

Beijing's Policy Towards Hong Kong and the Prospects for Democratisation in the SAR

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Five days after the Tiananmen Square massacre, Deng Xiaoping indicated that this “counter-revolutionary turmoil” was bound to happen because of trends in the *da qihou* (literally, the larger climate; figuratively, major domestic and global developments⁽¹⁾). To understand the intriguing changes that have taken place in the Hong Kong Special Administrative Region (SAR) ten years after 1 July 1997, it is instructive to assess changes in not only Hong Kong itself but also Beijing-Hong Kong relations. China's precipitous rise to within striking distance of attaining “quasi-superpower” status also has to be taken into account.

When late patriarch Deng Xiaoping first conceived the “one country, two systems” schema in the early 1980s for taking back the last jewel of the British Empire, the emphasis was pretty much on the “two systems,” that is, maintaining Hong Kong's capitalist economic structure and liberal political framework for at least fifty years. In the early days of China's reform and open-door policy, Hong Kong not only invested heavily in coastal cities but also taught a whole generation of cadres how to negotiate the cunning corridors of the market economy. Partly to reassure skittish Hong Kong businessmen, Deng reiterated that Beijing's role in the future SAR would be minimalist. Up until the mid-1980s, Deng and liberal colleagues such as Party chiefs Hu Yaobang and Zhao Ziyang told Hong Kong visitors that apart from changing the flag and the national anthem, there would be little in the way of changes post-1997⁽²⁾. Regarding the *zhigang banzi*, or the SAR's ruling team, Deng noted that it should comprise elements “from the left, centre and right,” meaning that even “rightists”—citizens with “pro-West,” or “bourgeois-liberal” views who support national unity—should make up the future SAR administration⁽³⁾.

By 2007, however, the “one country” aspect of Deng's slogan has towered over the “two systems.” This is due to the fact that the mainland market has become the most important pillar of Hong Kong's prosperity, the very lifeline of its economy. The PRC is now the second-largest economy in the world (on price-parity terms), with foreign-exchange holdings in excess of US\$1.2 trillion. Other aspects of the *da qihou*

affecting Hong Kong and Beijing-SAR ties have undergone significant mutations. This paper will look at factors behind Beijing's decision, particularly after 2003, to interfere directly in internal Hong Kong affairs. Efforts will also be made to explain why broad sectors of the SAR community seem unwilling to put up a fight, in the sense of safeguarding Hong Kong's autonomy through means including supporting pro-democracy forces that are clamouring for an early realisation of full-fledged democracy. After all, the Basic Law, Hong Kong's mini-constitution, makes it clear that the election of the chief executive (CE) by universal suffrage is the “eventual goal” of political development. This paper will conclude by making some predictions over the evolution of SAR politics and Beijing-SAR relations in the foreseeable future.

Beijing's policy toward the SAR's political development

Incumbent CE Donald Tsang's triumphant “re-election” in March this year to a second term should, in theory, have re-

1. Deng Xiaoping's theory about *da qihou* (the “macro climate”) was laid out while meeting PLA representatives five days after the June 4th massacre 1989, see New China News Agency, 9 June 1989.
2. In the early 1980s, Deng told Hong Kong visitors that there was no need to station troops in post-1979 Hong Kong. In mid-1984, he reneged on his earlier promise by pointing out that the PLA would be stationed in Hong Kong as a symbol of Chinese sovereignty. See *Ming Pao* (an independent Hong Kong daily), 26 May 1984.
3. Cited in Wu Kangmin (a Hong Kong deputy to the Chinese National People's Congress), “Who will be the Chief Executive in 2012?” *Ming Pao*, 14 April 2004.

assured the Chinese Communist Party (CCP) leadership that granting full suffrage to the SAR's seven million people would not impact adversely on the long-standing goal of "maintaining Hong Kong's stability and prosperity." Tsang, a career civil servant who was knighted by the British just before 1997, has convinced Beijing of his unstinting loyalty. In opinion polls conducted in the run-up to the polls, Tsang consistently garnered more than 70% of popular support. During the "small circulation election" on 25 March Tsang secured the backing of 649 out of the 789 members of the Electoral College. On the other hand, Tsang's opponent, pro-democracy barrister and legislator Alan Leong, captured barely 123 ballots—coupled with around 20% of popular support in opinion surveys⁽⁴⁾.

