

# **Hong Kong Under One Country Two Systems: Promises and Realities<sup>1</sup>**

**By Chris Yeung**  
**Visiting Fellow, Center for Northeast Asian Policy Studies**  
**Foreign Policy Studies Program**  
**Brookings Institution**  
**June 2001**

---

<sup>1</sup> Chris Yeung is an Associate Editor and the Political Editor of the South China Morning Post, Hong Kong. The opinions expressed herein represent his own. The author wishes to thank Jennifer Chang for her assistance in the final editing stages of this paper and people who had offered their views for this paper.

## **Introduction**

The return of Hong Kong to Chinese rule captured the attention of the entire world. While most people conceded that the untried formula of “one country, two systems” was the best possible option for the people of Hong Kong, there were persistent doubts and anxiety about its viability and the sincerity of Beijing in honoring its promises. Whether or not the policy would work was definitely in the eye of beholder.

Following the handover 1997, nothing disastrous happened, and as the saying goes, so far so good. Over the past few years, however, the overall picture has become much more complex, contradictory, and thought provoking. These complexities and contradictions illuminate the practical challenges facing “two systems” within “one country” – many of which could hardly have been foreseen before the handover. Unlike the pre-1997 jitters that mostly stemmed from communist-phobia and fears of the unknown, post-handover concerns dwell on such issues as civil liberties and rule-of-law. To examine these questions, this paper will revisit Beijing’s basic policies towards Hong Kong, analyze major events and their implications since the handover, as well as draw conclusions and make recommendations. In revealing increasing complexities of post-handover political life in Hong Kong, the paper suggests a realistic rethinking of key concepts and policies, improving political consensus-building, and taking a proactive approach to reach more positive-sum solutions for China, Hong Kong, and the international community.

## **Before 1997: Policy, Strategy and Public Opinion**

Unprecedented in the history of mankind, the policy of “one country, two systems” was designed primarily to achieve the dual objectives of preserving a prosperous Hong Kong

while securing China's wider national interests of territorial sovereignty. Mooted in the early 1980s, its ultimate goal was to provide a framework with to resolve the Taiwan question. The basic ideas of the policy, which were further defined in the Basic Law of the Hong Kong Special Administrative Region (SAR) promulgated in 1990, are:

- Adhering to one country and safeguarding national sovereignty;
- Upholding the arrangement of keeping the system basically unchanged and;
- Safeguarding stability and prosperity.

A three-part strategy governing this unique formula was adopted. First, Hong Kong's Basic Law, binding on both the SAR and China, was enacted to separate the two systems. Under the mini-constitution, the SAR is empowered to handle domestic matters with a high degree of autonomy while Beijing retains power over defense and foreign affairs. The delineation of powers is designed to prevent mainland interference. Secondly, a minimalist approach is taken to realize the concept of "one country." This is symbolized by, among others, a new flag and emblem, and Beijing's role in the appointment of the SAR's chief executive and other principal officials. Thirdly, there is a general understanding and recognition of the need for tolerance when dealing with differences that may emerge between the two systems in handling practical problems.

The June 4 massacre in 1989 changed the mind-set of Chinese leaders. Shocked by mass protests in Hong Kong, they inserted a provision in the Basic Law to shield the mainland from subversive threats from Hong Kong, known as Article 23. Moreover, Hong Kong domestic confidence in Beijing was shattered. With images of the bloody crackdown fresh in the people's collective consciousness, pessimists argued that the

communist regime is by nature authoritarian. It demands control, and desires absolute control. It has no appetite for Western values, or internationally accepted norms of civil rights and liberties, nor does it have a free press or mechanisms for governmental checks and balances.

Pessimists and those critical of Beijing strongly believe that the two societies are so dissimilar that Beijing's tolerance will eventually wear thin and conflicts following the handover are inevitable. They also predict that Communist Party conservatives will find the Western bourgeois influence from Hong Kong to be a threat to communist rule. Overtly or indirectly, then, it will try to circumscribe the SAR's autonomy and in effect monopolize de facto control over Hong Kong. The Basic Law, they argue, has provided significant means for them to influence SAR affairs such as the power to appoint the Chief Executive (CE).

Optimists point out that economic rationalism has prevailed in China since its 1979 open door policy and has widened the sphere of political and social life. They emphasize that a prosperous and stable Hong Kong will play a pivotal role in China's modernization drive: serving as a window for understanding the rest of the world, helping absorb foreign capital, and providing economic and financial know-how. Furthermore, any missteps in the Hong Kong experiment would be detrimental to Taiwan reunification and China's move to enmesh itself with the international community.

Post-handover developments show both the "politics first" and "economics first" notions are insufficient to explain the intricacies and contradictions that have surfaced since 1997. While anecdotal evidence suggests that Beijing has not overtly interfered in Hong Kong SAR activities, mainland officials have made indiscreet remarks about the

bottom-line for Hong Kong's autonomy on issues such as the election of CE, the Falun Gong spiritual movement and a free press. Meanwhile, conflicting approaches towards "one country, two systems" emerged within Hong Kong society itself. While people remain vigilant on the importance of upholding Hong Kong's pre-handover political system, they have become more conscious of the need to get closer to the sovereign, "think China" and act cautiously on sovereignty-sensitive matters.

