

Why Does Hong Kong Still Matter?

By Zhenmin Wang

Ever since the People's Republic of China was established in 1949, Hong Kong with its unique status has played an important role in the economic and social development of China, especially as a channel for China's communications with the Western world. For years, Western countries imposed a blockade on new China. Consequently, Hong Kong served as almost the only medium for China's outside communications, and was the main channel for Chinese trade with foreign countries. It was also the key source of the country's foreign exchange revenue.

Thus Hong Kong was like a huge Chinatown where Westerners could learn about China, while for the vast mainland it was like a big West-town where China could learn about the West. Between China and the West, Hong Kong served as both bridge and link.

In 1997, with the British withdrawal, China resumed the exercise of sovereignty over Hong Kong. Since then, China has quickened its rapid pace in reform and opening-up, developed its economy at an amazing speed, and gained more and more international influence. The Western world no longer must contact China only through Hong Kong, and China has found other ways to communicate with the outside world. Therefore it might seem that Hong Kong now plays a less important role, yet its significance to China has not decreased. Rather, in certain aspects it has increased. We can study Hong Kong's post-1997 importance in three ways: its influence on the reform and opening-up of mainland China, the solution of the Taiwan issue and the international arena.

I. The "Hong Kong experience" remains a ready reference for economic reform in the mainland

Hong Kong has a highly-developed capitalist market economy. The main goal of Chinese reform and opening-up over the past 30 years has been to establish a socialist market economy system. Of course, China also can learn from the US, the UK, France, Germany or Singapore, but it is more convenient to draw on the experiences of Hong Kong because it possesses special advantages. In addition to the geographical factor, it is, after all, a Chinese society. And in such a society, it has not been easy to build a perfect market economy and legal system. What's more, Hong Kong is also a bilingual region, using both Chinese and English. The mainland has indeed learned much there about the market economy and its management.

The past 25 years have brought an interesting phenomenon to the process of Chinese economic reform. Four special economic zones—Shenzhen, Shantou, Zhuhai and Xiamen—successively have been set up close to Hong Kong, Macao and Taiwan. The

main aim is to learn how to apply the experiences in these three special regions and have them digested, analyzed and absorbed for use in the four newer special economic zones. Many reform and opening-up measures were tried and tested first in these zones and then promoted nationwide from south to north. Among them, Shenzhen, adjacent to Hong Kong, has been the most successful and remarkable. And it is also the one that has contributed the most to China's reform. Why? Because Hong Kong set an excellent example. People in Shenzhen imitated Hong Kong's practices and later passed them on to inland areas. As compared with other mainland cities, Hong Kong is not particularly large but it possesses a tremendous radiant influence. It has contributed much to Chinese reform and opening-up as well as to the establishment of the market economy, and is undoubtedly of great significance.

Before the 1980s, China regarded capitalism as a great scourge. Since reform began in the late 1970s, China—although politically opposed to “wholesale Westernization”—began to make a more objective judgment of capitalism and affirmed its value and contributions to human society. That is why the Chinese government practices “one country, two systems” in Hong Kong and Macao, and would do the same in Taiwan, allowing them to retain capitalism and a capitalist life-style. Since 1997, Hong Kong's capitalism has been carefully maintained by the central government which permits Hong Kong to maintain its separate economic and legal systems. As for politics, Hong Kong can also adopt a different local political system and does not need to match that of the mainland. According to the Hong Kong Basic Law,¹ Hong Kong can quicken its pace of democratic development in the light of the actual situation and in accordance with the principle of gradual and orderly progress.

As compared with other socialist countries, such as the former Soviet Union, one significant factor contributing to the great success of Chinese market reform is that the Chinese people are not unfamiliar with the system. On the vast territory of China, there exists not only a socialist system but also Hong Kong's mature and highly-developed market economy. Other socialist countries did not have such an advantage. The Chinese people thus were able to build a market economy, survive the Asian financial crisis of the late 1990s and quickly adapt to challenges brought by accession to the World Trade Organization. Many socialist countries lost themselves in the process of market reform, and some even experienced the disastrous collapse of their governments. The “Hong Kong experience” could be said to have contributed greatly to China's success, a unique advantage due to the “one country, two systems” policy.

