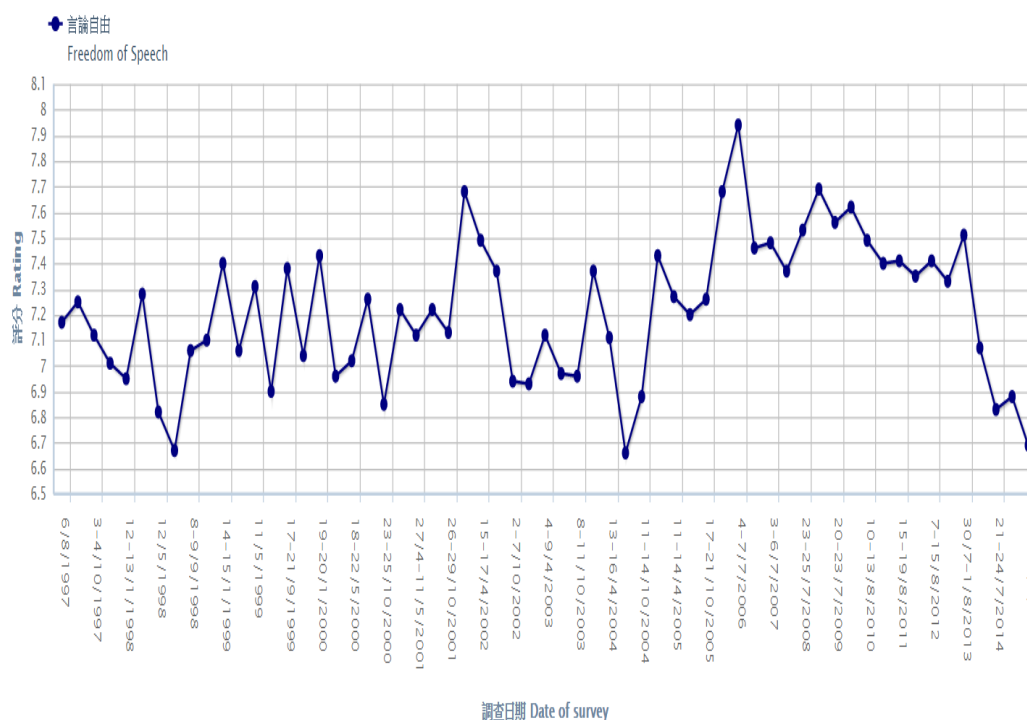
Source :Public Opinion Programme, The University of Hong Kong. Rating of appraisal of Freedom of Procession and Demonstration

#### **4.4 Freedom of Speech**

Freedom of opinion and expression is enshrined in Article 16 of Bill of Rights Ordinance. Freedom of Speech, one of the most important values in democratic society has on the surface been protected decently in Hong Kong. As we can note that the social groups like Scholarism, Occupy Central still enjoy the unhindered rights to promote their goals both on internet and in public. However, the satisfaction with freedom of speech(see chart 15) among surveyed respondents dropped from averaging 7.51 in 2013 to 6.69 in 2015. This alarming figure could be attributed to the declining rank of press freedom in Hong Kong. Though Hong Kong is immune from internet censorship at the moment, and there is no cases being reported that people got arrested for either criticising government or denigrating Central government, nor has internet censorship been meted out.

But all the harassments to those media that reported unfavorable news against government have encountered could more or less shaped people's opinion toward the freedom of speech. Freedom of speech is one of the tenets in a democratic society, Hong Kong government must have to strive to protect it, so would promises inked in Joint declaration be fulfilled.