These crosscurrents within Hong Kong and between Hong Kong and the mainland and clearly reflected in several post-handover controversies: Falun Gong's perseverance in Hong Kong; the Chief Executive's election; Hong Kong elections; the resignation of Anson Chan; judicial, academic and press freedoms; and foreign relations.

### **Post-1997 Contradictions and Controversies**

#### *Falun Gong*

The Falun Gong spiritual movement has emerged as the stickiest challenge for the leadership of the first Chief Executive, Tung Chee-hwa, in handling its relations with the mainland. Outlawed in China, it was first labeled as "cult," later as subversive. In Hong Kong, it was registered under the Societies Ordinance in 1996 with about 300 members. Some people were curious about their group exercises in public places, but few bothered to find out more about who they are, or about the spiritual-physical exercises that blends Buddhist and Taoist beliefs.

Friction between Hong Kong and Beijing over the Falun Gong grew in 2000 as a nationwide campaign against the group in the mainland, launched in 1999, intensified. Hong Kong government officials maintained that any groups that acting within the law

would be tolerated. The group was allowed to hold an international conference at a government venue in January 2001. Some 1,000 practitioners from around the world staged a march against Beijing's crackdown. While officials said the rally demonstrated that the "one country, two systems" policy was alive and well, local pro-China factions cited it as a show of soft-handedness and insensitivity to Beijing's fears. Mainland officials warned that Hong Kong should not be used as a base for subversive activities, but stopped short of delineating what the SAR should do.

The Hong Kong government faced a no-win situation. Any attempt to curb legitimate Falun Gong activities – seen by the Hong Kong public as an attempt to appease Beijing – would deal a severe blow to confidence in "one country, two systems." However, failure to do so would damage ties between the SAR and Beijing. Chief Executive Tung ruled out "fast-tracking" an anti-subversive law, but he and his senior aides sharpened their words warned there are limits to civil liberties. Tung said in Tokyo in March 2001, "I want you to be aware of the social unrest caused by Falun Gong in the mainland...From Hong Kong's perspective, we cannot allow our freedom and tolerance to create social unrest. We also cannot allow our freedom and tolerance to create social unrest in the mainland." As also indicated in previous statements, comments such as these marks a shift of emphasis on the need to consider China's interests, not just the SAR's. The SAR government confirmed in May 2001 that they are studying a new law on the handling of cults, which is seen as primarily targeted at the Falun Gong.

A top SAR official, who spoke on condition of anonymity for this article in January 2001, said that the Falun Gong dilemma showed how they are constantly aware of the need to strike a balance. "Falun Gong is outlawed in China, but this is not the way

we look at it...Even though the Central Government disagreed, they have to tolerate. That doesn't mean we should ignore their concerns." The room for ambiguity, however, is limited. As the battle of wills between Beijing and the Falun Gong continues, Hong Kong will be caught in the middle.

The Falun Gong case has raised important issues. First, the concept of "one country" is imbued with vague ideas including "social stability," "national security" and "political embarrassment." No longer does it merely encompass national sovereignty and territorial integrity. The exercise of lawful rights may now be subject to more arbitrary political criteria. Secondly, this case sheds light on the limits of Beijing's tolerance of activities Hong Kong people view as local concerns. In the long term, it highlights the issue of managing a relationship rife with differing cultural and political values. This gap will likely persist for some time to come. Thirdly, the mystery surrounding Falun Gong's leader, Li Hongzhi, and his secluded life in the United States, has deepened Beijing's fears of Western plots against China organized in the backwaters of Hong Kong. This will deepen Beijing's conviction that Hong Kong should always be an "economic city," not a "political city." Local groups who maintain close ties with foreign religious and human rights groups have become more cautious, and will come under a closer scrutiny by the SAR government and Beijing. This casts a long shadow over the openness of Hong Kong, which has aspired to become "Asia's World City."

*Chief Executive: One Role, Two Expectations*

Speaking at the Chinese University of Hong Kong (CUHK) in December 2000, Singaporean Senior Minister Lee Kuan Yew underscored the impossible task facing

---

<sup>2</sup> Transcript issued by Information Services Department, Hong Kong Government, March 20

Tung. Whoever gets the job, Lee said, will have a difficult task bridging the wide gap between the expectations of the people of Hong Kong and leaders in Beijing. Under the Basic Law, a committee of 800 Hong Kong people, appointed by the Central People's Government (CPG) elects the CE, and he or she is accountable to the CPG and the people of Hong Kong. However, controversy surrounding the leadership and governance of Tung in the past two years has reflected a wide gap between the expectations of Hong Kong and Beijing for the SAR chief.