Moreover, the SAR's pro-democracy political parties are divided—and seem to be losing popular support at least in the foreseeable future (see following section). At the same time, the main pro-Beijing party, the Democratic Alliance for the Betterment of Hong Kong (DAB), seems to be going from strength to strength. As things stand, DAB legislators as well as deputies from the pro-business, pro-government Liberal Party, enjoy a sizeable majority in the Legislative Council (LegCo), Hong Kong's parliament. This "unholy alliance" between "leftist" and business-oriented legislators will enable most initiatives and bills drafted by the Tsang administration to sail through LegCo. After all, the pro-democratic forces could muster no more than twenty-four or so of LegCo seats⁽⁵⁾.

In theory then, there is hope that the CCP administration, having seen the momentum going the way of the pro-establishment forces, may afford to quicken the pace of democratisation. After all, a good chunk of the populace is ready to give Beijing the benefit of the doubt. Even Leong has noted that the leadership's policy toward the SAR is "pragmatic and rational." A post-CE election poll noted that an overwhelming 78% of SAR residents expressed confidence in the viability of "one country, two systems"⁽⁶⁾. And upon getting his protocol of appointment from central leaders in early April, Tsang put a positive spin on President Hu's statement about the SAR's political developments. Tsang quoted Hu as having told him that Beijing fully backed the goals of "developing the economy, improving livelihood and advancing democracy in a gradual and orderly manner; maintaining Hong Kong's prosperity, stability and harmony are the common wishes of Hong Kong citizens"⁽⁷⁾. Hu's words were taken as rendering support for at least an incremental but sure progress of democracy in Hong Kong.

Hu to maintain tough line on Hong Kong

In fact, Tsang's good showing may only have convinced the CCP leadership under Hu and Premier Wen Jiabao that its tough tactics toward "taming" Hong Kong have succeeded—and that there is no reason to change this policy. Moreover, in their second five-year term (2007-2012), the Hu-Wen team will continue to be preoccupied with a host of domestic and international challenges ranging from peasant riots and corruption scandals to ways to counter Washington's perceived "anti-China containment policy." Compared with Third-Generation leaders such as ex-president Jiang Zemin—who regarded the peaceful SAR "handover" to be one of his legacies—Hu and Wen do not accord top priority to Hong Kong affairs, especially when things are going Beijing's way. Hu's views on political matters within the SAR have not changed much since he took over the supremo's post in late 2002. While meeting former CE Tung Chee-hwa in August 2003, Hu pointed out that the SAR's political system "must develop in an incremental and gradualist manner"⁽⁸⁾.

Much of the Hu-Wen team's thinking about Hong Kong could be traced to the CCP leadership's reaction to perhaps the most significant show of people power in Hong Kong ever. On 1 July 2003, an estimated 600,000 people hit the streets to demonstrate against the misrule of Tung, a politically maladroit shipping tycoon handpicked by former president Jiang to run the SAR. The protestors also vented their fury at the impending enactment of the anti-secession Article 23 of the Basic Law—and demanded a quickening of the pace of democratisation. Beijing's response to this act of defiance was, as Hu told Tung a few weeks later, to ask the SAR administration to raise its guard against "foreign forces and external forces" interfering in SAR affairs⁽⁹⁾. The term "foreign forces" is a standard shorthand for "anti-PRC ele-

4. "Tsang secures victory with 649 ballots," *Ming Pao*, 26 March 2008. The election of the CE is considered a "small-circle election" because the majority of the 800 members of the Election College are deemed pro-Beijing, pro-establishment figures who are expected to heed Beijing's instructions about who to vote for.
5. The current LegCo consists of 30 directly elected deputies and 30 deputies coming from so-called functional constituencies. The latter include professional bodies and chambers of commerce—and are dominated by pro-Beijing elements.
6. "Hong Kong University survey on Hong Kong people's confidence in the mainland," *Wen Wei Po* (a Chinese-run Hong Kong daily), 27 April 2007.
7. Klaudia Lee, "Hu recognizes HK's desire for democracy," *South China Morning Post* (a Hong Kong English-language paper), SCMP, 10 April 2007.
8. Cited in Willy Lam, "'One country, two systems' after July 1," *China Brief*, a publication of Jamestown Foundation, a Washington think tank, 29 July 2003.
9. *Ibid.*

