

Is Hong Kong Democratizing?

ABSTRACT

We argue that the transition to Chinese authority has not undermined democratic governance in Hong Kong and that voice and accountability have improved since the handover. We seek to explain this surprising result and conclude with a discussion of the implications of our findings for China, Taiwan, and cross-strait relations.

KEYWORDS: Hong Kong, democracy, China, international linkages, Taiwan

IN JUNE OF 2007, A FORUM was held in Beijing to mark the tenth anniversary of the implementation of the Basic Law, Hong Kong's mini-Constitution and the embodiment of Deng Xiaoping's "one country, two systems" policy. At the forum, the chairman of the National People's Congress (NPC), Wu Bangguo, issued a stern warning that Hong Kong did not enjoy "residual powers" in areas not explicitly granted to it by Beijing, declaring, "However much power the central government decides to assign to the SAR [special administrative region], this is what the SAR gets."¹

The message was unambiguous: political reform in Hong Kong, including the possibility of implementing universal suffrage, would only evolve as far as China's central government wanted it to. In spite of this and other stern warnings from Beijing, however, an assessment of Hong Kong's movement toward democracy over the past 10 years reveals the surprising conclusion that the

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1. Quoted in Denise Hung, Albert Wong, and Jimmy Cheung, "NPC Warns on HK Autonomy," *South China Morning Post*, June 7, 2007, p. C1.

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transition to Chinese authority has not undermined democratic governance in Hong Kong. On the contrary, and in spite of a few initial setbacks, political voice and accountability have shown a marked improvement.

These findings challenge the pessimism that accompanied Hong Kong's 1997 handover.² They also beg an important research question: Can regions embedded in autocratic political spheres maintain their autonomy, democratic institutions, and freedom? This paper examines this question through an analysis of the political impacts of China's integration of Hong Kong from 1997 to the present. This research question is significant for a number of reasons, not the least of which is the freedom of Hong Kong's seven million citizens. Beyond this, the study of the democratization of Hong Kong may offer insights into the plausibility of democratization in China, a critical issue in light of the country's rapid rise in the world's geopolitical hierarchy. Furthermore, because Deng's "one country, two systems" policy was initially conceived as a solution to the problem of Taiwan's reunification with China, what takes place in Hong Kong also has implications for Taiwan, cross-strait relations, U.S. foreign policy, and ultimately world peace.

The remainder of our paper is organized into four main sections. We begin with a review of the literature on the democratization of Asia and Hong Kong, highlighting the debate between the power dependence and social forces perspectives. We introduce a third perspective—international linkages—that we believe can offer new insights into the study of Hong Kong's future. Second, we conduct a case study of Hong Kong's recent movement toward democracy, including an evaluation of several key performance indicators from the World Bank governance dataset for China and Hong Kong in the post-1997 period. We find that in spite of serious constraints on Hong Kong's polity and flaws in its democratic institutions, the transition to Chinese authority has not undermined democratic governance in Hong Kong. Third, we seek to explain this surprising result, arguing that greater attention must be paid to the interactions between Hong Kong and the mainland. Finally, we discuss the implications of our findings for China, Taiwan, and cross-strait relations. We argue that in spite of the recent success of the "one country, two systems" model in Hong Kong, this is unlikely to

2. George L. Hicks, "Hong Kong on the Eve of Communist Rule," in *The Future of Hong Kong: Toward 1997 and Beyond*, eds. Hungdah Chiu, Y. C. Jao, and Yuan-Li Wu (New York: Quorum Books, 1987), pp. 23–56; Alvin Rabushka, *Freedom's Fall in Hong Kong* (Stanford, Calif.: Hoover Institution, May 1997).

comfort citizens in Taiwan, which—although it is also growing increasingly economically dependent on China—differs from Hong Kong in several fundamental ways.

THEORETICAL PERSPECTIVES ON THE DEMOCRATIZATION OF HONG KONG

The study of the democratization of Asian societies has generally been dominated by two theoretical perspectives: modernization theory and political culture. Modernization theory suggests that more-affluent societies will be more likely to create and sustain democracy, particularly as the size of their middle class and educational opportunities increase.³ Yet, many Asian countries such as Malaysia and Singapore have achieved a high level of economic development but made only superficial progress toward democracy, opting instead for various forms of “soft authoritarianism” or “illiberal democracy.”⁴ Many scholars have in turn attempted to explain the lack of democratic progress in the region through a reference to its political culture or the so-called Asian values thought to be antithetical to democracy.⁵ Yet, the democratization of Japan, South Korea, Taiwan, and other Asian societies largely belies this perspective, even if these democracies exhibit greater collectivist tendencies than are found in Western democracies.⁶ In short, the limitations of these influential perspectives suggest the need for a multi-theoretic approach in analyzing democratization in Asia. This is especially the case when examining the unique situation of Hong Kong.

Analyses of the democratization of Hong Kong have largely been couched in terms of a debate between the power dependence and social forces perspectives.

3. Seymour Martin Lipset, “Some Social Requisites of Democracy: Economic Development and Political Legitimacy,” *American Political Science Review* 53:1 (March 1959), pp. 69–105; Adam Przeworski, Michael E. Alvarez, José Antonio Cheibub, and Fernando Limongi, eds., *Democracy and Development: Political Institutions and Well-Being in the World, 1950–1990* (New York: Cambridge University Press, 2000); Carles Boix and Susan C. Stokes, “Endogenous Democratization,” *World Politics* 55:4 (July 2003), pp. 517–49.

4. Gordon P. Means, “Soft Authoritarianism in Malaysia and Singapore,” *Journal of Democracy* 7:4 (October 1996), pp. 103–17; Fareed Zakaria, “The Rise of Illiberal Democracy,” *Foreign Affairs* 76:6 (November/December 1997), pp. 23–43; Jan Engberg and Svante Ersson, “Illiberal Democracy in the ‘Third World’: An Empirical Enquiry,” in *Democracy and Political Change in the ‘Third World’*, ed. Jeff Haynes (London: Routledge, 2001), pp. 35–54.

5. Clark D. Neher, “Asian Style Democracy,” *Asian Survey* 34:11 (November 1994), pp. 949–61.

6. John Fuh-Sheng Hsieh, “East Asian Culture and Democratic Transition, with Special Reference to the Case of Taiwan,” *Asian and African Studies* 35:1 (February 2000), pp. 29–42.