Beginning mid-1998, Tung encountered serious economic and political challenges. Not only did the economic downturn last longer than expected, but the administration was badly hit by a spate of administrative blunders and crises, such as the opening of the new airport, an avian flu outbreak, and a public housing construction scandal. Tung's ambitious drive to overhaul the outdated school, medical care and civil service systems met with stiff opposition. A significant drop in voter turnout in the 2000 Legislative Council elections reflected the depth of public dissatisfaction. Tung's popularity ratings slipped to new lows, and although most people agree he is a sincere, honest and devoted person, he has been sharply criticized as indecisive, incompetent, and out of step with the rest of society. Grassroots organizations criticize him as overly pro-business, while businessmen lambaste him for his lack of ideas for stimulating the economy. Middle class Hong Kong residents consider him to be too conservative on issues such as democracy and too inclined to please Beijing when handling matters such as the Falun Gong. To Hong Kong people, the Chief Executive is evaluated according to concrete results, and in this case Tung has not received a passing grade.



Beijing, on the other hand, sees the CE as an institutional authority with legitimacy coming from the central government. To Beijing, stability in the first decade after the handover takes precedence over all else and Tung has succeeded in securing a smooth transition from colonial rule to self-administration: weathering a financial crisis, maintaining international confidence, dissipating local jitters. They consider some setbacks to be temporary and mainly left over from the pre-handover government. More importantly, Beijing trusts that Tung will not do anything to undermine the interests of "one country." He has spoken harshly about Falun Gong activities and treaded carefully along the official line in handling sensitive matters. Beijing, not surprisingly, thinks Tung has done a good job.

Some senior officials agree that Tung's performance should not be judged solely in the context of his domestic policies. They argue that Tung has succeeded in ensuring that the central and local authorities keep their hands off Hong Kong. A top official says, "The Central Government trusted Tung. They are confident Tung will not turn Hong Kong out of control or into a subversive base. This is most worrying to them. Stability is above everything as the Communist Party prepares for its 2002 party plenum."<sup>3</sup>

However, many do not share Beijing's concerns about social stability, instead arguing that Tung's leadership is a source of instability. Some democrats, such as Martin Lee, point out that Tung's main priority should be "to go to Beijing to push for faster democracy for Hong Kong."<sup>4</sup> CUHK Professor Lau Siu-kai says Tung has failed to reconcile the conflicts that have emerged between the two systems. His failure to maintain effective governance, he said, has even prompted Beijing to step in and rally

---

<sup>3</sup> Interview with the author in January 2001

<sup>4</sup> Interview with the author in January 2001

support for him, despite the risk of being criticized for interfering. A local deputy of the National People's Congress (NPC), Allen Lee, notes the most important thing to Beijing is successful and effective governance. "It does not want Hong Kong to become a burden that it has to get involved. It has no choice now but to indicate clearly its support [for Tung]." <sup>5</sup>

### *Election Dilemma*

Against the backdrop of criticism against Tung, the controversy over remarks made by Beijing leaders on the second CE election last year reflects important contradictions inherent in the CE election process. In a departure from previous silence when asked if they supported a re-election bid of Tung, Chinese Vice Premier Qian Qichen said before a meeting with Tung in Beijing in October 2000, "Support, I support." Qian's remarks drew flak from the Hong Kong community. Some claimed Tung's second-term was already an "imperial order" by Beijing. One day after Qian's remarks, Jiang lost his temper and scolded a group of Hong Kong journalists when they raised a similar question. Hong Kong journalists, he said, were "too simple, sometimes naive."

Jiang said the next CE would be elected according to Hong Kong law, but he said Beijing also had a role to play. "Our decision is also extremely important, since Hong Kong belongs to the government of the People's Republic of China. We will make our stance known when the time comes." In a separate occasion later that day, Premier Zhu Rongji said, "We always support Mr. Tung." In an attempt to dampen the furor, he said state leaders could also freely express their support. He also said Beijing had taken public

---

<sup>5</sup> Interview with the author in January 2001

opinion into account in the first election in 1996. In March, Qian strongly hinted that it would be conducive to stability if Tung stayed for another term.

This controversy highlights the gap between Hong Kong people and Beijing over the next CE election and, more fundamentally, the very concept of elections. If Hong Kong people are anxious to know whether Beijing supports Tung for a second term, it is because they expect, and rightly so, that anyone without Beijing's blessing is probably a non-starter. Despite this, Hong Kong residents want a say, albeit a limited one, in choosing their leader after 156 years of colonial rule. Beijing, meanwhile, is also keen to prove that "Hong Kong people ruling Hong Kong" is not an empty slogan. Most people agree Beijing allowed a degree of competition in the first CE election in 1996, when four candidates mounted popular election campaigns even though only 400 people had the right to vote. The more recent remarks by Chinese leaders suggests they want greater certainty in the SAR leadership.

Behind Beijing's considerations is the fundamental belief that their role in the election of the CE is not symbolic, but substantive. A degree of ambiguity over its role can be allowed when the people of Hong Kong and China see eye to eye on the CE candidate, as was the case in 1996. Imbued with a mentality of "father knows best," they are adamant that giving Tung five more years is in the best interest of Hong Kong and China. Some people may not necessarily disagree, but they believe procedures in accordance to the law and genuine elections are equally, if not more, important. This parallels Hong Kong's norms of real competition in elections and the majority of Hong Kong residents' genuine desire for a more democratic system, as is consistently found in opinion polls.