Chart 15 : Rating of appraisal of Freedom of Speech

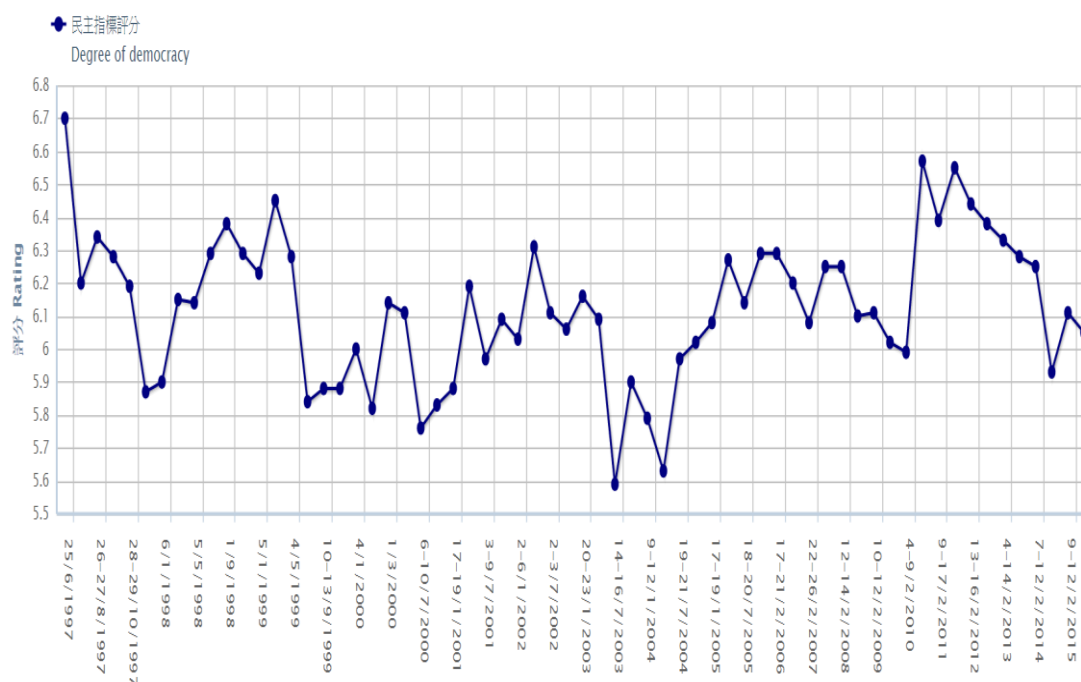


Source :Public Opinion Programme, The Unuiversity of Hong Kong. Rating of appraisal of Freedom of Speech

#### 4.5 Degree of democracy

Hong Kong’s path towards a fully fledged democracy is a bit treacherous. Those election reforms still failed to satiate Hong Kong people’s thirst for democracy, and greater challenge still lies ahead. But people’s satisfaction towards it still stands at a moderate scale 6.05 in 2015(see chart 16). The scale of satisfaction has never been over 7, the worst figure among other topics surveyed. It signaled the general negative sentiments toward the development of democracy in Hong Kong.

Chart 16 : Appraisal of Degree of Democracy



Source : Public Opinion Programme, The University of Hong Kong. Appraisal of Degree of Democracy

To improve the rating of degree of democracy is probably the most difficult one, given that what holds back the progress of democracy in Hong Kong still lie in the reluctance of China to allow the genuine universal suffrage. People can not freely vote for their favored candidates but only those approved, vetted candidates by Central government.

The seemingly rigged election is absolutely not the one Hong Kong people would like to have. However, if the type of democracy that Hong Kong people want to have is the one that similar or identical to the other matured democracy in the world,



The challenges are truly formidable. My first argument is that the fate of Hong Kong democracy always lies in the hands of China, and the conflicting nature of the Basic Law and Bill of Rights Ordinance serves as the biggest barricade for the progress of democracy. Basic Law is in favor of China, Bill of Rights is on the side of Pro democracy groups, However, the enemy that faces those people who are fighting for true democracy from is one of the most powerful authoritarian regimes in the world.

Second of all, the dogged determination of pro-democracy groups to achieve universal suffrage could best result in getting concessions from China, worst in loss of momentum and public support. Given that the unceasing demonstrations could have disrupted social order in the long run, which would lead to the decrease of public supports and that is the course of development in favor of the government.

After all, election reform needs overwhelming support from the people who are the backbone of the society, and therefore, be able to put pressure on the government. However, that is a long fight, fight that concerted efforts from people are needed, fight that unwavering faith is needed, and if government chooses to adopt war of attrition, people's hope, patience, determination would only be worn thin and ended up in the spiraling circle of stalemate.

## 4.6 the impacts on One Country Two Systems

### 4.6.1 Applicability of One Country, Two Systems to Taiwan

One Country Two Systems was an arrangement to reunify Taiwan with China. Taiwan could maintain its own military, way of life, capitalism, so would dissipate Taiwan's antagonism toward the idea of reunification as a result. Unfortunately, the plan was scorned flatly by Taiwan at the time. The design of it was not all in vain. The emergence of Hong Kong issue shifted China's attention from Taiwan to Hong Kong with the latter one posed as the best candidate for the experiment of this unique political system. The developments of rule of law, economy, political system, values formed under the British colonization varied drastically from China. Therefore, Hong Kong fits the core values of One Country Two Systems of allowing certain Chinese regions or cities to maintain different systems to allay the fears that those resistant places might have given the context of historical background as long as the integrity of Chinese territory is upheld.

It is assumed that the popularity of One Country Two Systems in Hong Kong could possibly enhance China's bargaining chip in luring Taiwan into reunification. It is quite important to look at how people live under this political system perceive this question. The surveyS conducted by the University of Hong Kong on regular basis

started asking Hong Kong people from 1996 all the way to date 2015 that if they think One Country Two System could be applicable to Taiwan. This seemingly innocuous survey could actually have a great impact on the cross-strait relations for two reasons. First of all, if One Country Two Systems is one of the options for resolving stalemate of cross-strait relations, then this survey could be really noteworthy. Second of all, for China, if the popularity of one country two systems is positively high, the promising signal could be sent to Taiwan that the values that Taiwanese people uphold would not be undermined (given the essences of One Country Two Systems are to grant targeting place a decent degree of autonomy and universal human rights), and therefore be a great source of impetus for both sides to contemplate the possibility of it.