Young activists promoting democracy
on the pavement of Hong Kong

ments in the United States,” while the term “external forces” refers generally to Taiwan. International affairs analysts believe the CCP leadership is convinced that pro-democratic forces in Hong Kong are colluding with “anti-China foreign forces” such as United States-based organisations and the Catholic Church to undermine Beijing’s authority. According to political sources in Beijing, the Hu leadership has even made comparisons about the inchoate democracy movement in the SAR to the series of “colour revolutions” that have shaken Georgia, Ukraine and Kyrgyzstan since the early 2000s⁽¹⁰⁾.

The Hu-Wen leadership’s reaction to the 1 July 2003 event was comparable to that of Deng toward the mass rally that was held by some one million Hong Kong citizens in late May 1989 to show solidarity with the Tiananmen Square demonstrators. After putting down the “rebellion,” Deng took immediate steps—such as inserting Article 23 into the Basic Law—to prevent the SAR from becoming a base for subversion against the motherland⁽¹¹⁾. After mid-2003, Beijing adopted noticeably tougher measures to thwart the advance of the pro-democracy forces. Interference in SAR affairs is mainly perpetrated through the SAR’s “leftist” establishment. The latter includes the following elements: Beijing’s official mission in Hong Kong, called the Liaison Office of the Central Government (LOCG); a corps of state security agents thought to number around a few thousand; pro-Beijing political parties such as the DAB, which is thought to contain a fair number of CCP members; SAR-based members of Chinese political organisations such as the National People’s Congress (NPC), China’s parliament; and Beijing-affiliated media including two newspapers directly run by the CCP⁽¹²⁾.

Beijing’s all-too-visible hand in action

Beijing’s intrusion in SAR politics is perhaps best illustrated by the heavy-handed manner with which the leftist establishment has tried to influence the debate on democratisation as well as the outcome of particular elections. NPC Chairman Wu Bangguo, who is number two in the CCP Politburo Standing Committee, made it clear earlier this year that the SAR had no business making demands on Beijing to quicken the pace of democracy in Hong Kong. “The political system [of the SAR] falls under the central authorities’ jurisdiction, not that of the SAR,” Wu said. “The Basic Law has ensured an executive-led government, and that the SAR government should report to central authorities⁽¹³⁾.”



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On the eve of the March CE polls, Wu also noted that Beijing favoured a “chief executive who loves the motherland and Hong Kong, and who has the ability to materialise the ‘one country, two systems’ model⁽¹⁴⁾.” Despite the commonly acknowledged fact that Alan Leong had virtually no chance of upsetting Tsang’s CE candidature, senior Chinese leaders ranging from Premier Wen and to State Councillor in charge of Hong Kong affairs Tang Jiaxuan had gone out of their way to profess support for the Tsang candidacy. No Beijing leaders deign to even give Leong a mention. It was left to pro-Beijing politicians and media in the SAR to pillory Leong. The two “left-wing” papers, for example, repeatedly blasted Leong for “attacking the central authorities,” adding that his agenda for political reform

10. Author’s interviews with sources in Beijing, January 2004. For a discussion of Beijing’s views about the series of “colour revolutions” in central Asia, see, for example, Vladimir Radyuhin, “Shifting balance in Central Asia,” *The Hindu* (New Delhi), 20 July 2005.

11. Article 23 and other clauses aimed at preventing Hong Kong from “subverting” the mainland were added after the June 4th massacre 1989.

12. For a discussion of the left-wing establishment in Hong Kong, see, for example, Willy Lam, “Life in the Shadow”, *The World Today*, monthly publication of Chatham House, London, March 2007. Pro-democracy legislators in Hong Kong have warned against the presence to large numbers of state security personnel in the SAR, see, for example, Emily Tang, “Mainland spies have free rein: legislator,” *The Standard* (a Hong Kong English-language daily), 28 June 2004.