China already has achieved good economic results, but the process is only beginning and the country still has far to go. There remains a big gap between China and developed countries in establishing a sound legal system and mature market economy. As a Special Administrative Region, Hong Kong plays a quite significant role—one that can never be

¹ *The Basic Law of Hong Kong Special Administrative Region* was adopted by the National People's Congress of China in 1990. It came into effect when China resumed the exercise of sovereignty over Hong Kong on July 1, 1997. Since then it is the new constitutional document for Hong Kong which is also called Hong Kong's mini-constitution. The most fundamental essence of the Basic Law is to legalize and institutionalize the political concepts of “one country two systems”, “Hong Kong people run Hong Kong” and “high degree of autonomy”.

performed by any other city, even Shanghai. It retains special importance for the further implementation of the national reform and opening-up strategies. Although the central government levies no taxes on Hong Kong, its importance cannot be measured in terms of money or tax revenue.

The practice of “one country, two systems” provides mutual benefit for both the mainland and Hong Kong. On the one hand, the mainland keeps gaining vital economic management experiences in Hong Kong; on the other hand, Hong Kong benefits from rapid development on the mainland, especially from its huge market. Keeping Hong Kong stable and prosperous, and successfully implementing the “one country, two systems” policy, is not only in the interests of the Hong Kong people, but also is in accord with Chinese national interests. For many years, the “Hong Kong experience” will remain an important point of reference as the mainland continues its economic reform.

II. The influence of the “Hong Kong experience” upon resolving the Taiwan issue

The policy of “one country, two systems” was originally formulated not for Hong Kong but to reunite Taiwan and mainland China. For obvious practical reasons, however, it was first applied in Hong Kong and thus has become an example for resolving the Taiwan issue. If the policy can be successfully carried out in Hong Kong, this would influence whether or not Taiwan accepts it. Some people have suggested that China should deal with the Hong Kong and Taiwan questions separately, and not correlate what has happened in one to the future of the other. Certainly Taiwan is quite different from Hong Kong, and they should not be considered together in every aspect. However, no matter whether the mainland is willing or not, some Taiwanese, especially certain Taiwan leaders, always consider Hong Kong as a forerunner, consciously or unconsciously. What’s more, they always seem ready to find something in Hong Kong as grounds for criticism, and compare it with Taiwan to attack the policy. In fact, the two issues can never be split.

Undoubtedly, the complete and sincere implementation of “one country, two systems” in Hong Kong should help more and more Taiwanese, except diehard Taiwan independence advocates, understand the policy, or at least make more people on Taiwan consider mainland policies to be credible. Thus Hong Kong must be well managed so that everyone concerned will see that the policy can be carried out successfully. This is of great importance to the settlement of the Taiwan question and the eventual unification of Taiwan and mainland China.

III. The International Implications of the Hong Kong Issue

There are still some countries around the world that have not been unified. If China successfully carries out the “one country, two systems” policy and settles the Hong Kong issue peacefully, that would serve them as an important reference.

Throughout history, many wars have broken out due to differences about ideology and

religious belief. It is natural for different peoples and races to choose different beliefs and social systems, which reflect careful pondering over nature, history and society, plus real-life struggles and experiences. One may object to the others' choices and even criticize them. However, criticism as a weapon should not be changed into criticism by weapons. People should know how to live with others in peaceful harmony; and different nations must learn how to affect a win-win or multi-win coexistence. Promoting further "one country, two systems" policies and applying them to improve the relationships among countries can lead to formation of the concept of "one world, two (or more) systems" for future generations as they make choices about their longed-for social systems. Differences of ideology and social systems should not become the reason for tension among countries, nor as the excuse of waging war.

Furthermore, Hong Kong is an international metropolis. As described recently by Lord Wilson of Tillyorn (David Wilson), the former Governor of Hong Kong (1987-1992), Hong Kong is "a place which is a part of China, but also a great international hub. It has earned its title of 'Asia's World City'".² There are a large number of foreigners in Hong Kong. People from all over the world, particularly from the UK, the US, Australia, Canada, India and Singapore (mainly English-speaking countries) do business, work and settle down there for years or generations. Some have even become "Chinese". Together with the local Chinese community they have contributed to as well as benefited greatly from Hong Kong's prosperity and success. Many countries have substantial interests in Hong Kong. Under the "one country, two systems" structure and the Basic Law, the interests of foreign residents and foreign countries are effectively protected by Hong Kong law. All Hong Kong permanent residents, regardless of their racial origins and nationalities, enjoy the same economic and social rights and most political rights.³ In this sense, to guarantee the implementation of "one country, two systems" and the Basic Law, to maintain the stability and prosperity of Hong Kong, is not only in the interests of Hong Kong and China, but also of all Hong Kong foreign residents and their home countries.