In what follows, we also introduce a third perspective, international linkages, which we believe helps shed new light on the recent democratization of Hong Kong. Beyond providing an explanation for Hong Kong's political transformation, each of these three perspectives has its own set of implications regarding the future status of Taiwan.

The power dependence perspective argues that Hong Kong's integration with an autocratic central government will gradually overwhelm progress toward democracy, resulting in a process of *autocratization* or a transition in reverse.⁷ This process will be driven, above all else, by Hong Kong's growing economic dependence on China for trade and investment, which will gradually reduce the autonomy and bargaining power of Hong Kong's local elites, particularly those in the pro-democracy camp.⁸ Thus, as the two systems become one economically, they will increasingly become one politically, negating the entire premise of "one country, two systems." Were Taiwan to reunite with an economically ascendant and autocratic China, the power dependence perspective in turn carries negative implications for democracy's survival on the island as well.

In juxtaposition to the focus on structural economic forces found in the power dependence perspective, other scholars have put forward explanations for Hong Kong's uneven process of democratization that emphasize the critical role of civil society, social forces, and "people power." For instance, Alvin Y. So and Ming Sing argue that the shifting attitudes and capabilities of local elites such as business people, service professionals, and grassroots activists have greatly impacted the course of democratization in Hong Kong.⁹ Similarly, Christine Loh recounts how pro-democracy demonstrators, numbering between 500,000 and 700,000 people, successfully mobilized on July 1, 2003, against proposed legislation that sought to curtail civil liberties in the name of fighting subversion.¹⁰ Although Beijing sought passage of the legislation

7. Hsin-chi Kuan, "Power Dependence and Democratic Transition: The Case of Hong Kong," *China Quarterly* 128 (December 1991), pp. 774–93; Alvin Y. So, "Hong Kong's Problematic Democratic Transition: Power Dependency or Business Hegemony?" *Journal of Asian Studies* 59:2 (May 2000), pp. 359–81.

8. Ian Holliday, Ma Ngok, and Ray Yep, "After 1997: The Dialectics of Hong Kong Dependence," *Journal of Contemporary Asia* 34:2 (May 2004), pp. 254–270; Willy Wo-Lap Lam, "Beijing's Policy toward Hong Kong and the Prospects for Democratization in the SAR," *China Perspectives* 2007:2 (2007), pp. 34–39.

9. So, "Hong Kong's Problematic Democratic Transition"; Ming Sing, *Hong Kong's Tortuous Democratization: A Comparative Analysis* (New York: RoutledgeCurzon, 2004).

10. Christine Loh, "Hong Kong's Relations with China: The Future of 'One Country, Two Systems,'" *Social Research* 73:1 (Spring 2006), pp. 293–318.

(pertaining to Article 23 of the Basic Law), it was revised and ultimately suspended.¹¹ Such episodes speak to the fact that social forces are capable of exerting pressure on Beijing to preserve critical aspects of the “one country, two systems” concept, particularly personal liberties. In contrast to the power dependence idea, the social forces perspective has slightly more optimistic implications for the survival of democracy in Taiwan if it were to reunite with China.

A final perspective draws attention to the democratizing potential of international linkages to Western countries. According to Steven Levitsky and Lucan Way, autocracies linked economically, geopolitically, and socially to Western industrial democracies are more likely to democratize than those without links.¹² Considering its historical ties to the West, including more than a century of British colonial rule, Hong Kong would seem poised to make progress toward democracy. Moreover, the case of post-handover Hong Kong represents an interesting “reverse” test of the linkages proposition. In particular, if Western linkages are democratizing, might China’s integration of Hong Kong have a democratizing impact on the Chinese polity? In stark contrast to the power dependence perspective (which anticipates a convergence of Hong Kong toward China’s system of autocratic rule), the reverse linkage hypothesis predicts a convergence of China toward Hong Kong’s system of “semi-democratic”¹³ rule. From this perspective, furthermore, we can derive the implication that Beijing might be wary of reunification with a highly democratic Taiwan.

In summary, a substantial debate exists as to what the impacts of Chinese integration will be on Hong Kong and the mainland. Will Chinese influence overwhelm progress toward democracy in Hong Kong or is the pro-democracy movement capable of defending the concept of “one country, two systems”? Moreover, might Hong Kong’s historical linkages to the West have a democratizing impact on the Chinese polity? To answer these questions, we present a

11. Article 23 of the Basic Law grants the Hong Kong SAR the legislative authority to implement its own security laws.

12. Steven Levitsky and Lucan A. Way, “International Linkage and Democratization,” *Journal of Democracy* 16:3 (July 2005), pp. 20–34.

13. William H. Overholt, “Hong Kong: The Perils of Semidemocracy,” *ibid.*, 12:4 (October 2001), pp. 5–18. As used in the paper, the term “semi-democracy” is synonymous with “semi-authoritarianism” or a hybrid political regime that combines aspects of democracy with illiberal or authoritarian traits.

detailed case study of Hong Kong's recent political evolution, including an evaluation of several key performance indicators from the World Bank governance dataset for Hong Kong and China in the post-1997 period.

THE PARTIAL DEMOCRATIZATION OF HONG KONG

In what follows, we examine the partial democratization of Hong Kong, briefly reviewing the British colonial period and then turning to a review of the post-handover period, 1997 to the present. Following Robert Dahl and other democratic theorists, we employ a procedural minimal definition of democracy. Such a definition emphasizes the practical mechanisms by which leaders are held accountable to citizens. More specifically, Dahl emphasized the following seven criteria:

1. Control over government decisions about policy is constitutionally vested in elected officials.
2. Elected officials are chosen in frequent and fairly conducted elections in which coercion is comparatively uncommon.
3. Practically all adults have the right to vote in the election of officials.
4. Practically all adults have the right to run for elective offices in the government.
5. Citizens have a right to express themselves without the danger of severe punishment on political matters, broadly defined.
6. Citizens have a right to seek out alternative sources of information. Moreover, alternative sources of information exist and are protected by law.
7. Citizens have the right to form relatively independent associations or organizations, including independent political parties and interest groups.¹⁴