Allen Lee said the dispute shows that Beijing is anxious to have certainty of “who the next CE will be.” The implication, he noted, is that the prospect of electing the CE through universal suffrage is dim. A senior official said the CE would face challenges to his legitimacy if the electoral system remained unchanged. He reasoned that Beijing is worried about the implications for speedier democracy on the mainland. “The pace of democracy in Hong Kong cannot run too fast than that of mainland’s...The dim prospect is that we will fall far behind in democracy development in Asia.”

Beijing’s reservation about full universal suffrage before 1997 has been well known and understandable. Under the Basic Law, there is a strict mechanism that can trigger a move towards full universal suffrage to elect all the legislators and the chief executive after 2007. There is one important difference. Whereas the Basic Law says it is the “ultimate goal” for the legislature to have full universal suffrage, no such provision is provided for CE elections. The underlying belief, as expounded by the late leader Deng Xiaoping, is that the “one man, one vote” system does not necessarily elect good people. To date, Deng’s guiding thoughts still prevail.

### *Resignation of Anson Chan*

The surprise resignation of the former Chief Secretary for Administration, Anson Chan, in January, 2001, undermined confidence in the “one country, two systems” policy. A career civil servant elevated to the top of the civil service in 1993 under the colonial administration, Chan has been widely seen as the voice of the Hong Kong people and a defender of its system. Her partnership with Tung announced in early 1997 was hailed as the best guarantee of stability and a boost in confidence. However, their honeymoon did

not last long. Persistent rumors claimed the pair was sharply divided on some major issues – the pace of democracy, press freedom and Falun Gong activities. She left the Government at the end of April 2001 – 14 months ahead of schedule citing personal reasons.

Despite repeated denials by Chan and Tung, remarks made by Qian Qichen to Chan for her to “better support Tung” at a meeting in September 2000 has confirmed differences between the pair and, more importantly, Beijing’s concern. In a press conference on her resignation in January, Chan criticized unnamed people of sowing disputes between her and Tung. It is generally believed her diehard critics came from the traditional pro-Beijing circle. Some of them are uneasy with the “pro-Western inclinations” of Chan and her deep ties with the colonial regime.

Tung is by nature conservative in his political outlook, traditional in his values and beliefs, and paternalistic in his work style. He is more skeptical about Western democracy, and inclined towards leadership by elites and men of virtue. In addition, Tung puts the collective responsibility of individuals above the rights and liberties of individuals. He is more concerned about ends than means. By contrast, Chan is more accommodating to the democratic aspirations of people, although she has never been seen as a democracy-fighter. But as a bureaucrat, she knows that the best way to address demands for democracy is not to suppress it, but to guide it and seek solutions. On rights and freedoms, she takes a more liberal and tolerant attitude while stressing the need to stick to laws and procedures. In a nutshell, many feel that Tung stands for one country and Chan, two systems.

### *Judicial Independence and the Rule of Law*

The landmark “right of abode” case in 1999, raised a whole range of constitutional and legal questions when Hong Kong and China’s legal systems intersected. In 1999, the Court of Final Appeal (CFA), declared some provisions in an immigration ordinance unconstitutional and ruled children born out of wedlock in the mainland were entitled the right of residency in Hong Kong. The ruling also asserted the CFA has the right to review the constitutionality of laws passed by the Chinese National People’s Congress Standing Committee (NPCSC), the highest organ of power in the mainland Constitution. Claiming the ruling would result in an influx of some 1.67 million mainland children to Hong Kong, the government argued that the ruling was not in line with the “legislative intent” in the provisions. The CE asked the NPCSC to interpret two relevant sections. An NPCSC resolution overturned the CFA judgment. Although a small number of original litigants in the 1999 case were not affected, the number of those who would have been entitled to the right of abode was significantly reduced. The government insisted the referral to NPCSC was “exceptional,” but refused to categorically rule out the possibility of taking similar measures again.

The issue sharply divided the community. Some were shocked by the government’s move to “invite interference” by the Chinese legislature with a case about permanent residency that clearly falls within the autonomous powers of SAR courts. Most in the legal community and pro-democracy camp condemned the government for undermining judicial independence in Hong Kong’s common law system. Supporters agree that the mainland has an interest in the issue. Furthermore, the NPCSC has the

constitutional right to interpret all Basic Law provisions. Frightened by the possible massive influx of 1.67 millions people to Hong Kong, they accepted it as an exceptional measure.