However, the flip side of it being that if the popularity of One Country Two Systems in Hong Kong is relatively low, that would certainly portend bleak future for the negotiations between the two sides as well as push Taiwanese people far away from embracing China's dream of unifying Taiwan. In 1996 A year before the handover, there were only 30 percent of people believe that One Country Two Systems was also applicable to Taiwan while 44.7 percent of people held different views.

But the following ten years after the handover people who think One Country Two Systems is also suitable for Taiwan climbed to the all time high 61.5 % in 2008, while in the same period of time there were only 26.6 percent of people held opposing views. With this exhilarating result, China might be able to sleep well with the lovely dream that everything would be going well without any unwanted impairments.

However, the dark cloud billowed from the horizon in 2012 the year of Chief Election.

People who though One Country Two Systems is for Taiwan dropped to 42.8 % from 48.8 % the previous year followed by 39.3 % the next year in 2013.(see chart 17)

Before the outbreak of umbrella movement in October 2014, the figure dropped to only 30 %.

While people who believed that One Country Two Systems is not suitable for Taiwan climbed to the all time high in 2014 reaching 58.5 % of people surveyed.

The university of Hong Kong has not been conducting survey on this issue since late

2014. We may be able to extrapolate that people who say not applicable to question

might be getting higher than this, umbrella movement could still more or less affect

people's opinion. For China, this alerting figure augurs ill for the policy makers in

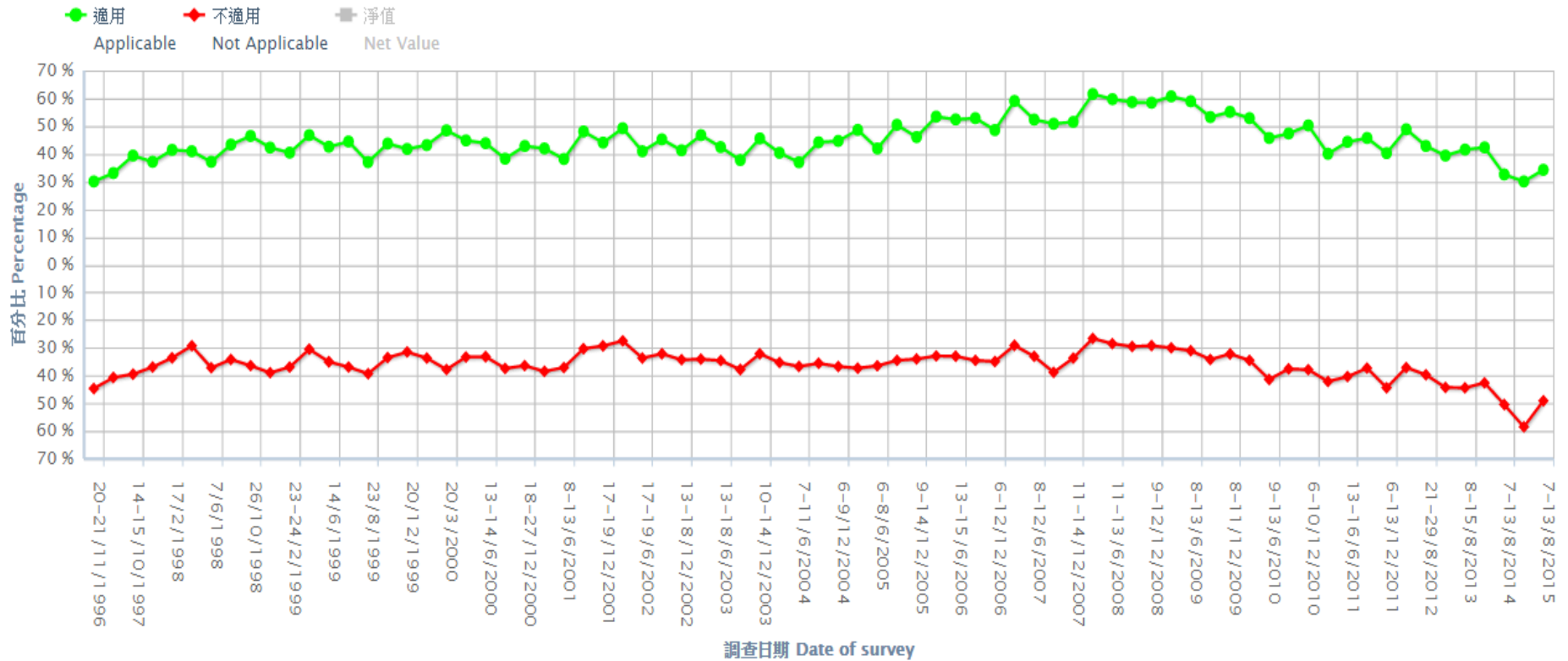
central government, particularly when the political connotations and spreading effect

of One Country Two Systems are more than it appears to be. As a result, how the

central government and Hong Kong government would pitch in to get back the confidence of people is of great importance if China still want to see the good performance of one country two systems in Hong Kong could more or less steer Taiwan toward its prepared path of arrangement.