To simplify this definition somewhat, Dahl's criteria can be collapsed into three broader elements: rights of political participation (i.e., the right to vote and stand for office); free and fair elections; and the guarantee of basic civil liberties such as freedom of speech, information, and association. As stressed by Philippe Schmitter and Terry Lynn Karl, for a political system to be

14. Robert A. Dahl, *Dilemmas of Pluralist Democracy* (New Haven, Conn.: Yale University Press, 1982), cited in Philippe Schmitter and Terry Lynn Karl, "What Democracy Is . . . and Is Not," *Journal of Democracy* 2:3 (July 1991), pp. 75–88.

considered a democracy, it is also critical that elected officials “be able to exercise their constitutional powers without being subjected to overriding (albeit informal) opposition from unelected officials.” Moreover, the polity must be “able to act independently of constraints imposed by some other overarching political system,” a feature we label “autonomy.”¹⁵

In summary, we define democracy in terms of four criteria: (1) rights of political participation, (2) free and fair elections, (3) civil liberties, and (4) autonomy. As will become clear in the analysis that follows, contemporary Hong Kong fails to satisfy even the most minimal definition of democracy, let alone a more robust definition that might emphasize the need for deliberation, checks and balances, and the rule of law. Yet, as we show below, recent evidence demonstrates the surprising fact that Hong Kong has undergone a process of partial democratization since the transition to Chinese authority in 1997.

Historical Background: Hong Kong under British Colonial Rule, 1842–1997

Hong Kong was occupied by the British in 1841 and ceded to them in perpetuity in 1842 by the Treaty of Nanking. In 1898, the adjacent hinterlands around Hong Kong, known as the New Territories, were leased to the British for a 99-year period ending in 1997.¹⁶ During the period of British colonial rule, capitalism flourished, and in 1949 the victorious Chinese communists left the colony in British hands for economic and strategic reasons. The colony became an economic gateway to China; by 1970, Hong Kong processed a substantial share of China’s foreign exchange and, over time, became increasingly integrated with the mainland’s adjoining Pearl Delta River region.¹⁷ Politically, Hong Kong made limited progress toward developing democratic institutions under the British, although partial democratization did take place in the final decades of colonial rule, as discussed below. Hong Kongers enjoyed substantial civil liberties such as freedom of speech and religion, and the British constructed an efficient civil service and relatively strong judicial institutions.

15. *Ibid.*, p. 81.

16. As the end of the lease on the New Territories neared, the British conceded that the island of Hong Kong would “not be viable alone” and opted to surrender the island of Hong Kong together with the adjacent territories constituting the colony. See Agnes J. Bundy, “The Reunification of China with Hong Kong and Its Implications for Taiwan: An Analysis of the ‘One Country, Two Systems’ Model,” *California Western International Law Journal* 19 (1988–1989), pp. 271–86.

17. Holliday et al., “After 1997,” p. 255.

During the colonial period, the British practiced a form of “consultative colonialism”¹⁸ that was patently undemocratic. Under this system, influential groups such as big business interests were consulted but ultimate political authority rested entirely with the British governors and their appointed legislators. Gradual political liberalization began only as the British commenced negotiations with the Chinese in the 1980s and as a fledgling pro-democratic movement began to take shape among reform-minded Hong Kongers. Sino-British negotiations resulted in the Joint Declaration of 1984, paving the way for Hong Kong’s handover to China on July 1, 1997. Under Deng Xiaoping’s principle of “one country, two systems,” the Joint Declaration stipulated that Hong Kong would enjoy substantial autonomy in governance (save for defense and foreign affairs) and economic policy for 50 years after the handover.

Following ratification of the Joint Declaration in 1985, a five-year process of drafting Hong Kong’s Constitution (known as the Basic Law) was undertaken by Beijing. During this critical period, a conservative alliance was formed by big business interests, Beijing, and (reluctantly) London to restrict Hong Kong’s emerging institutions to a “corporatist democratic” model. It relied heavily on indirect elections while retaining critical features of the colonial system of appointed officials.¹⁹ By virtue of the negotiations, for example, most of the new elected seats added to Hong Kong’s legislature in the 1980s were to be chosen by functional constituencies representing various occupational groups. Increasing the number of directly elected officials on the Legislative Council in turn became a central issue in Hong Kong’s polity and remains so today.

The Basic Law, Hong Kong’s mini-Constitution, was eventually promulgated by the NPC in Beijing in 1990. Passed a year after the Tiananmen massacre, it is a politically conservative document that concentrates power in Hong Kong’s chief executive and calls for the slow introduction of direct elections in the Legislative Council, a disappointment for those in the democratic camp that had heralded the Joint Declaration as a promise of universal suffrage.²⁰ The Basic Law stipulated that the number of directly elected seats

18. Overholt, “Hong Kong: The Perils of Semidemocracy,” p. 11.

19. So, “Hong Kong’s Problematic Democratic Transition,” pp. 368–71; see also Sing, *Hong Kong’s Tortuous Democratization*, ch. 4.

20. See, for example, Martin C. M. Lee and Tom Boasberg, “Broken Promises: Hong Kong Faces 1997,” *Journal of Democracy* 5:2 (April 1994), pp. 42–56.

in the 60-seat council (i.e., seats drawn from geographic constituencies with universal suffrage) would rise gradually, from 20 at transition in 1997 to 24 in 1999 and 30 by 2003; the remainder would be chosen by functional constituencies (30 seats) and a Beijing-appointed election committee (10 seats, declining to six and then finally zero).

Although change came slowly, the 1990s nevertheless ushered in an important degree of semi-democracy in Hong Kong. The Legislative Council elections of 1991 and 1995 were a breakthrough for the pro-democracy movement, which dominated the newly introduced directly elected seats (numbering 18 in 1991 and 20 by 1995) while gaining some additional representation from among the functional constituencies. In the 1995 elections, pro-democratic forces captured 26 of the 60 seats on the Legislative Council, and Hong Kong's Democratic Party became the single largest party. In the meantime, London's newly appointed governor, Chris Patten (1992–97), introduced democratic reforms expanding the definition of "functional constituency" to encompass a much larger electorate (essentially all workers). This created a short-lived time of quasi-universal suffrage in 1995. These important gains, however, encountered resistance from Beijing, which in 1996 voted to replace the 1995–99 Legislative Council with a Provisional Council (stacked with pro-Beijing business people), effective at the handover.²¹ The new Provisional Council even included several members who had lost electoral contests in 1995. With the handover imminent, Hong Kong's movement toward democracy appeared to be halting.