Secretary of Justice, Elsie Leung, criticized some in the legal community for their failure to recognize the new constitutional order after the handover, referring to the supremacy of the NPCSC in the Chinese Constitution and the mainland legal system. A government report published in 2000 said “some aspects” of the common law would have to be adapted to the new constitutional situation. “But it is still early days and the Basic Law is evolving. As more constitutional cases are decided by the courts, an authoritative body of jurisprudence will develop which will clarify important articles of the Basic Law and give guidance on the proper approach to interpretation.”<sup>6</sup>

Amidst lingering doubts about whether there would be more referrals in future, the gap between the two systems was highlighted again in another right of abode case in January 2001. Government lawyers have asked the CFA to consult the NPCSC on another right of abode provision before making its ruling. Unlike the 1999 request, it did not go directly to the NPCSC. Yet it still raised the fundamental question of the jurisdictions between CFA and NPCSC over the right of abode provisions. A ruling is yet to be made. Former head of the Bar Association, Ronny Tong, commented that although the legal procedure was appropriate there might not be a case to do so because it was a matter within the autonomy of the SAR. “If [we] go to the NPCSC on any matters, ‘one country, two systems’ will become ‘one country, one system.’”

---

<sup>6</sup> HKSAR: The Key Issues 1999/2000, published by Information Services Department, Hong Kong Government, July 1 2000, Page 25

### *Political and Academic Freedom*

Two events in 2000 raised concerns in the Hong Kong community over the freedom to assemble and research unfettered by Beijing's influence, namely the Public Order Ordinance debate and the so-called Robert Chung saga.

The Ordinance, passed by the Provisional Legislature and entering into effect in 1997, required a notice of no objection for public procession. It empowered police to object to demonstrations on grounds of national security and for the protection of the rights and freedoms of others. By law, demonstrators must notify police of their intention to demonstrate one week in advance. Over 7,000 demonstrations have taken place since the handover as of early 2001. Through mid-2001, no application had been rejected on national security grounds, however calls to amend the Ordinance grew after police and protestors clashed over alleged use of force. Human rights activists demanded the notice of no objection be scrapped, insisting it violated the International Covenant on Civil and Political Rights. The United Nations Human Rights Committee noted its concern that the law could be applied to restrict the right to assembly unduly and called for a review. Government officials responded by rejecting calls for an amendment and a full review. Although some activists have defied the prior notice requirement as acts of civil disobedience, the government has never pressed charges against these individuals. Therefore, the legality of this provision has yet to be formally argued in courts. Nevertheless, as most of the demonstrations have been peaceful, the uncompromising



stance of the government shows its concern with stability over the right to freedom of expression.

The Robert Chung polling saga rang alarm bells regarding political interference in academic freedom that stemmed from “subservient culture” and narrow mindedness towards government critics. Chung is a prominent pollster at the University of Hong Kong (HKU), known for his authoritative tracking polls on the popularity of Tung and the government. In July 2000, Chung wrote an article in the English-language *South China Morning Post* (SCMP) alleging that Tung has, via a third channel, pressured him not to conduct polls on the CE’s popularity (Tung has suffered a continued decline in his popularity beginning in 1999). It was later revealed Tung’s closest aide Andrew Lo raised some concern over Chung’s polling activities at a meeting with his boss, the then Vice-Chancellor, Cheng Yiu-chung. Tung, Lo and university officials denied the allegations. Chung never stopped his polling, but claimed he altered and omitted some questions as a result of the pressure. An independent commission later concluded that the allegations were credible. Both Lo and Cheng, the commission said, were not “truthful” in their testimonies. Cheng and his deputy resigned. Lo refused to do so despite political pressure. Tung maintains that he still has full confidence in Lo.

Academic freedom has been cherished as one of the pillars of Hong Kong’s freedoms. Lo’s attempt to tamper with Chung’s polling shows a incomplete understanding about the importance of academic freedom, and the depth of paranoia about the negative consequences that may result from low popularity poll numbers. The saga raises concerns over university officials’ resolve to defend academic freedoms and raised afresh concerns over whether powers-that-be in the government and universities

would be able to create the best environment for academic research and tolerate voices that they may not wish to hear.

### *Freedom of the press*

The last Hong Kong governor, Chris Patten, listed press freedom as one of the benchmarks people should carefully scrutinize in post-handover Hong Kong. He asked in his 1996 Policy Address, “Is the Hong Kong press still free, with uninhibited coverage of China and of issues on which China has strong views?” The short answer today is yes, but with significant caveats.

Although for the most part the press remains free, there are growing concerns about direct and indirect pressures on journalists to censor their work. Radio Television Hong Kong (RTHK), a government-funded broadcaster, bore the brunt of attack after the former Taipei envoy Cheng An-kuo defended on the air the “two-state notion” advocated by former president Lee Teng-hui in a program. The notion was condemned by Beijing as “splittist.” Although the RTHK remains independent in its editorial stance, some staff said there has been a greater consciousness of the need to provide a more “balanced” spectrum of political views in their broadcasts.

A related incident happened in April 2000, when a deputy head of the Central Government’s Liaison Office in Hong Kong, Wang Fengchao, warned local media not to report views that advocate Taiwan independence as normal news. Media, he said, were obligated to uphold the integrity and national sovereignty of the country. Wang said this was not an issue of freedom of the press. He also called for the speedier enactment of

Article 23, the anti-subversive provision. There has been no clear case of self-censorship on such stories so far.