13. Cited in “The authority of the central authorities cannot be challenged,” *Wen Wei Po*, 8 March 2007.

14. *Ibid.*

amounted to an attempt to tear up the Basic Law and to undermine Beijing's authority⁽¹⁵⁾.

In the run-up to the September 2004 LegCo polls, pro-Beijing elements in Hong Kong pulled out the stops to mobilise support for candidates fielded by "patriotic" parties such as the DAB, some of whose leaders are thought to be CCP members. For example, the hundred of thousands of residents working for China-owned firms in the SAR received circulars and other admonishments to vote for DAB politicians. A fortnight before the elections, the two China-run newspapers ran sensationalist accounts and pictures of Democratic Party LegCo candidate Alex Ho being arrested by mainland police for allegedly patronising a prostitute in Dongguan, a city close to Hong Kong⁽¹⁶⁾.

Beijing has also proffered carrots aplenty as it is wielding a big stick against Hongkongers who dare defy its authority. In 2003, Beijing and the SAR signed the Closer Economic Partnership Arrangement (CEPA), which makes possible, among other things, tariff-free entry of Hong Kong-manufactured products into the mainland. CEPA has also smoothed the way for professionals in fields such as law and accountancy to practice in the mainland. Beijing has also liberalised procedures for Chinese who want to come to Hong Kong as tourists. Last year, some 13.59 million Chinese tourists, including big-spending, *nouveau riche* denizens of the eastern coast, visited the SAR. Also in 2006, a record number of large state-owned enterprises, including the major banks, chose the Hong Kong Stock Exchange (HKSE) to launch their initial public offerings (IPO). All these have the effect of consolidating Hong Kong's reputation as the financial centre of Asia. In 2006, IPOs on the local bourse reached \$40 billion, nearly \$7 billion more than that of the New York Stock Exchange. Half of the \$1.8 trillion marketisation of the HKSE is accounted for by PRC enterprises⁽¹⁷⁾.

Economic realities vs. democratic forces in Hong Kong

The economic realities of Hong Kong seem to militate against the political fortunes of its pro-democracy forces. This is despite the fact that in the most recent territory-wide elections—the 2004 LegCo polls—candidates of the pan-democratic alliance garnered about 60% of the vote. Apart from Beijing's "boycott," democratic parties have been consistently snubbed by the business community. This becomes obvious just by looking at the financial statements filed by the Tsang and Leong campaigns. Tsang, the shoo-in candi-

date, received HK\$22 million in donations from the who's who among Hong Kong's tycoons: Li Ka-shing, Li Shau-kee and so on. And Leong's modest HK\$3.8 million mostly came from gifts from members of his own pro-democracy Civic Party⁽¹⁸⁾.

While their personal political philosophies may vary, the great majority of businessmen in Hong Kong understand the reality very well: the future of their businesses lies in the China market, and they cannot afford to fall foul of CCP leaders. (These same tycoons took the side of Beijing when the CCP leadership huffed and puffed over the democratic reforms introduced by Chris Patten, the last British governor of Hong Kong, in the mid-1990s.) Beijing, for its part, is a past-master in so-called united-front tactics: in the case of Hong Kong, wooing the business community and other socio-economic sectors while isolating the enemies, viz., the pro-democracy elements. Big investors in China—and supporters of Beijing's Hong Kong policy—are rewarded with not only commercial opportunities but also coveted slots on the National People's Congress and the Chinese People's Political Consultative Conference⁽¹⁹⁾. And these tycoons certainly would not risk falling foul of the *beidaren*—so-called "grand mandarins from up north"—by being seen as keen supporters of democracy. That the democratic parties are cold-shouldered by the business community is partly responsible for the fact that their leaders lack the requisite expertise to articulate a convincing platform on economic development. Hence the overall perception that democratic parties are virtually one-issue parties: they cannot offer voters much beyond the vision of one-person, one-vote.