Chart 17 : Opinion on applicability of One Country, Two Systems to Taiwan



Source :Public Opinion Programme, The Unuiversity of Hong Kong. Opinion on applicability of One Country, Two Systems to Taiwan

#### **4.6.2 Hong Kong People's Confidence in One Country Two Systems and Trust in Central Government**

People's confidence in One Country Two Systems clearly indicates people's frustration with this unique system. As we can note that people who do not have confidence in this system reached all time high to 56 % in 2014 while there are only 37 % of people still hold faith in this system at the period of time.

And up to 2015 people who have confidence in One Country Two Systems reached 43 % among people surveyed, and at the same time there are 50 % said otherwise. What we could elicit from this Chart is that One Country Two Systems is facing an unprecedented challenge. (see chart 18)

The reason is that people who have confidence in One Country Two Systems never fewer than those who do not have before 2014. And that signaled the success and popularity of this political system in general despite growing social movements and public outrage toward some of the political maneuverings by the government.

However, this propitious sign took shift in 2014, people who are sanguine about One Country Two Systems are no longer as many as it used to be, and this ominous trend has remained for a year, which might continue going down the same path for more years to come.

What is alarming about this is that for 17 years since the handover, regardless of several cases of malfeasance such as patriotic education, article 23, election reform, all of which were greeted with public outcry and mass demonstrations, but people's confidence in One Country Two Systems never dropped below 50 percent. However, people's patience seems to start wearing thin year by year, the same variation could be spotted in other topics surveyed as well such as suitability of One Country Two Systems to Taiwan, people's trust in central government.

People's trust in Central government appears to be the same thing, but this one seemingly to be more noteworthy, as we can find out that before the handover people's trust in central government is astonishingly low, however, after the handover people's trust in central government surged dramatically and this impressive shift of people's trust in central government after the handover marked the success of One Country Two Systems as well as China's efforts in polishing its reputation and respecting the high degree of autonomy.

However, the slump of support for the central government from people coincided with the deflation of people's trust in One Country Two Systems in 2014 portend the ominous future and challenges lying ahead. As surveys such as Applicability of one



country two systems to Taiwan, People's trust in central government, People's Confidence in One Country Two Systems and Trust in Central Government show that the surge of supports, the slump of confidence are all appeared around the same period of time in 2014, to which people's growing weary of One Country Two Systems seems to be unleashed after all. As a result, One Country Two Systems is apparently at its most critical stage since the handover, how would both Hong Kong and Central government strive to remedy the situation is therefore crucial for the One Country Two Systems in the future.