The SCMP, the leading Hong Kong English-language daily, was accused of self-censorship when it decided to strip a prominent China-watcher, Willy Lam, of his duty as China Editor. He was asked to focus his attention on his column. Lam claims he was marginalized because his work offended the company's proprietor, Robert Kuok. Lam wrote a piece in August 2000, alleging that Chinese leaders had offered a group of businessmen commercial advantages in return for their support for Tung. Kuok, a member of the delegation, denied the allegations in a letter to the Post. Post Editor, Robert Keatley, denied that reorganization of China news operations were politically motivated. Growing dismay with the state of Hong Kong media was behind President Jiang's comments in Beijing in October 2000 when he said Hong Kong media were "too simple, sometimes naïve." In Macao, in December 2000, Jiang said that media should value press freedom but also consider its social responsibilities, a notion repeatedly made by Tung on several different occasions.

The spate of controversies surrounding press freedom underlines the sharp differences over the role of media in the two societies. In Hong Kong, the majority of media organizations are run on a commercial basis with a high degree of editorial independence from political, commercial and managerial pressure. The notion of upholding sovereignty and territorial integrity is novel to journalists who consider reporting the truth within the parameters of law to be the fundamental rule governing their work. This contrasts with concepts in communist China, under which the media are merely a tool of the government machinery, obligated to toe the line on matters of

sovereignty and national interest. Although Beijing is beginning to accept a limited role by the media to expose government wrongdoings on the mainland, they found the adversarial approach of Hong Kong media when dealing with the government unbalanced at best and hostile at worst. Tung's position on press freedom is closer to that of Beijing's and some journalists feel there has been direct and indirect pressure on politically sensitive issues, particularly sovereignty-related subjects. The contradictions between press freedom and sovereignty concerns will loom large when the legislative debate on Article 23 begins.

### *Foreign Affairs*

Under the policy of "one country, two systems," the SAR has no jurisdiction over foreign affairs. Issues in real world, however, are not always as clearly defined. In July 1999, the Central Government blocked a proposed papal visit on grounds that they considered it as visit of the head-of-state rather than one of a religious leader. Tung commented in August that it was "unfortunate" that the Pope could not visit Hong Kong because of foreign policy concerns. A top official, Donald Tsang, an ardent Catholic, said he personally would like to see the Pope come to Hong Kong. China has no official ties with Vatican. The Hong Kong church, however, still recognizes the Vatican while maintaining contacts with underground churches on the mainland. A local church was caught in the middle when Beijing and the Vatican were embroiled in a war of words over the latter's decision to canonize 120 Chinese and foreign missionaries killed in China at the height of the Boxer Rebellion in the early 20<sup>th</sup> century. Local churches went ahead with its celebrations after being advised by mainland officials to keep a "low profile."

Defying a warning from Beijing officials in charge of cultural relics, the Hong Kong government did not intervene to stop the auction of two antiques looted by Western imperial troops during the Boxer Rebellion. Pro-China politicians lambasted officials for stepping into the jurisdictions of the central government because auctioning of national relics constituted “foreign affairs.”

Links with Taiwan remained a particularly delicate issue for the SAR government. Some analysts said Hong Kong-Taiwan ties after the handover worsened because Tung dared not test the limits, despite burgeoning economic, social and cultural ties between the two areas. After more than a year of stalemate, the government finally issued a visa to a Taiwan official to head its de facto office in Hong Kong in early 2001. It was reported that the Taiwan envoy must do nothing to undermine the principle of “one country.” A senior official said anything relating to Taiwan is “super sensitive” and has to be cleared by the CE’s office.

Hong Kong’s engagement with the outside world has always been a hyper-sensitive issue for Beijing, given China’s sensitivity about sovereignty. The Basic Law only empowers the SAR to deal with “external affairs,” referring to matters with no sovereignty dimension. Nevertheless, it is self-evident that there is room for maneuvering by the SAR in handling situations such as the auction of national treasures, an official visit by the Taipei mayor, “unofficial visits” of two Taiwan ministers in March, and the first US naval visit after the bombing of the Chinese Embassy in Belgrade. The room for movement, albeit limited, does suggest Beijing can be flexible on some issues of sovereignty under certain circumstances.

## **Conclusions and Recommendations**

Against the backdrop of pessimistic forecasts before the handover, the transition has been smooth with no major crises. Even China-skeptics agree there is no gross interference by Beijing. There have been no sightings of the People's Liberation Army in streets, no arrests of dissidents, and no closure of newspapers because of political pressure. Thus, the verdict of foreign governments and businesses has been mostly positive. But judging from events in the past few years, the transition of Hong Kong under the formula of "one country, two systems" has yet to be described as a success.