Moreover, a sizeable proportion of the populace may also think that casting a vote for pro-democracy politicians would be a waste of resources given the fact that the latter are "black-listed" by Beijing. Here, the psychology of "you do not bite the hand that feeds you" may be at work. After all, since the economy took off in the 1970s, more than two gen-

15. See, for example, an article by a "special commentator" of the *Wen Wei Po* blasting Alan Leong for "publicly challenging the central authorities' constitutional powers," in "Those who go against people's wishes will lose public support," *Wen Wei Po*, 28 March 2007.
16. William Foreman, "Hong Kong surpasses New York in IPOs," Associated Press, 24 December 2006.
17. Albert Wong, "Tycoons shunned Leong, poll expenses tally shows," SCMP, 25 April 2007.
18. For a discussion of the Alex Ho affair, see, for example, John Chan, "Chinese police generate 'sex scandal' against Hong Kong election candidate," World Socialist Website, 30 August 2004, <http://www.wsws.org/articles/2004/aug2004/hk-a30.shtml>, accessed on 10 April 2004.
19. Businessmen and "patriotic" professionals figure prominently among Hong Kong-based delegates to the NPC and the CPPCC.

erations of Hong Kong residents have realised substantial socio-economic upward mobility. And if before 1997 a good chunk of the population was willing to “tolerate” British rule, the same number of residents are willing to settle for a similar *quid pro quo*, that is, to accept limitations to their democratic rights in exchange for Beijing-guaranteed “prosperity and stability.” According to an early April poll undertaken by the University of Hong Kong, 58% of SAR residents said they had “trust” in the central authorities, up 11% from about two years ago. And part of this trust has been anchored upon the perceived economic dispensation that Beijing has granted the region. CEPA, for example, is credited by the SAR administration for having generated 29,000 jobs for Hong Kong in the first two years of its implementation⁽²⁰⁾.

Members of pro-China parties such as the DAB have profited from these “feel good” sentiments to garner popular support through pledges that they can serve their constituencies in concrete ways thanks to their special relationship with Beijing. During the 2004 LegCo elections, DAB candidates picked up 455,000 votes, versus 392,000 in the previous poll in 2000⁽²¹⁾. DAB politicians have won Brownie points by helping SAR residents who have encountered problems—ranging from traffic accidents to legal disputes—north of the Shenzhen River. The number of Hong Kong citizens working on the mainland had increased from 133,500 in 1998 to 228,900 in 2005. And close to half a million Hongkongers are living, retiring or spending substantial periods of the year on the mainland. Given that pro-democratic politicians cannot function north of the SAR-Guangdong border, it is not surprising that the DAB is growing in influence. By 2007, the DAB had recruited 10,000 members, consolidating its position as the SAR’s largest political party by membership⁽²²⁾.

The most effective card that Beijing wields against pro-democracy politicians then, is simply to ignore them. A dozen-odd politicians in the Democratic Party and Civic Party have been denied permission to go to the mainland, even as tourists. CE candidate Leong’s requests for meetings with Beijing officials have been denied. In light of the fact that the Hong Kong economy, as well as the living standards of its residents, are dependent on Beijing, it is not easy for pro-democracy politicians to garner the votes of those who put economic benefits before political principles. As Zeng Xianzi, a businessman and senior NPC member noted with regard to the Leong candidacy, “I can’t see how he can resolve the issue of the absence of recognition and support from Beijing⁽²³⁾.”

Prospects for democratisation in the foreseeable future

In terms of the *da qihou*, Hong Kong’s dependency on Beijing—as well as Guangdong and neighbouring provinces—is set to grow in the coming decade. Quite a number of capital projects on which the SAR’s prosperity hinges, such as the bridge linking Hong Kong with Zhuhai, requires the approval of the central authorities. Local financial institutions are grateful for special policies such as the designation of the SAR as a centre for the flotation of yuan-denominated bonds. Particularly after the Chinese currency has become fully convertible—which could happen within five years—Shanghai, Tianjin and other star cities along the eastern coast are in a position to compete with the SAR in the financial and other services-oriented sectors. As Paul Yip, the pro-China head of a Hong Kong think tank said, “Twenty years ago, Beijing had to rely on Li Ka-shing; today, it’s Li Ka-shing who has to rely on Beijing⁽²⁴⁾.”