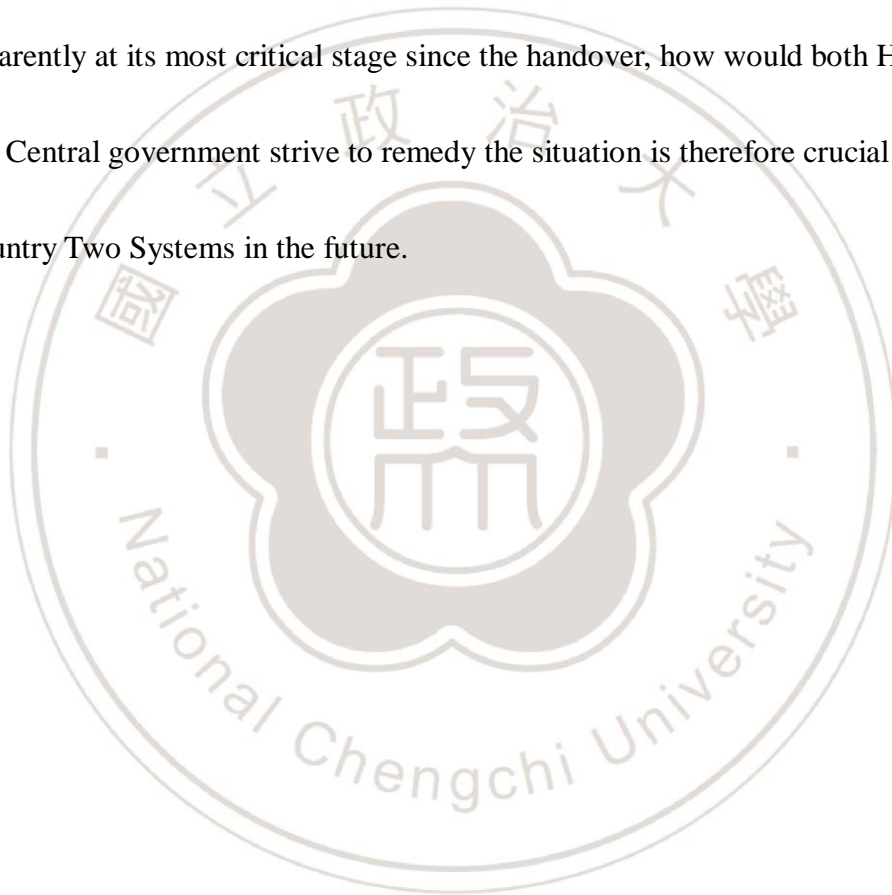
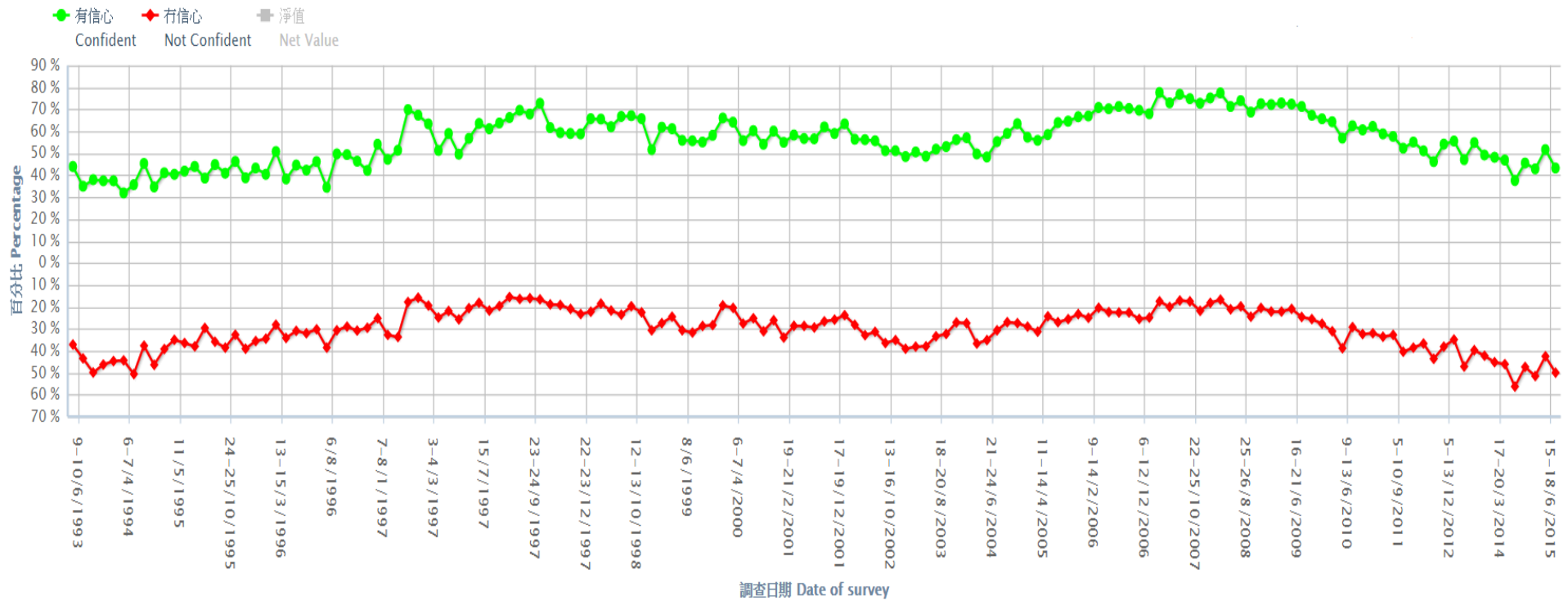


Chart 18 People's confidence in "One country, Two Systems"



Source :Public Opinion Programme, The Unuiversity of Hong Kong. People's confidence in "One country, Two Systems"

## Chapter 5 Conclusion

The essences of One Country Two Systems injected much needed hopes into those who once harbored premonition that the return of Hong Kong to China would seriously undermine the way of life, rule of law, civic rights, capitalism as well.

Eighteen years later after the handover, whether those striking features of One Country Two Systems have been truly materialized in Hong Kong including prosperity, way of life, high degree of autonomy, human rights is particularly fun to watch, these are exactly where this research focusing on.

Whether the implementations of policies have been practised in accordance with the promises are the important questions to answer, On the economic end, in order to secure the prosperity, the economic integration of China and Hong Kong consolidated by Closer Economic Partnership Arrangement (CEPA), which evinces the inextricable ties and the inter-dependence between the two, both benefit substantive on each other, particularly the lucrative markets provided to Hong Kong through trade agreement that once helped revive Hong Kong's sluggish economy(Zhang 2013).

On the other hand, China also derived significant knowledge from Hong Kong's

experiences in Financial markets as well as those of the Hong Kong talents working in mainland, moreover, Hong Kong's unbeatable records of being ranked number one as having the world's freest economy for 20 years consecutively, the world's most services-oriented economy, the world's second largest recipient of foreign direct investment, the world's second largest source of FDI. All of those signified the continued prosperity since the handover.

