

# One Country, Two Futures? How Hong Kong's System Will Survive

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**WHEN THE CLOCK STRUCK MIDNIGHT ON JUNE 30, 1997**, the blue British ensign flying over Victoria Harbor was lowered, and the red orchid flag of Hong Kong was raised. The United Kingdom returned Hong Kong to Chinese sovereignty after more than 150 years of colonial rule. At that moment, One Country, Two Systems (1C2S), the arrangement governing the relationship between Hong Kong and China's central government through 2047, came into force. Today however, the long-term prospects of 1C2S remain uncertain due to Beijing's increasingly heavy-handed assertion of control and influence in the territory. Despite this, China's interests in ensuring the rule of law necessary for a global financial hub, upholding its international obligations, and the persistence of the Taiwan issue will ensure 1C2S's endurance through, and possibly beyond, 2047.

Questions over Hong Kong's long-term future have been raised ever since Britain first signed a 99-year lease for much of the territory in 1898. As 1997 approached, the two governments, following years of negotiations, issued the Joint Sino-British Declaration of 1984. It outlined a grand

compromise: in exchange for Britain's peaceful return of Hong Kong, China agreed to create a corpus separatum from the mainland for Hong Kong. Beijing promised, "the current social and economic systems in Hong Kong will remain unchanged, and so will the life-style" for 50 years.<sup>1</sup> Hong Kong and its residents would retain political freedoms and a market economy. The agreement vested the new Hong Kong Special Administrative Region with a mini-constitution of Basic Laws and a semi-independent government of three branches: a legislature elected by the people, an independent judicial system, and a chief executive elected by an elite 1200-member group meant to represent the diversity of constituent interests and opinions in Hong Kong.

In the 20 years since the handover, 1C2S has seen numerous tests, the biggest of which came in 2014 with the Umbrella Revolution. While in the original Basic Laws the chief executive is not directly elected, Article 45 allows for reform to direct elections.<sup>2</sup> In 2007, Beijing agreed to carry out these electoral reforms beginning with the 2017 executive election. In 2014, the central

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government announced their proposal: all eligible citizens could vote in the executive election, no longer just the elite 1200-member body. However, the slate of three candidates would be effectively selected by Beijing.<sup>3</sup> This provoked widespread protests in late 2014. Despite international media attention, the protests failed to bring about real change to the electoral system. The Hong Kong

Legislature ultimately rejected the 2014 proposal and the 2017 election went forward, with the elite body voting to elect Carrie Lam, a staunchly pro-Beijing candidate. Another test came in late 2015, with the extrajudicial extradition of Hong Kong booksellers. Under 1C2S, Hong Kong maintains an independent judicial system. But in what appears to have been a direct violation of the Joint-Declaration and Basic Laws, Chinese authorities abducted, illegally extradited, and detained these booksellers on trumped-up charges.<sup>4</sup>

These and other violations of the laws and principles underpinning 1C2S have sparked fears that the guarantees China made to Hong Kongers about their future are being eroded by Beijing.<sup>5</sup> Yet despite these repeated tests of the 1C2S regime, the system will likely persist through 2047, thanks to its direct contribution to Beijing's central interest in overall stability and continuity. First, it facilitates the stability needed for Hong Kong's continued status as a global financial hub. Much like at the end of the colonial era, the business community's need for stability is key to Hong Kong's economic health.<sup>6</sup> The expiration of 1C2S already engenders problems for property rights and mortgages, loan repayments, and bond issuance.<sup>7</sup> A sudden or drastic change to 1C2S, or the community's loss of faith in Hong Kong's governing structure, could throw the economy and financial markets both in Hong Kong and mainland China into flux. For a government that derives much of its continued legitimacy from economic growth, such a situation is undesirable. Given this need, any replacement of 1C2S would require years of advanced notice to ensure the stability of financial markets.