Partial Democratization in Hong Kong, 1997–Present

In spite of numerous setbacks, Hong Kong has nevertheless undergone a steady process of partial democratization since 1997. This can be seen most clearly in the Legislative Council, which held new elections in 1998, 2000, 2004, and 2008. During this time, the number of directly elected members rose according to the formula set out in the Basic Law, from 20 in 1998 to 30 in 2004.²² The number of representatives chosen by functional constituencies

21. The Legislative Council was subsequently reconstituted when new elections were held in 1998.

22. The Basic Law furthermore stipulated that universal suffrage could be instituted as early as 2007, although it did not lay out a specific timetable for further changes. In a ruling by China's NPC in April 2004, this possibility was rejected for the 2007 and 2008 elections in favor of a more "gradual" approach.

remained steady at 30. Although the Legislative Council does not yet embody the principle of universal suffrage many had hoped for, it has never been more democratic than it is today. The process of selecting the chief executive of Hong Kong, on the other hand, has changed very little; it remains in the hands of an 800-member Election Committee dominated by pro-Beijing electors. However, a modest advance occurred in 2007 when the Election Committee nominated two candidates, giving rise to Hong Kong's first-ever contested election for the post. Finally, the prospect remains that Hong Kong's chief executive and its Legislative Council members will all be elected by universal suffrage within the next decade (by 2017 and 2020, respectively).²³

In terms of civil liberties, Hong Kong has not witnessed the dramatic reversal many pessimists anticipated in 1997. Although a few important qualifications must be made, Hong Kongers still enjoy the same broad personal liberties and strong rule of law they enjoyed during the era of British colonial rule. Moreover, as mentioned above, when Beijing tried to pass anti-subversion legislation in 2003 that would have potentially curtailed civil liberties, the bill inspired a massive counter-protest and was withdrawn.

Governance Comparisons

The process of Hong Kong's partial democratization is well represented by recent World Bank governance surveys. In the surveys, Daniel Kaufmann, Aart Kraay, and Massimo Mastruzzi develop a multidimensional measure of governance based on the following six dimensions: political stability, government effectiveness, regulatory quality, rule of law, control of corruption, and voice and accountability.²⁴ For purposes of this study, we analyzed recent scores on Hong Kong and China and, for further comparison, Taiwan and Macao. A look at recent data (see Appendix-Figure 1) reveals, first and

23. A ruling in December 2007 determined that the earliest date at which representatives would be directly elected by universal suffrage would be 2017 for the chief executive and 2020 for the Legislative Council. See Freedom House, "Freedom in the World—Country Report: Hong Kong [China] (2008)," <<http://www.freedomhouse.org/template.cfm?page=22&year=2008&country=7527>>, accessed September 2, 2008.

24. Daniel Kaufmann, Aart Kraay, and Massimo Mastruzzi, "Governance Matters VI: Aggregate and Individual Governance Indicators, 1996–2006," World Bank Policy Research Working Paper, no. 4280, July 2007, <http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2007/07/10/000016406_20070710125923/Rendered/PDF/wps4280.pdf>, accessed September 1, 2007.

foremost, that Hong Kong is among the best-governed polities in the world. Hong Kong's governance scores are in the top quartile globally for all six dimensions except voice and accountability. And though the measure for voice and accountability²⁵ is the weakest aspect of its governance overall, even here Hong Kong falls near the 65th percentile globally.

Another striking feature of the data is the stark variation between China on the one hand and Hong Kong, Macao, and Taiwan on the other. Not only does China score lower on all six measures, but, in contrast to the other three cases, it scores below the 50th percentile on all dimensions save government effectiveness. Furthermore, on the dimension of voice and accountability, China's score is among the lowest in the world. Taiwan's governance scores generally fall between those of Hong Kong and China, although Taiwan outperforms Hong Kong on the crucial aspect of voice and accountability. The World Bank's most recent data reveal that in terms of governance, China and Hong Kong clearly *are* two different systems.

Beyond looking at this snapshot from 2006, we can also observe important trends through a time series analysis of the World Bank data beginning in 1996, a useful point to observe the impact of the British handover. The data reveal that Hong Kong suffered an immediate setback in the area of voice and accountability after the handover in 1997, with its governance score dropping from 0.22 in 1996 to -0.13 in 1998 and -0.15 in 2000 (see Table 1). These trends are consistent with the narrative offered in this article and reflect the replacement of the Legislative Council by a provisional legislature in 1997 as described above. Only gradually were the legislative seats selected by the election committee filled through direct contests. In spite of this early setback, however, the more remarkable fact is that since 2003, Hong Kong's voice and accountability scores have surpassed their pre-handover levels from 1996. Again, this is consistent with the narrative above, reflecting the partial democratization of Hong Kong under Chinese authority.

A similar and equally surprising story is revealed when analyzing the other five governance indicators, including political stability, government effectiveness, regulatory quality, rule of law, and control of corruption. On all five dimensions, Hong Kong's governance has steadily improved since 1997 and

25. As defined by the World Bank, voice and accountability measure "the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media," *ibid.*, p. 3.

TABLE 1. Voice and Accountability Scores for Hong Kong, 1996–2006

	<i>Governance Score</i> (-2.5 to +2.5)	<i>Percentile Rank</i> (0-100)	<i>Standard Error</i>
2006	0.55	64.9	0.2
2005	0.59	66.3	0.2
2004	0.52	64.4	0.2
2003	0.33	58.2	0.21
2002	0.12	51.4	0.21
2000	-0.15	45.7	0.28
1998	-0.13	46.6	0.29
1996	0.22	56.5	0.26

SOURCE: Kaufmann, Kraay, and Mastruzzi, "Governance Matters," pp. 76–93.

especially after 2000. In short, the data demonstrate that Hong Kong has maintained its status as among the best governed polities in the world and—against most expectations—has markedly improved select measures of governance under Chinese authoritarian rule.