However, the intractable economic problems that have been plaguing the grassroots, including that of income inequality(Chan 2014), exorbitant house prices, fierce competition in job markets, overcrowded population, growing tension between Hong Kong people and Chinese tourists, those are the problems that needed to be addressed comprehensively instead of basing the making of policies on the needs of those vest interests, otherwise, the current simmering dissatisfaction among the public will only be brewing to another level and leads to more social problems.

On the implementation of high degree of autonomy, it is quite obvious that China is still the one who can influence the fate of Hong Kong, even though China ostensibly claims that only foreign affair and security issues are the concerns of central government, and the rest are at the discretion of Hong Kong people, However,

the election reform could best reflect China's insistence on steering the course of democratic development. Three times of election reform since 2005 to 2014 still failed to meet the expectations of people, though the universal suffrage achieved, but which still largely regarded as distorted one, and China did fail to conduct election reform in accordance with Basic Law (Davis 2015).

Another sobering facts that show the high degree of autonomy has been undermined are press freedom and patriotic education. As in the chapter of press freedom sheds light on how big companies in Hong Kong suddenly retreat advertisements from the outspoken new media, which clearly indicates the strong Chinese influence pervading business sectors. Patriotic Education also revealed China's attempt to shape, to influence, not to say brainwash people's way of thinking, of perception of China, all of the irrefutable evidence points to the root causes of the thriving social movements in Hong Kong.

The good news is that way of life, some of the universal human rights, have been protected appropriately, and the credits should be given to both central government and Hong Kong government in the efforts of respecting the rule of law and the rights that are granted to people in this regard. As you can note that the Rating of appraisal

of Religious believe has been remarkably high since the handover, and the Rating of Appraisal of Freedom of association has also been promising as well.

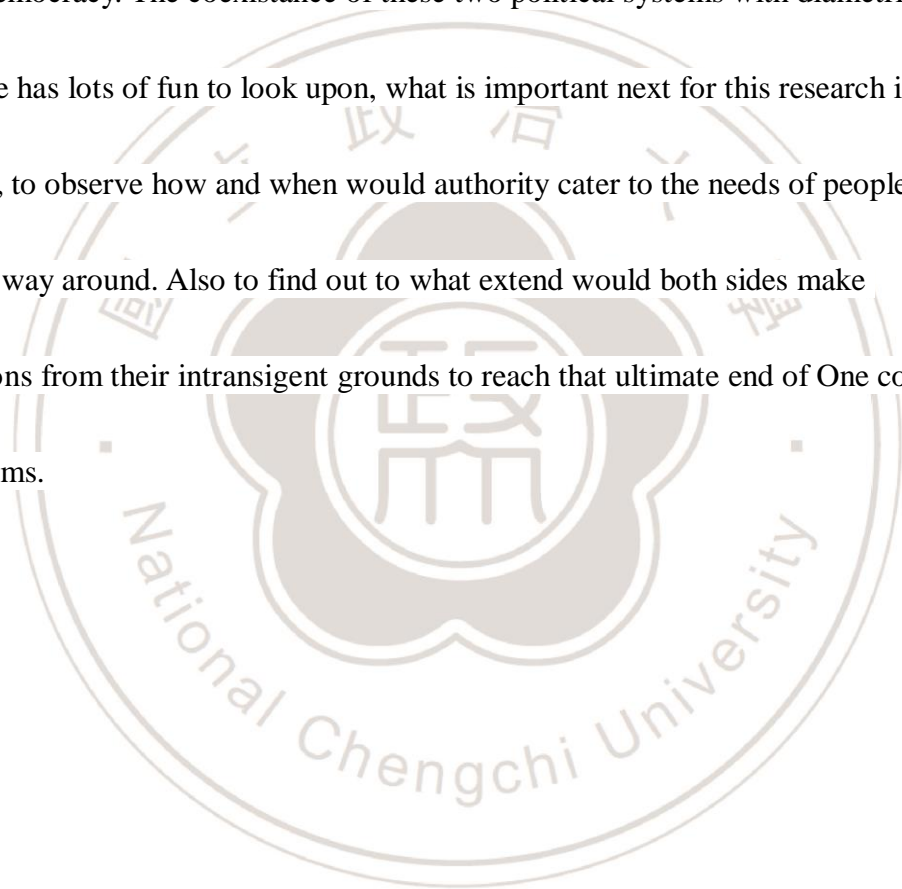
We can fairly say that the prosperity of Hong Kong has been sustained, but the high degree of autonomy has been undermined. If China was willing to respect and obey its own devised political system candidly, then apparently none of the problems it is facing today would be as scathing as it thought would. However, that is, the root cause of Hong Kong people's defiance against and the disenchantment with the government lies in the weakness of Hong Kong government to represent the wills of Hong Kong people, and the Central government's obsession with the controls of political course of development in Hong Kong to secure its own interests. China might perceive the precipitous development of democracy would send a message to other provinces or cities in mainland, and therefore sow the underlying threats, for whatever reason, however, since China had made promises in the Joint Declaration, it would be better to just commit itself to honoring its promises unconditionally, so would be able to uphold its credibility as a result, furthermore, its original goal of adopting One Country Two Systems as the basis to win back Taiwan would only become harder to achieve, if the government still fails to heed to the humble requests of Hong Kong people, the future over One Country Two Systems would only loom

large.