Additionally, the 1984 Joint-Declaration is a litmus test of China's dedication to the international order. While Great Britain has no direct mechanism to enforce the Joint-Declaration, Beijing is no doubt keenly aware of the international ramifications of renegeing on a binding treaty agreement. A significant violation

of the agreement could be seen internationally as an affront by China to an international order it strenuously claims it is not challenging. Such an outright violation would engender further distrust in the international community of China's rise, and its intentions and reliability in the future.

Finally, 1C2S is viewed as a possible model for the peaceful reunification of Taiwan with the People's Republic of China, and its success serves as a useful diplomatic tool for Beijing.<sup>8</sup> 1C2S remains the best possible scenario for reintegration without war or a sudden change in the political landscape. Since the Umbrella Revolution and the election of anti-Beijing Taiwanese President Tsai Ing-Wen, this remains a distant possibility. However, it is in Beijing's direct interest to maintain this option to the Taiwanese people. A sudden renegeing of its obligations to Hong Kong would remove any remaining attraction that might exist in Taiwan for a 1C2S-style negotiated reunification.

This decade's two major tests of 1C2S provide strong cause for concern over Hong Kong's future. Overall, many point to Beijing's ever-growing desire to control all aspects of life in China and Hong Kong as proof that 1C2S simply will not last. 1C2S, however, should not be seen as a framework for full liberal-democracy. Not even in the colonial era did Hong Kong enjoy that. Rather, it is a compromise over what the Chinese Communist Party can tolerate under its rule. Beijing will most likely continue to assert political control over Hong Kong in ever-more heavy-handed ways. Nonetheless, specific political and economic constraints provide hope that 1C2S will endure.

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## Endnotes

- 1 Constitutional and Mainland Affairs Bureau, “The Joint Declaration,” July 1, 2007, <http://www.cmab.gov.hk/en/issues/jd2.htm>.
- 2 *The Basic Law of Hong Kong Special Administrative Region of the People’s Republic of China*, [http://www.basiclaw.gov.hk/en/basiclawtext/images/basiclaw\\_full\\_text\\_en.pdf](http://www.basiclaw.gov.hk/en/basiclawtext/images/basiclaw_full_text_en.pdf).
- 3 Alissa Greenberg, “Hong Kong Lawmakers Reject Electoral-Reform Proposal Backed by Beijing,” *Time*, June 18, 2015, <http://time.com/3923968/hong-kong-election-reform-bill>.
- 4 Oliver Chou and Phila Siu, “One year on: Hong Kong bookseller saga leaves too many questions unanswered,” *South China Morning Post*, December 29, 2016, <http://www.scmp.com/news/hong-kong/politics/article/2058000/one-year-hong-kong-bookseller-saga-leaves-too-many-questions>.
- 5 Congressional-Executive Commission on China, Annual Report 2017, October 5, 2017, 319, <https://www.cecc.gov/sites/chinacommission.house.gov/files/2017%20Annual%20Report.pdf>.
- 6 Goh Sui Noi, “Hong Kong handover: ‘One country, two systems’ shaky two decades later,” *Straits Times*, June 11, 2017, <http://www.straitstimes.com/asia/east-asia/one-country-two-systemsshaky-two-decades-later>.
- 7 Yasuo Awai, “Hong Kong’s ‘year 2047 problem,’” *Nikkei Asian Review*, October 31, 2016, <https://asia.nikkei.com/Politics-Economy/Policy-Politics/Hong-Kong-s-year-2047-problem>.
- 8 Ministry of Foreign Affairs of the People’s Republic of China, “A policy of ‘one country, two systems’ on Taiwan,” [http://www.fmprc.gov.cn/mfa\\_eng/ziliao\\_665539/3602\\_665543/3604\\_665547/t18027.shtml](http://www.fmprc.gov.cn/mfa_eng/ziliao_665539/3602_665543/3604_665547/t18027.shtml). [www.digitalglobe.com/opendata](http://www.digitalglobe.com/opendata).