Limitations on Democracy: Hong Kong's Semi-Authoritarian System

In spite of recent advances and the optimistic portrait provided by the World Bank survey, Hong Kong is still far from meeting the procedural minimal definition of democracy: basic standards of participation, free and fair elections, civil liberties, and autonomy.

Basic voting rights are extremely circumscribed in Hong Kong by the continued predominance of officials chosen by functional constituencies, a violation of the principle of "one person, one vote." This is most obvious with respect to the office of the chief executive, who is indirectly chosen by the 800-member Election Committee, composed mostly of representatives of occupational groups. This results in a chief executive who is effectively unaccountable to the mass electorate. One-half of the seats in the Legislative Council are also chosen by occupational groups, which similarly represent only a small fraction of Hong Kong's total electorate.

The system of functional constituencies not only circumscribes who participates in elections to critical offices but also reduces political competition because the occupational contests tend to be dominated by pro-Beijing candidates. For example, in the 2004 Legislative Council elections, pro-democracy

candidates won more than 60% of the vote in the direct elections (winning 18 of 30 seats) but only claimed 25 of 60 seats overall, having gained so few of the seats chosen by the highly unrepresentative functional constituencies. Two other aspects of Hong Kong's politics call into question the fairness of elections for the Legislative Council. The first concerns Hong Kong's party-list proportional representation system used in the direct election contests. As described by Joseph Cheng, this approach "is meant to guarantee that the pro-Beijing camp can win at least one seat in each district by polling 20 to 25 percent of the vote."²⁶ Pro-democracy candidates would likely fare far better under a system of first-past-the-post elections, as they did in 1991 and 1995 under the Patten administration.²⁷

A second aspect concerns the strong-arm tactics of the pro-government party, the Democratic Alliance for the Betterment of Hong Kong (DAB). Members of the democratic opposition allege that the DAB uses dirty tactics to extract contributions and vote pledges from the business community and spreads false propaganda about its opponents, among other forms of electoral intimidation.²⁸ In the unflattering words of *The Economist*, the uncompetitive features of Hong Kong's politics produce a system of "relatively free elections and predetermined outcomes."²⁹

In the area of civil liberties, Hong Kong enjoys relative freedom. Here too, though, important qualifications must be made. For example, while freedom of the press is broadly guaranteed, occasional pressures from Beijing (as well as the fear of such pressure) have resulted in a high level of self-censorship, especially on politically sensitive issues like Taiwan.³⁰ Freedom of religion is broadly tolerated with the conspicuous exception of Falun Gong, which was declared an "evil cult" by former Chief Executive Tung Chee-hwa (in office

26. Joseph Y. S. Cheng, "Hong Kong's Democrats Stumble," *Journal of Democracy* 16:1 (January 2005), p. 144.

27. Deborah A. Brown, "One Country, Two Systems: The Hong Kong Experience, 1997–2002," *American Asian Review* 20:4 (Winter 2002), pp. 103–04.

28. *Ibid.*, pp. 110–11; Cheng, "Hong Kong's Democrats Stumble," p. 143; Freedom House, "Freedom in the World."

29. *Economist*, "A Special Report on Hong Kong: The Resilience of Freedom," June 30, 2007, pp. 3–13.

30. According to Freedom House, Hong Kong's media is regarded as "free" although it is at the very threshold of being considered only "partly free." See Freedom House, "Freedom of the Press 2007: World Rankings," <<http://www.freedomhouse.org/uploads/Chart110File156.pdf>>, accessed September 2, 2008. See also Heike Holbig, "Hong Kong Press Freedom in Transition," in *Hong Kong in Transition: One Country, Two Systems*, eds. Robert Ash, Peter Ferdinand, Brian Hook, and Robin Porter (London: RoutledgeCurzon, 2003), pp. 195–209.

1997–2005). Furthermore, Falun Gong practitioners from abroad have faced arrest and deportation. Finally, complaints have also surfaced with respect to freedom of assembly, movement, and academic freedom.

In terms of its autonomy, Hong Kong's polity remains heavily subordinate to Beijing's autocratic government. Not only are crucial officials appointed by the central government but the ability to amend and interpret the Basic Law resides entirely with Beijing. Indeed, decisions on Hong Kong's democratization are ultimately made in Beijing, and interference from China has increased in recent years.³¹ Barring dramatic reforms on the mainland, this is very unlikely to change.

In conclusion, and in spite of the progress noted, Hong Kong cannot be considered a democracy today owing to limitations on its autonomy, political participation and competition, and, to a much lesser extent, civil liberties.³² If we were to expand our conception of democracy to include a broader set of features, we would also encounter faults in the system of checks and balances in Hong Kong's polity. The former colony features a relatively weak legislature (in terms of lawmaking powers) and a powerful executive capable of potentially overriding judicial checks by appealing decisions to the NPC in Beijing.³³

EXPLAINING THE PARTIAL DEMOCRATIZATION OF HONG KONG AFTER REUNIFICATION

Although Hong Kong has not yet achieved true democracy, and appears unlikely to do so in the near future, an assessment of the past 10 years nevertheless supports the conclusion that the transition to Chinese authority has not undermined democratic governance in Hong Kong. In fact, Hong Kong has in several respects grown more democratic while preserving the personal liberties introduced in the era of British colonialism. What explains this surprising result? To what extent do the power dependence, social forces, and

31. Joseph Y. S. Cheng, "Introduction: Hong Kong since Its Return to China: A Lost Decade?" in *The Hong Kong Special Administrative Region in Its First Decade*, ed. Joseph Y. S. Cheng (Hong Kong: City University of Hong Kong Press, 2007), pp. 1–48.

32. Seen from a comparative perspective, Hong Kong represents a peculiar anomaly in the contemporary world (though not historically) as a country that enjoys robust civil liberties but not basic political rights—a form of "liberal autocracy" (Zakaria, "The Rise of Illiberal Democracy," p. 29).

33. For instance, in 1999, a ruling by Hong Kong's Court of Final Appeal on the right of children of Hong Kong parents born on the mainland to abode in Hong Kong was appealed by the government and duly overturned by the NPC in Beijing, based on their interpretation of the Basic Law.

international linkages perspectives help account for the recent changes in Hong Kong? What are the implications of these findings for the future of China, Taiwan, and cross-strait relations? It is to these questions that we now turn.