A key campaign pledge made by Tsang is that the SAR government would table a proposal on democratisation—including the issue of universal-suffrage polls to pick the future CE—before the end of the year. While Tsang has asked the democrats and other parties in Hong Kong to submit ideas, the government has the final right to “mix and merge” all proposals into a “mainstream” blueprint which would be put to the public. And if this blueprint wins the support of 60% or more of the populace, Tsang will put it to Beijing for final approval. Given that the CE is beholden to the support of power blocs such as the tycoons, the Liberal Party as well as the DAB—and not to the pan-democratic alliance—democratic legislators have expressed grave doubts about whether the government-sponsored blueprint would contain recommendations for one-person, one-vote polls⁽²⁵⁾.

Almost inevitably, the fate of Hong Kong is predicated upon the development of Chinese politics. President Hu, who has turned out to be much more orthodox in ideological and political matters than expected, is due to step down in 2012. However, the 64-year-old “neo-conservative” will likely ap-

20. Gary Cheung and Klaudia Lee, “Facing North,” SCMP, 23 April 2007.

21. “The DAB vows to scrutinize the government,” *Commercial Daily* (a Hong Kong daily), 14 September 2004.

22. Gary Cheung and Klaudia Lee, “Facing North,” *ibid.*

23. Cited in Willy Lam, *The World Today*, *ibid.*

24. “Today, Li Ka-shing has to rely on the Beijing central authorities,” *Hong Kong Economic Journal*, 28 April 2007.

25. Albert Wong and Denise Hung, “Pan democrats fear mix and match on suffrage,” SCMP, 13 April 2007.

point a successor among his so-called Communist Youth League Faction, most of whose affiliates are not known for their liberal proclivities. The “dual track policy” that Beijing has followed after the Tiananmen Square crackdown in 1989—economic liberalisation coupled with intolerance towards dissent and “Western-style” political values—is unlikely to change in the foreseeable future. Indeed, there are signs that Hu and his colleagues are trying to extend the CCP’s somewhat tattered mandate of heaven by appealing to their countrymen’s growing sense of nationalism. And this could mean Beijing tightening control over Hong Kong, the “autonomous regions” of Tibet and Xinjiang, as well as the “breakaway province” of Taiwan.

Yet still another factor working against the aspirations of pro-democracy politicians and residents of the SAR is that Beijing no longer needs to worry about international criticism of its Hong Kong policies. If only to prove that Britain has not “sold out” Hong Kong people through its arduous negotiations with Beijing over the 1997 issue, London has by and large claimed that post-1997 Hong Kong has been a success story. And particularly after the 9/11 incident, Washington has played down its critique of Beijing’s violations of human rights as well as Chinese measures relating to Hong Kong, Tibet and Xinjiang. In any event, the Hu-Wen leadership is confident that with

the precipitous rise in China’s global status, more and more Western countries—even those which used to set a lot of store by humanitarian values—would refrain from “finding fault” with Beijing’s policies toward an obviously prosperous SAR.

This somewhat pessimistic reading is a far cry from pre-1997 predictions that the free-wheeling, all-taboos-be-damned mentality that underpins Hong Kong’s success could somehow change—in the sense of “Westernising”—the mind-set of the relatively well-educated and wealthy Chinese who live along the eastern coast. It is true that Hong Kong movies and Canto-pop music have made a big dent in the mainland culture. And savvy businessmen like multi-billionaire Li Ka-shing have continued to play a sizeable role in the integration of the Chinese economy to the global marketplace. In terms of cross-pollination in the political arena, however, Hong Kong is very much a David up against a Goliath with Chinese characteristics. In many ways, the metamorphosis of Hong Kong from British crown colony to SAR has brought about a sinicisation of the political norms of its seven million residents. The cold wind from up north has blighted the hopes of the minority of democracy enthusiasts that the SAR could show the way forward for 1.3 billion Chinese who are still under the yoke of authoritarian one-party rule. •