This research provides insights into what this unique political system has been operation in reality, what engrosses my attention in it has always been my doubts on the compatibility of an authoritarian regime as a governing body and its city granted with de facto democracy and high degree of autonomy. As a result, the significance of this research not only lies in the search of whether the policy implementation has been operated in accordance with promises, but also the impact of this peculiar system on society.

What sets as impediments to this research is the fact that when it comes to assess high degree of autonomy, it is hard to find or set up a tenable criteria as a basis for researcher to go after, and the incongruent interpretation of promises made in Joint Declaration between the British government and China exacerbates the already shaky grounds of research basis. Furthermore, it is extremely difficult to find the hard evidence of China's influence and intervention in the process of decision makings of Hong Kong government, as a result, policies seemingly in favor of China's frame of reference could not be regarded as an encroachment on high degree of autonomy. The rise of social movement might have touched the nerves of China, the showcase of people's unflinching courage on the streets in the face of riot police might have influenced China's way of thinking. The source of frictions between Hong Kong

people and China lies in the gritty fact that China is a country that loathes democracy being forced to acquiesce to the existence of it due to the historical circumstances, thus, it is reasonable for China to tread carefully and refrain from giving too much leeway in this regard to Hong Kong. However, people want more, people want that of greater democracy. The coexistence of these two political systems with diametric difference has lots of fun to look upon, what is important next for this research is therefore, to observe how and when would authority cater to the needs of people or the other way around. Also to find out to what extend would both sides make concessions from their intransigent grounds to reach that ultimate end of One country two systems.





# References

- Ash, R. (2000). *Hong Kong in transition the handover years*. Houndmills, Basingstoke, Hampshire: Macmillan Press.
- Buckley, R. (1997). *Hong Kong: The Road to 1997*. Cambridge, U.K.: Cambridge University Press.
- Chan, A. , Cheung, S. and Lai, T. (2014) Widening of a Poverty Gap: A Condition of Governance Crisis in Hong Kong. *Advances in Applied Sociology*, 4, 69-84.
- Chang, D., & Chuang, R. (1998). *The Politics of Hong Kong's reversion to China*. New York: St. Martin's Press.
- Chen, A. (2000). The Interpretation of The Basic Law – Common Law and Mainland Chinese perspectives. *Hong Kong Law Journal*, (30), 380-431.
- Chen, J. (Ed.). (2007). *The Hong Kong Special Administrative Region in Its First Decade*. Hong Kong: City University of Hong Kong Press.
- Cheng, J. Y. (2011). Challenge to the Pro-democracy movement in Hong Kong . *China perspective* , 44-60.
- Cheung Anne S. Y. & Chen H. Y. Chen(2004) The search for the rule of law in The Hong Kong Special Administrative region, 1997-2003 In *One country, Two systems" In Crisis: Hong Kong's Transformation Since the Handover* (pp.61-96). Lanham: Lexington Books.
- Chung, S. (2001). *Hong Kong's journey to reunification: Memoirs of Sze-yuen Chung*. Hong Kong: The Chinese University of Hong Kong.
- Clare Baldwin, Y. L. (2014). The mainland's colonisation colonisation of the Hong Kong economy. *Reuters* .
- Cottrell, R. (1993). *The End of Hong Kong: The secret diplomacy of imperial retreat*. London: John Murray.

Davis, M. C. (2015 ). Beijing's Broken Promises. *Journal of Democracy* , 26 (2), 102-110.

Dodsworth, J., & Mihaljek, D. (1997). *Hong Kong, China: Growth, structural change, and economic stability during the transition*. Washington, DC: International Monetary Fund.

Fong, C. h, B. (2014). Executive-Legislative Disconnection in Post-colonial Hong Kong. *China perspective* , 5-14.

Gary McDonogh, C. W. (2005). *Global Hong Kong*. New York: Routledge.

Horlemann, R. (2003). *Hong Kong's transition to Chinese rule*. London: RoutledgeCurzon.

Hong Kong Journalists Association. (2014) *Press Freedom Under Siege : Grave threats to freedom of expression in Hong Kong*.

*Hong Kong in transition one country, two systems*. London,: Routledge

Zheng, Y. (2013). *Hong Kong under Chinese Rule Economic Integration and Political Gridlock*. Singapore: World Scientific Pu

Horlemann, R. (2003). *Hong Kong's transition to Chinese rule*. London: RoutledgeCurzon.

Hui, V. T. b. (2015 ). The protests and beyond . *Journal of Democracy* , 26 (2), 112-121.

Kan, K. (2012). *Beijing's Visible Hand* . *China perspective* , 81-84.

Kan, K. (2012). *Lessons in Patriotism*. *China perspective* , pp. 63-69.

Kan, K. (2013). *Occupy Central and Constitutional* . *China perspective* , 73-78.