In contrast to the pessimism that accompanied the handover in 1997, China has largely honored the principle of “one country, two systems.” Indeed, 10 years after the transition, Hong Kong remains a separate and semi-democratic system embedded within a larger autocratic whole. As pro-democracy leader Martin C. M. Lee summarizes, “[A]lthough China does not have democracy, it now has some elected democrats on Chinese soil representing political parties independent of Communist [Party] control.”³⁴ Let us examine these issues through the three theoretical lenses.

Power Dependence

Advocates of the power dependence perspective see worrying long-term trends in Hong Kong and anticipate diminished leverage for its democratic movement as it becomes economically integrated with the mainland. For decades, Hong Kong has served as a gateway for China’s economic growth and modernization, and, undoubtedly, China has been careful to preserve this role. Yet, as proponents of the power dependence perspective are quick to point out, the relationship has grown increasingly uneven for Hong Kong. Indeed, while Hong Kong continues to enjoy a per capita income nearly eight times higher than in the mainland, it is dwarfed (in absolute terms) by China’s massive economy.³⁵ This is plainly evident with respect to trade, where Hong Kong is far more dependent on China than vice versa. More than 45% of Hong Kong’s imports and exports are associated with China, whereas China has a diverse range of global and regional trading partners, including the U.S., Japan, South Korea, Taiwan, and Germany, to name a few.

Furthermore, Hong Kong has grown increasingly reliant on investment concessions and tourism from the mainland, notably as a result of the Closer Economic Partnership Agreement (CEPA) established by Beijing in 2003. Finally, with the growth of capitalism in China and its entry into the World

34. Martin C. M. Lee, “The Hong Kong Example,” *Journal of Democracy* 9:4 (October 1998), p. 5.

35. According to the U.S. Central Intelligence Agency (CIA), Hong Kong’s GDP (gross domestic product) per capita (in purchasing power parity) in 2007 was \$42,000 compared to \$5,300 in China. See CIA “World Fact Book,” <<https://www.cia.gov/cia/publications/factbook/index.html>>, accessed January 18, 2007.

Trade Organization, as well as the rise of Shanghai as an international commercial center, Hong Kong's status as the international gateway to China has diminished. It is now one of several.³⁶ Nevertheless, lessened economic leverage has not so far stymied Hong Kong's slow movement toward democracy. Although time could reverse the trends we have observed (and we remain skeptical that Chinese authorities will grant it increased autonomy any time soon), we do not find strong evidence of autocratization taking place in Hong Kong.

Social Forces

A second interpretation of Hong Kong's political evolution is offered by the social forces perspective. Advocates draw attention to the ways in which the attitudes and capabilities of local elites such as business people and grassroots activists shape the course of democratization in Hong Kong. As our summary of the partial democratization makes clear, social forces have played an important role in safeguarding Hong Kong's liberties, particularly during the 2003 protests described above. Indeed, since then the pro-democracy movement has organized a series of massive rallies, held annually on July 1, the anniversary of the transfer of sovereignty. Participants call for universal suffrage and other progressive demands such as preserving the autonomy of Radio and Television Hong Kong (RTHK), a highly respected broadcaster. Although the pro-democracy movement has rarely triumphed against the wishes of the central government (which continues to dictate key aspects of policy), social forces certainly provide part of the explanation of Hong Kong's movement toward democracy.

International Linkages

Both the power dependence and social forces perspectives contribute critical insights into Hong Kong's recent political history. In addition, we argue that a third perspective—international linkages—helps draw attention to the dynamic interaction among Hong Kong, the West, and the mainland. According to this perspective, autocracies that are linked economically, geopolitically, and socially to Western democracies are more likely to democratize than those that

36. Interview with Richard R. Vuylsteke, an official of the American Chamber of Commerce in Hong Kong, Hong Kong, June 30, 2008. See also "Hong Kong and Shanghai Duel for Financial Capital," *New York Times*, January 16, 2007, p. C3.

are not. Such an interpretation is consistent with our findings that Hong Kong has undergone a process of partial democratization. Moreover, this theory provides a provocative implication: if Western linkages help to impel democratization, might China's integration of (a highly Westernized) Hong Kong have a democratizing impact on the Chinese polity? Seen from this perspective, the forces shaping Hong Kong should not be thought of as unidirectional but interactive: just as China impacts Hong Kong, so too Hong Kong impacts China, though the impact is rarely symmetrical. In addition, China itself is becoming more connected to the West, especially the E.U. and U.S. Its trade and investment ties to the Western world are at an all time high, and global linkages in politics and society are growing too.³⁷ Still, the "coming out party" of the 2008 Beijing Olympics, intended to showcase China's emergence as a major global power, also demonstrated many of China's own sensitivities, including Tibetan independence, media freedom, and political rights.³⁸

Of course, as advocates of the power dependence perspective rightfully point out, the interaction between China and Hong Kong is not an interaction of equals. Nevertheless, to quote a well-known pro-democracy leader in Hong Kong, Christine Loh, even if Hong Kong is on China's periphery, "the periphery is often where the seeds of new ideas are sown."³⁹ The international linkage perspective thus draws attention to the ways in which the integration of Hong Kong has brought China into much greater contact with the ideas and values of the Western world. Yongnian Zheng and Tok Sow Keat argue, for example, that Beijing has (however reluctantly) been forced to speak the "language" of the democratic opposition in Hong Kong.⁴⁰ For example, when the NPC issued an interpretation of the Basic Law in April of 2004, it was careful to frame the debate in terms of legal precepts and the rule of law and to avoid ideological formulations that could alienate Hong Kongers.⁴¹

37. Ilan Alon and John McIntyre eds., *The Globalization of Chinese Enterprises* (New York: Palgrave MacMillan, 2008).

38. Indeed, against expectations that China might soften rights restrictions ahead of the Olympic Games, the government increased restrictions on the freedom of movement and information and amplified surveillance, harassment, and detention of petitioners and activists. See Freedom House, "Freedom in the World—Country Report: China (2009)," <<http://www.freedomhouse.org/template.cfm?page=22&year=2009&country=7586>>, accessed February 12, 2010.

