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Hong Kong in a Box

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Conventional wisdom holds that as long as the economy perks along, the people of Hong Kong will remain satisfied and non- or apolitical. This notion has been proved wrong time and again. Tens of thousands still gather each year to memorialize the massacres that took place at Tien An Men (ironically, the name means the Gate of Heavenly Peace) on June 4, 1989. Hundreds of thousands took to the streets in protest when, a few years ago, the government proposed draconian anti-subversion laws. In December 2007, Anson Chan, Hong Kong's leading democratic voice, in a by-election for the Legislative Council scored the highest number of votes ever recorded.

Things may get dicier still this year. The economy is slowing, and Hong Kong has made little progress toward full democracy. Hong Kong is looking like a box with shrinking walls. To revive the energy and optimism that made Hong Kong unique, China must grant it more political freedom.

A Slowing Economy. The economy of the Hong Kong Special Administrative Region (SAR), as it is known formally, has been doing well the past few years, with growth rates between 4 percent and 6 percent annually. Unemployment has been low: 3.4 percent in 2007, a year in which inflation was only 2.8 percent. But things are changing in 2008, and not for the better. The economy is slowing, and it is expected that both unemployment and inflation will more than double. Hong Kong's middle and working classes are getting squeezed.

Much of Hong Kong's food is imported from China, and prices are rising. The cost of pork has gone up by 45 percent, and the cost of the overall food basket has risen by 18 percent. Some of the trend is weather-related, and the mainland government is trying hard to hold prices down. But this is proving difficult, and Hong Kongers' expectations are that while some items in the food basket may decline in price, the days of relatively cheap food are probably over.

Hong Kong is at the forefront of the global revolution creating a hi-tech and financial services economy, and this has led to a serious bifurcation in society. Top earners command very high salaries but form only a thin crust on a large population who lack the skills to compete in those areas. At the same time, lower-skilled workers must compete for jobs with Chinese across the border who will do the same jobs for less money.

Poverty in Hong Kong is officially defined as an income of no more than HK\$4,000 (about US\$530) a month for a family of four. The percentage of households at or below that figure increased from 6.7 percent in 1996, the year before retrocession, to 9.2 percent in 2006.¹ A senior economic official in

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Hong Kong told this writer that the percentage will certainly be over 10 percent in 2008. That number is equal to about 700,000 people.

Meanwhile, the Gini coefficient for employment income increases every year. In 2006, it reached 0.488.² Median household income was lower in 2007 than in the year Hong Kong joined China.³

Overall quality of life is worsening as well. Pollution has increased dramatically, and smog is present one day in three, according to a June 2007 report.⁴ In December 2007, air pollution became so serious that the government found it necessary to warn people with heart or lung problems to stay indoors.⁵ In early March, looking out from a window high above the still-beautiful harbor, this writer could see no further than a mile or so into Kowloon; the hills for which Kowloon is named (the word means “nine dragons”) were invisible.

The Political Front. Meanwhile, just as political reform is not taking place in China, it is not taking place in Hong Kong. The Basic Law, which serves as the SAR’s constitution, sets out full democracy as a goal and speaks of “gradual and orderly progress” toward election of Hong Kong’s Chief Executive by universal suffrage. At present, the Chief Executive is chosen by 800 electors, almost all of whom are chosen for their willingness to vote as Beijing instructs.

Democratic reformers had hoped for change by 2007, the time of the last election for Chief Executive, but this did not happen. Nor will it happen in 2012, when the term of the present Chief Executive, Donald Tsang, ends. Instead, in a curious December 2007 report to China’s National People’s Congress, Mr. Tsang said the following:

(a) More than half of Hong Kong’s population wanted universal suffrage by 2012, but

(b) the requisite two-thirds majority within the Legislative Council would not go along with the idea, and therefore

(c) perhaps it would happen by 2017.⁶

Only half of the Legislative Council’s members are elected from constituencies. The other half are chosen by “functional groups” in a method pioneered by Mussolini back in the 1920s and applied to Hong Kong in its Crown Colony days as an effective means of divide and rule. The functional constituency members assure the SAR government and China of their ability to control the Council.