Lee, E. (2009). *Public policymaking in Hong Kong: Civic Engagement and State Society Relations in a Semi-Democracy*.

Lui, T.-L. (2014 ). *Fading Opportunities* . *China perspective* , 35-42.

- Leung, Y. (2008). An 'action-poor' human rights education: A Critical Review of the Development of Human Rights Education.
- Ma, Ngok.(2011). Value Changes and Legitimacy Crisis in Post-industrial Hong Kong . *Asian Survey* , 51, 683-712.
- Ma, Ngok.(2007). Democratic Development in Hong Kong In Joseph Y.S .Cheng. (Ed.). *The Hong Kong Special Administrative Region in its first decade* (pp.49-72). Hong Kong: City University of Hong Kong Press.
- Martin, M. F. (2009). *Prospects of Democracy in Hong Kong: The 2012 Election Reforms*. Congressional Research Service .
- Ortmann, S. (2015). The Umbrella Movement and Hong Kong's protracted democratization process. *Routledge* , 46 (1), 32-50.
- Panditaratne, D. (2008). Reporting on Hong Kong to UN Human Rights Treaty Bodies: For Better or Worse Since 1997 *Human Rights Law Review*, Vol.8, No.2, 295-322.
- Pen America Center. (2015). *Threatened Harbor: Encroachments on Press Freedom in Hong Kong*
- Pepper, S. (1986). *The Struggle for Autonomy within the Chinese State: Birth and Death of Democracy in Hong Kong?* Indianapolis, IN.: Universities Field Staff International.
- Pepper, S. (1995.). *Hong Kong in 1994: Democracy, Human Rights, and the Post Colonial Political Order*. *Asian Survey*, Vol. 35, No.1,48-60.
- Pepper, S. (1997). *Hong Kong, 1997: East vs. West and the Struggle for Democratic Reform within the Chinese State*. *Asian Survey*, Vol. 37, No. 8, 683-704
- Pepper, S. (2008). *Keeping democracy at bay: Hong Kong and the Challenge of Chinese Political Reform*. Lanham: Rowman & Littlefield.
- Qian, Yin.(2000). *Beijing's Fifth Column and the Transfer of Power In Hong*

- Kong:1983-1997 In Ash, R.,Ferdinand, P., Hook, B., & Porter, R.(Eds.).
- Sansani, I. (2003). The Threat of Article 23 to Civil Liberties in the Hong Kong special Administrative Region. *Human Rights Brief* , 10 (3), 28-31.
- Scott, J. (1990). *A Matter of record: Documentary sources in social research*. Cambridge, UK: Polity Press.
- Shen, J. (2008). Hong Kong under China sovereignty: Economic Relations with Mainland China, 1978-2007. 326-340.
- Shipp, S. (1995). *Hong Kong, China: A political history of the British Crown Colony's transfer to Chinese rule*. Jefferson, N.C.: McFarland.
- So, M. K. (2002). *Crisis and Transformation in China's Hong Kong*. N.Y, Armonk: M.E. Sharpe.
- The Hong Kong Special Administration Region Government. (2013) Method for Selecting the Chief Executive in 2017 and for Forming the legislative Council in 2016
- Unterobderster, H. C. (2008). *Hong Kong SAR Economic Integration with the Pearl River Delta* . International Monetary Fund .
- Wang, E. (1995). *Hong Kong, 1997: The Politics of Transition*. Boulder: L. Rienner.
- Wong, Y. (2004). "One country, Two systems" In crisis: Hong Kong's Transformation Since the Handover. Lanham: Lexington Books.
- Yahuda, M. (1996). *Hong Kong: China's challenge*. London,: Routledge
- Yongnian, Z. (Ed.). (2014). *Hong Kong under Chinese rule : Economic integration and political gridlock* . New Jersey, Hackensack: National University of Singapore
- 2015 Index of Economic Freedom. (2015). <http://www.heritage.org/index/> Retrieved June 14, 2015.
- Basic Law - index. (2015). <http://www.basiclaw.gov.hk/en/index/index.html> Retrieved

from April 2, 2015

Hong Kong Trade Development Council. (2015) : Economic and Trade Information on Hong Kong

<http://hong-kong-economy-research.hktdc.com/business-news/article/Market-Environment/Economic-and-Trade-Information-on-Hong-Kong/etihk/en/1/1X000000/1X09OVUL.htm>

Public Opinion Programme. (1991) The University of Hong Kong

<http://hkupop.hku.hk/chinese/>

Six Monthly Reports on Hong Kong. (2014). Retrieved February 17, 2015:

<https://www.gov.uk/government/collections/six-monthly-reports-on-hong-kong>.

Six Monthly Reports on Hong Kong: July to December 2013. (2013). Retrieved January 17, 2015:<https://www.gov.uk/government/publications/six-monthly-reports-on-hong-kong-july-to-december-2013>

Trading Economics, Hong Kong GDP growth. (2015) Retrieved February 22, 2015:

<http://www.tradingeconomics.com/hong-kong/indicators>