39. Loh, "Hong Kong's Relations with China," p. 294.

40. Yongnian Zheng and Tok Sow Keat, "Beijing Responds to Hong Kong's Democratization Movement: From Bureaucratic Control to Political Leadership," *Asian Affairs: An American Review* 33:4 (Winter 2007), p. 247.

41. *Ibid.*

TABLE 2. Voice and Accountability Scores for Hong Kong and China, 1996–2006

	<i>Governance Score (Hong Kong)</i> (-2.5 to +2.5)	<i>Governance Score (China)</i> (-2.5 to +2.5)
2006	0.55	-1.66
2005	0.59	-1.46
2004	0.52	-1.33
2003	0.33	-1.36
2002	0.12	-1.40
2000	-0.15	-1.38
1998	-0.13	-1.39
1996	0.22	-1.66

SOURCE: Ibid. to Table 1.

In other respects, however, the evidence is inconclusive. For example, although Freedom House reports a modest improvement in China's civil liberties after 1997, World Bank data indicate that improvements in Chinese voice and accountability have hardly moved in lockstep with Hong Kong (see Table 2).⁴² Moreover, many remain skeptical that the linkages between Hong Kong and the Chinese mainland—substantial investments, trade and tourism (including a paragon of Western life, Disney)—will have a political impact in China that goes beyond mere exposure to a consumeristic lifestyle. Many maintain that in spite of increased linkages, Hong Kong is still Hong Kong and China is still China.⁴³ In short, while Hong Kong's historical linkages to the West provide a compelling explanation for the island's recent movement toward democracy (and are consistent with the social forces explanation), it would be premature to suggest that linkages between Hong Kong and China are having a democratizing impact on the mainland.

Considering the evidence of Hong Kong's recent movement toward democracy, what explains Beijing's surprising tolerance of elected democrats on China's own soil? Undoubtedly, the country's broader geostrategic interests of international legitimacy, continued economic development, and peaceful

42. Freedom House, "Historical Data: Comparative Scores for All Countries from 1973 to 2008," <<http://www.freedomhouse.org/uploads/FIWAAllScores.xls>>, accessed September 2, 2008.

43. Interview with Tao Li, chief research officer of the One Country Two Systems Research Institute in Hong Kong, Hong Kong, July 4, 2008. Similar views regarding the political impact of China's linkages to Hong Kong were expressed by members of the American Consulate General in Hong Kong.

reunification with Taiwan help explain its seemingly pragmatic posture vis-à-vis Hong Kong.⁴⁴ Yet, there is another interpretation of China's position, namely, that semi-democracy in Hong Kong is not nearly as threatening to China as Beijing might have once anticipated. Christine Loh, for example, claims that "Hong Kong may be redefining the Chinese psyche's fear of instability and 'chaos' (*luan*)."⁴⁵

China may have less to fear from a semi-democratic Hong Kong for a number of reasons. First, from an economic vantage, in the post-Deng era, mainland China has rapidly converged toward Hong Kong's economic model, so fears about the destabilizing impact of capitalism have eroded. Second, from a political vantage, Beijing has learned to manage Hong Kong's political system so that the final outcomes are largely prescribed in Beijing's favor, through a mixture of democratic and semi-democratic institutions and a fair amount of political manipulation. A third reason stems from the weakness of the democratic opposition as well as the pragmatism, moderation, and restraint of Hong Kong citizens in general. Indeed, many in Hong Kong have welcomed the positive benefits associated with increased linkages to the mainland. For instance, Chinese tourism, investments, and improved trade integration arguably helped stave off a major financial crisis in Hong Kong following the dot.com bust and outbreak of SARS (Severe Acute Respiratory Syndrome) in the early 2000s.⁴⁶ Furthermore, in late 2008, Beijing announced a 14-point plan, including tax rebates and liberalized visas, to help the city through the global economic crisis.⁴⁷

IMPLICATIONS FOR CHINA, TAIWAN, AND CROSS-STRAIT RELATIONS

As indicated above, each of the three perspectives we have considered—power dependence, social forces, and international linkages—has its own set of implications regarding the future status of Taiwan. We therefore conclude with a short discussion of the implications of our findings for Taiwan and cross-strait relations. The Chinese government maintains that the "one country, two systems" model practiced in Hong Kong (and Macao) represents a

44. Zheng and Keat, "Beijing Responds," pp. 248–49.

45. Loh, "Hong Kong's Relations with China," p. 304.

46. Interview with Mark Michelson, associate director-general, Invest Hong Kong, the government of the Hong Kong Special Administrative Region, Hong Kong, June 30, 2008.

47. See "Beijing Helps HK Fight Crisis," *South China Morning Post*, December 20, 2008, pp. A1, A3.

flexible model for the incorporation of Taiwan into China. In principle, the premise that both are part of “One China” was jointly recognized by government representatives in the “1992 Consensus.” However, whether a legitimate consensus was truly achieved and how it should be interpreted remain subjects of intense controversy in Taiwanese politics.

A crucial question concerns whether or not the relative success of the “one country, two systems” model in Hong Kong will bring true comfort to citizens in Taiwan, which differs from Hong Kong in several fundamental ways. Many argue, for example, that the differences are so substantial that they make unrealistic the notion that China can use Hong Kong as a “proxy” for Taiwan (i.e., a positive inducement for reunification). For one thing, Taiwan is much larger in size and population and more geographically remote from China than is Hong Kong. Taiwan is also less economically dependent on China for its prosperity,⁴⁸ although this situation is changing rapidly in China’s favor.⁴⁹ Indeed, Taiwan’s increasing economic integration with China is a central fissure in Taiwanese politics.

In any case, these geographic and economic distinctions between Hong Kong and Taiwan are rather superficial when compared to other crucial differences. Far more important is the fact that Taiwan has now been self-governing for several decades and, as Agnes Bundy points out, “has maintained its own armed forces and independent international ties during this period of self-government.”⁵⁰ This stands in marked contrast not only to Hong Kong’s recent experience of British colonial rule but also to its status as an SAR within China. Moreover, since the rise of competitive party politics in the 1980s and 1990s, marked by the defeat of the once-dominant Kuomintang (Nationalist Party, KMT) in 2000, Taiwan is rightfully regarded as a full democracy. Thus, although China has made a gradual effort to shepherd Hong Kong toward semi-democracy, the Taiwanese still regard Hong Kong’s polity as autocratic. Indeed, while the two dominant factions

48. According to the 2010 CIA “World Fact Book,” for instance, China accounts for 27% of Taiwan’s exports (followed by Hong Kong with another 14.4%). Taiwan’s imports from China are about 14% of its total, after Japan with a share of about 20%. In contrast, China accounts for 51% of Hong Kong’s exports and 46% of its imports.