It is interesting that the United Nations Committee on Human Rights, whose membership is not known for concern with human rights and fundamental freedoms, has found it necessary to criticize as completely undemocratic the role given functional constituencies in the Legislative Council. In its reply, the SAR government noted that when the then-British colony acceded to the International Covenant on Civil and Political Rights, a specific reservation was made not to accept Article 25(b) of the Covenant because this would have required a legislature elected by universal suffrage. One may think of this as rather like agreeing to the proposition that religious persecution is evil and to be avoided—except in cases where it is practiced.

In any event, the functional constituency system effectively renders impotent the pro-democracy group within the Legislative Council. Nor is it likely that this will change any time soon: Both the SAR government and the National People’s Congress have insisted that any increase in legislators elected in constituencies by universal suffrage must be matched by an increase in legislators chosen by the functional constituencies.⁷

1. “Gap Between HK’s Rich and Poor Widening,” *South China Morning Post* (Hong Kong), June 18, 2007.
2. *Ibid.* The Gini coefficient measures income disparity on a scale from zero to 1, with zero representing a high degree of equality and 1 a very high degree of inequality.
3. “Hong Kong’s Pulse Slowing Down,” *South China Morning Post*, July 8, 2007.
4. “Pollution Worse Since Handover: Study,” *South China Morning Post*, June 14, 2007.
5. “Hong Kong Chokes on Pollution,” Reuters UK, December 7, 2007.
6. “2017 Acceptable, Tsang Tells Beijing,” *South China Morning Post*, December 13, 2007.
7. “Ratio of Directed Elected Legco Seats Won’t Rise: NPC Standing Committee to Reject Pan-Democrats’ Compromise Plan,” *South China Morning Post*, December 29, 2007.

At retrocession in 1997 and for a while thereafter, some debated whether Hong Kong, with its freedom of press and discussion, rule of law, and tradition of vigorous prosecution of corruption, would influence China for the better or would come to resemble a Chinese city. In 2008, Hong Kong appears more changed by the transaction than China.

Let us stipulate at the outset that Hong Kong as a British colony was politically free only by comparison with what lay next door, along with much of Southeast Asia. The Legislative Council then was just as much a tool of government and corporate interests as it is now. Although more democratic voices are heard within Legco in 2008 than were heard in 1996, the government did not heed them then and does not do so now.

What made Hong Kong successful was the combination of British common law and Chinese business acumen. That is still the case today—to an extent. British common law operates, although it can still be manipulated by government when necessary. The Chinese business community runs the economy, though it is tied far more closely to China and is far more amenable to “suggestions” from Beijing than in “the old days.”

But there was an important third element in Hong Kong’s success as a British colony: a civil service marked by élan and by a shrewd confidence in their ability to run the place and run it well. Govern-

ors came and went, but the civil service remained and ran the place. But since the handover, a kind of conformity or internal self-censorship appears to have taken hold: an attitude of “Don’t go there; they won’t like it.”

This is discernable at the very top as well, for example, when the Chief Executive sees that more than half of the people want universal suffrage and want it early, but the mandarins in Legco don’t and neither does the Standing Committee of the National People’s Congress, so he says, in effect, “We won’t go there.”

Conclusion. Hong Kong seems to be in a box with shrinking walls. The box is shrinking economically for most of the population and politically because important issues are going unmentioned and certain voices are being ignored.

When people wondered a dozen years ago whether Hong Kong would become more like Shanghai, they were thinking in economic terms. In fact, Shanghai is moving ahead economically and with an élan and optimism that seem to be lacking in Hong Kong today. Where Hong Kong most resembles Shanghai is in a sense that nothing is happening politically and that reform and reformers have nowhere to go.

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