First, although it may sound simple and straightforward, the policy of "one country, two systems" contains inherent contradictions. The contradictions surrounding such issues as Falun Gong activities, media reporting of Taiwan pro-independence news, as well as the governance and electoral method of the CE. While the mainland government adopts a much wider concept of "one country," most Hong Kong people hold a narrower view that mostly emphasizes ethnic, cultural and historical ties. They do not feel the need for attitudinal change under the new constitutional order. To some traditional pro-China people, most Hong Kong residents are unpatriotic and psychologically resistant to accepting their Chinese identity. The truth is that most people are puzzled about the question of identity. A top official said, "The community as a whole has yet to find an identity that they feel comfortable with." She said, "Maybe it is still early time. We don't have that now...It takes time. For instance, some people say 'you got to be patriotic.' You just cannot force upon others." CUHK's Professor Lau points out that Beijing will find "the hearts of Hong Kong people yet to return to the

country” because in the past they did not have the sense of national awareness. But Hong Kong people themselves feel that they do indeed have national awareness, and that the resumption of sovereignty already manifests this change. This divergence in understanding will permeate future debates on issues such as anti-cult and anti-subversion laws.

Secondly, underlying some controversial issues --such as the Falun Gong-- is the issue of mutual tolerance. Beijing needs to be tolerant, and take issues regarding Hong Kong’s history, practical needs and public sentiments into consideration, to enable these two diverse systems and cultures to co-exist within one country. One line of thinking sees a shrinking gap between Beijing and Hong Kong as a result of economic liberalization and China’s broadening social and political arenas. As its leadership interacts with the rest of the world, they will become more accommodating and open-minded towards political dissent, diversity in beliefs, liberal values and culture. It is by no means merely wishful thinking. China has been changing rapidly.. In terms of domestic stability, the role of media, freedom of religious belief and expression, and democracy, the Chinese government’s viewpoint is still fundamentally different from that which exists in Hong Kong and in other liberal democracies. The controversies of the past few years have raised fears that Chinese tolerance might easily wear thin in times of perceived threats to the regime, from internal and external forces. With a more hostile worldview, Beijing may become more concerned about the activities of the Falun Gong and the role of media, and by extension Hong Kong, in the gambit across the Taiwan Straits and in international power politics.

Lastly, the way some of the debates have been handled, or mishandled, underscores the importance of diplomacy and brinkmanship, thus highlighting problems the post-handover Hong Kong leadership faces. This is particularly clear to many Hong Kong residents, and a top official admits, “there are many voices in the community.” Not surprisingly, there are also those people who are “more Catholic than the Pope.” Either out of genuine belief or for other reasons, they argue that the SAR government has ignored “one country,” while others fears the erosion of Hong Kong values and, hence, criticize officials for their failure to uphold “two systems.” Tung and his ruling elites have proven unable to bridge the gap between these two ideological divides, and in effect have failed at consensus-building. Rightly or wrongly, some people inside and outside Hong Kong have warned of a tilt towards “one country” under the Tung leadership. Rather than being viewed of as a defender of Hong Kong’s systems and institutions, Tung’s administration has been accused of destabilizing these systems because of mismanagement, shortsightedness and a lack of political will.

### *The Way Forward*

If a sense of romanticism prevailed in the pre-handover assessment of Hong Kong, it is time for Beijing and Hong Kong to have a more realistic re-understanding of the “one country, two systems” policy’s fundamentals. The two sides need to work together to initiate the necessary changes for the policy and establish practical approaches to tackle the inherent contradictions within this formula. Although it is quite accurate there are many reasons why interested parties in Hong Kong, China and the world hope to see this



policy succeed, this should not cause people to downplay events and policies which are clear signs of concern.

First, there needs to be a change of attitude and mind-set in both governments. A critical assessment of events since 1997 shows that Beijing and some community leaders remain trapped by their rigid conceptions of “one country,” sovereignty and stability. A more flexible and pragmatic attitude should be adopted, and “one country” should be seen in light of its relationship with the “two systems” when practical problems arise. Beijing leaders need to understand that the very preservation of Hong Kong’s “system” and institution are in itself a demonstration of Chinese sovereignty. Entangling debate over domestic issues, i.e. civil liberties, with notions of sovereignty and national security unnecessarily politicize discussions and are not conducive to seeking real solutions.

China’s obsession with stability is understandable given its high stakes in maintaining a prosperous and stable Hong Kong. In addition to Hong Kong’s inherent economic value, Beijing wants to show Taiwan, and the world, that it is committed to peaceful unification under a “one country, two systems” framework. Taiwan, however, has yet to embrace the formula, and will be even more resistant to reunification talks if the Hong Kong experiment fails. Greater flexibility and pragmatism in defining “one country” as it relates to Hong Kong issues may help resolve the stalemate between Beijing and Taipei over the notion of “one country” in reunification talks.

Beijing and some SAR leaders need to seek mutual understanding on what makes Hong Kong stable and prosperous. Stability cannot be attained by means of control and political pressure, but with tolerance for diversity and respect for the right to freedom of

expression. The Falun Gong is a classic example of this, and shows the importance of disentangling an issue that is primarily about “two systems” from “one country.”