49. For example, a process of “hollowing out” is often used to describe the loss of jobs and output from Taiwan. Observers point to a massive relocation of large sections of industry (including the high tech sector) from Taiwan into China in the past two decades (see Holliday et al., “After 1997”). China has also risen to become Taiwan’s leading trade and investment partner.

50. Bundy, “The Reunification of China with Hong Kong,” p. 283.

in Taiwanese politics differ from one another regarding the optimal policies Taiwan should adopt toward China, they are united in their commitment to Taiwanese democracy. Democratic social forces are therefore unlikely to accept any arrangement that would compromise Taiwan's political autonomy.

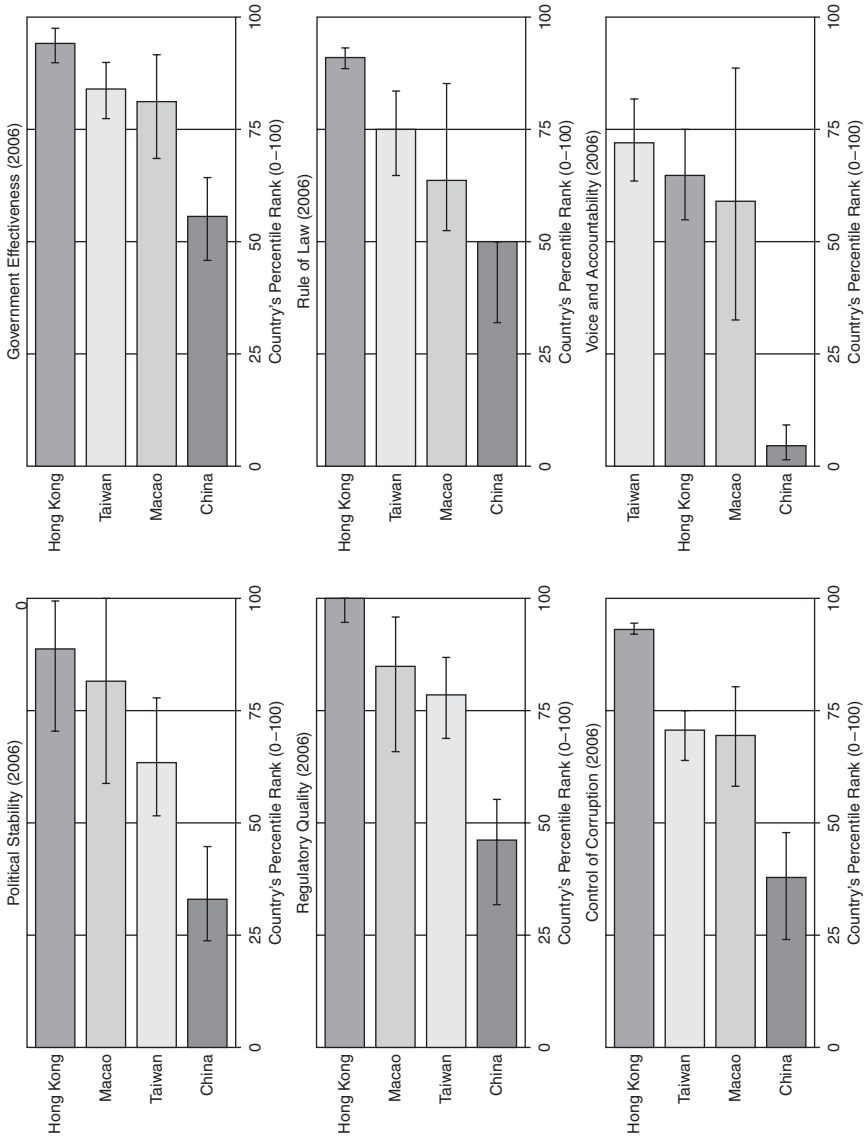
What relevance do international linkages have for Taiwan? Taiwan itself is presented as one of many illustrations of Levitsky and Way's supposition that Western linkages can have a democratizing impact on competitive authoritarian regimes. An interesting question therefore arises as to how Beijing plans to incorporate yet another—more vigorous—source of democratic ideas on its periphery. This perspective has particular relevance as Taiwan's integration with China deepens, not only in an economic sense but socio-culturally as well.⁵¹ Under the current Taiwanese president, Ma Ying-jeou, cross-strait linkages have expanded considerably, including, notably, cross-strait flights. As Bruce Gilley argues, these growing cross-strait linkages, along with a deepening process of normalization, suggest that Taiwan could play an increasing role in China's domestic political liberalization.⁵² Reunification with Taiwan, should it occur, will only deepen China's exposure to democratic ideals.

In light of these facts, it is not surprising that Beijing, Hong Kong, and Taipei (not to mention Washington) have settled into the peculiar equilibrium in which they now find themselves. Captivated by its economic potential, Hong Kong and Taiwan nonetheless remain wary of Beijing's influence. Similarly, mainland China, while less economically reliant on Hong Kong and Taiwan for trade and investment than it once was, is wary of political instability along its periphery and cognizant of its own fragile international reputation. In Hong Kong, Beijing has found a partial solution, the limited license to semi-democracy. Meanwhile in Taiwan, Beijing and the U.S. have opted for a continuation of the ambiguous status quo. This situation looks likely to continue into the foreseeable future.

51. Some officials maintain that Taiwan's cultural linkages to China are actually closer and more robust than those of Hong Kong. Interview with Shiu Sin Por, member of the government of the Hong Kong SAR Central Policy Unit, Hong Kong, July 3, 2008.

52. Bruce Gilley, "Not So Dire Straits: How the Finlandization of Taiwan Benefits U.S. Security," *Foreign Affairs* 89:1 (January/February 2010), pp. 44–60.

APPENDIX—FIGURE I. Governance Indicators



SOURCE: Kaufmann, Kraay, and Mastruzzi, "Governance Indicators."