Hong Kong has performed many miracles. The remarkable one is that people from different countries and regions, of different cultures and racial origins live and work together harmoniously and peacefully. Never was there any serious conflict among different peoples and races in Hong Kong. Under "one country, two systems" this tradition is well preserved and upheld. This could serve as a helpful example for troubled areas elsewhere that have suffered greatly from radical racial conflicts.

Hence, the experience of practicing "one country, two systems" in Hong Kong is of great international significance.

² Lord David Wilson: *Address of 173rd Congregation* (14 March 2006) in the University of Hong Kong at: <http://www3.hku.hk/eroonweb/hongrads/address.php?cong=173>

³ The Basic Law only requires that the Chief Executive, the Chief Justice and a few other senior members of the government and judiciary must be Chinese citizens. 20% of the members of Hong Kong Legislative Council may be non-Chinese citizens. See Articles of 44, 61, 67, and 90 of the Basic Law.

Conclusion

China has no greater interest in Hong Kong than to maintain its stability and prosperity, and promote healthy development of its capitalism. To achieve this goal, the Chinese central authorities will continue to strictly and carefully abide by the “one country two systems” policy and the Basic Law whenever problems regarding Hong Kong arise. The rule of law will be upheld and strengthened. The protection of human rights will be enhanced.

As for constitutional and democratic development, China is always supportive as Hong Kong develops more democratic politics. As a matter of fact, Hong Kong already is much more democratic than it was before 1997. The “twin universal suffrage” (in elections for the Chief Executive and legislature of Hong Kong), on which the 1984 Sino-British Joint Declaration on the Question of Hong Kong was silent, was adopted by the Chinese National People’s Congress with great foresight and high expectation seven years before Hong Kong returned to China.

Related provisions in the Basic Law set a long-sought goal of widening the scope of democratic development. Article 45 provides that “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.” Article 68 provides that “the method for forming the Legislative Council 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 election of all the members of the Legislative Council by universal suffrage.”

China is sincere and serious about the development of democracy in the Hong Kong SAR. There is no significant difference between Chinese central authorities and Hong Kong society in this regard. The only difference between Beijing and some public figures in Hong Kong concerns the pace and speed of the process. China has the overall responsibility for Hong Kong’s success, long-term stability and prosperity, and will spare no effort to guarantee both stable economic growth and successful democratic progress. The “twin universal suffrage” will be eventually realized in due course in Hong Kong.

Hong Kong’s return to China in 1997 is not the end of the “one country, two systems” policy, but its beginning. Handling carefully the Hong Kong issue is important not only for the reform in the mainland, but also for reunification with Taiwan. It is also of great significance for other countries, especially for establishing a harmonious world order. To guarantee the policy’s success is not only in the overall interests of Hong Kong and of China, but also of the entire human race because it can promote peace and harmony among different ideologies or social systems and provide a peaceful means for solving disputes among different groups of people.

However, for both the central government and Hong Kong, the prevailing policy is a new undertaking that still needs testing and improvement. Let us wait and see, and in the meantime give our sincere blessing to this new experiment and endeavor. ■

Zhenmin Wang is Professor and Vice Dean of the Tsinghua University School of Law in Beijing. He is a member of the Hong Kong Basic Law Committee of the Standing Committee of the Chinese National People's Congress and concurrently a member of the Macao Basic Law Committee. As a member of the China Law Society, Professor Wang serves as Vice President of the Beijing Association of Constitutional Law. He is also a senior Research Fellow of the Institute for Hong Kong & Macao Affairs under the Development Research Center of the State Council, which advises the central government on Hong Kong policy issues. His teaching and research focus on constitutional and administrative law, legal reform and legal education.