Secondly, there should be a more open political dialogue at all levels within the SAR community and between Beijing and Hong Kong. The feud between Tung and the democrats undercuts the efforts of consensus-building, thus hindering solutions for difficult issues after the transition. Hostility only breeds more hostility, and a better political relationship between the administration and the democrats will help enhance mutual understanding and build consensus. To do so, Tung and his senior aides must take a more open and realistic attitude with regard to public sentiment. Regina Ip, the policy secretary in charge of security, maintains that some people suffer from a “one country, two systems syndrome,” by unnecessarily linking certain social issues --such as a law on public assembly-- to the higher plane of “one country, two systems.” Her remarks reflect the failure of some political elites to recognize that the 1997 jitters will continue to exist for a much longer period of time. Officials’ tendencies to dismiss these sentiments off hand will only deepen public anxieties.

Discord between Tung and the democrats will make it even more difficult for the democrats and the Central Government to reach consensus and work together. That around thirty or so of democrats have been denied entry into the mainland is a clear sign that Beijing harbors some animosity towards this group. In addition, no democratic legislators were invited to a government banquet hosted in honor of President Jiang during his trip to Hong Kong in May 2001. Beijing urgently needs to rethink its strategy towards the democrats, which still remains the most popular political party in the SAR.

It is fundamentally important for the SAR leadership to cherish and encourage dissenting voices both within and without the administration. The CE should re-constitute his cabinet -- the Executive Council -- with a wider spectrum of political views. With the departure of Anson Chan, the CE must strive to ensure that senior civil servants continue to speak the truth without fear or possible repercussions. A new system of political accountability for principal officials, announced by Tung in his Policy Address in October 2000, but not yet formulated, should not be used as a mechanism to screen out senior policy secretaries who do not endorse the CE's political outlook. The administration should better engage legislators in the policy-making process to forge a constructive partnership.

In the long run, an early consensus on the pace of democracy after 2007 brings more good than harm. The ambivalence of Beijing over a firm timetable on full universal suffrage has given rise to speculation that it is anti-democracy. This has in turn reinforced local conservatives' opposition to more direct elections. If Beijing is genuinely committed to staying neutral on this issue and wants to be seen as such, it should make clear that it will respect the wishes of the majority in Hong Kong. Given the constraints of the Basic Law and Hong Kong's vulnerability under an unstable China, it is unlikely that any popularly elected chief executive will do anything that undermines China's sovereignty and stability. As a first step to reaffirm its democracy commitment, China should allow genuine competition in the next CE election by declaring publicly that it has no pre-ordained choice and wants to see more candidates.

Thirdly, the SAR government should lead the community in seeking pragmatic and firm approaches to tackling the problems which arise from "two systems." SAR

leaders should be encouraged by and encourage continued vigilance on the part of Hong Kong people to ward off perceived threats to their autonomy. Not only is this a clear sign of their commitment to Hong Kong, but it is also the strongest guarantee protect Hong Kong's autonomy. Moreover, the Hong Kong government should avoid arbitrary decision-making and adhere to established mechanisms and procedures. Take the right of abode issue for example: officials should have taken the common law approach of initiating an amendment proposal to the Basic Law on the abode provisions, instead of sending it for interpretation by the Chinese legislature. On the issue of extradition of wanted criminals, where an agreed mechanism is still lacking, the government needs to establish a protocol with its mainland counterpart ahead of time. Realistically, new and unexpected controversies and disputes will emerge from gray areas surrounding "one country, two systems." These issues will require deft diplomacy, tactful use of ambiguity, and sensitivity to public sentiments.

Lastly, there should be a proactive approach to turn the policy of "one country, two systems" into a win-win formula for Hong Kong, China and the international community. In spite of doubts about the future role of Hong Kong in China after its imminent accession to the World Trade Organization, the SAR will continue to remain an important strategic point to engage China during its economic, social and political liberalization process. As a matter of fact, experts from Hong Kong have played an important role in helping China modernize its financial system, and well as prepare its markets and laws to cope with the changes which will arise from WTO accession. Hopefully, the process of economic integration and exchange of expertise will continue

apace, which in the long run will widen China's socio-political sphere. Hong Kong's unique role cannot be underrated.

It is important for the Hong Kong people and government to give the international community a realistic and comprehensive picture of post-handover developments. This will enhance understanding about the practical difficulties and dynamics of integration and hopefully will result in more balanced assessments and commentary during times of controversy. Furthermore, the SAR government should continue to welcome and encourage international interest in Hong Kong.

All these are possible only if Hong Kong succeeds in preserving and developing its own unique system, culture and values, as well as preserve an image of diversity and tolerance. This will enable it to continue to make unique contribution to China's development and maintain its status as an international city. Foreign governments and organizations should continue to give a clear message of the importance of a free, democratic and open society governed by the rule-of-law in Hong Kong. Foreign officials and community leaders should get the message across in candid talks with leaders in Beijing and Hong Kong. It is also important for them to forge ties with a wider cross-section of people, particularly the pro-Beijing circle, to help dispel suspicion and boost understanding. This is because it is in the interest of international community – no less than it is for Hong Kong and China – to have a successful Hong Kong under “one country, two systems.”