

The democratic path for Hong Kong: **Background and implications.**

Ruben Armando Escalante H.

Graduate student,

School of International Politics, Economics and Communication,

Aoyama Gakuin University, Tokyo, Japan.

Introduction

July 1st 2007 saw the celebration of the 10th anniversary of the handover of Hong Kong from the British crown back to China. The ceremony carried out to celebrate this handover 10 years ago, in 1997, made evident how much both Hong Kong and China had changed over a century since the small island was taken over by the British as compensation demanded after the victory of the first Opium War: It was not the small fishing port in South China anymore, but a brilliant outpost of liberalism in the East, profiting from one of the highest GDPs in the whole continent and showered with western institutions, customs and ideas. On the other side, the Qing Empire that had lost the territorial possession had given way to a short-lived nationalist regime and since 1949 to a People's Republic led by a Chinese Communist Party (CCP) which, even though getting closer to the international liberal market ever since 1979, of which Hong Kong is an integral part, it still was (and is) reluctant to opening up on Humans Rights and universal suffrage. Ten years afterwards, the relationship between Hong Kong and Beijing is at the same time complementary and contradictory.

Although short, this paper is divided in 4 basic parts, starting first by giving a general view of the political history of Hong Kong and the legal framework that has ruled it since the handover up until now. The second part is devoted to describing the current situation facing the second term of the current Chief Executive, Donald Tsang, and the expectations that surrounded the 10th anniversary of the handover. Part three will look into some scholarly sources to clarify in basic terms how the Hong Kong issue can be analysed from the perspective of the PRC and the CCP, while part four will in turn mention what I personally consider are the challenges for both Hong Kong, China and the International Community in the short future, adding also some conclusions.

I. Historical background

At the beginning of the 19th century the British Empire depended strongly on the imports on tea coming from China, and even when the British had started exporting luxurious articles such as clocks and watches to the far East, that was not enough to avoid trade deficits in favour of the

Chinese. As a way for making it up for this imbalance the British started to exchange gold bullion for opium produced in India, at the time dominated by the East India Company. The interdiction of the Qing Emperor of the opium trade sparked the first opium war (1839-1842) which resulted in a complete Chinese defeat. By the signing of the Treaty of Nankin, London received the strategically located island of Hong Kong as a war concession for an indefinite period, along with the opening to trade in opium and other products of five ports along the Chinese coast. More concessions were given to Britain after the second Opium War in which portions of the mainland territory facing the island on Hong Kong were given on lease.

According to the French monthly publication "Le Monde Diplomatique"¹ Shanghai, as well as Hong Kong, offered the conditions for the flourishing of the modern Chinese business world. Hong Kong was also important in the movement leading to the fall of the Qing Dynasty and the establishment of the Republic in 1911, and was one of the first overseas territories taken over by the Japanese military after the attack on Pearl Harbor in 1941 (with the territory going back to British sovereignty after the end of the conflict). Historically noteworthy is the fact that after 1949 with the proclamation of the People's Republic by Mao Zedong, the status of Hong Kong was respected by Beijing, probably in order to avoid confrontation with a weakened but still major power such as Britain, which in turn was the first foreign power to recognize the new Government of China in 1950, despite of the nationalist Government having fled to the neighboring island of Formosa (now Taiwan). Hong Kong was also the destination of Chinese refugees, including businessmen, which fled the collapse of the nationalist government and ended up bringing their expertise and assets to Hong Kong, where they could enjoy the protection of British authorities and continue their dealings under liberal guidelines.

In 1957 Britain accepted the independence of Malaysia and therefore decided to reduce its military forces stationed in Hong Kong to a minimum. On the economic front, it seems London applied a model of "laissez faire laissez passer", without paying much attention to any democratic participation by its subjects in Hong Kong.

In the 1980`s, with the Hong Kong business elite interested in the reforms implemented by the PRC Government of Deng Xiaoping in Beijing since 1979, and with the lease of the mainland territories coming to an end in 1997, the then British Prime Minister Margaret Thatcher visited Beijing in 1982 in order to negotiate an arrangement that would return the official sovereignty of the territories to China but with Britain administering it. This resulted nonetheless in an official communiqué issued in December 1984 and which laid the groundwork for the return of Hong

¹ *De la couronne a la republique populaire*, special supplement "Cette exception chinoise nommée Hong Kong", Le Monde Diplomatique, July 2007, Year 48.

Kong to China not under British administration, but under a special status granting it administrative autonomy; and even when the general mood for the handover was tarnished by the violent quelling of the student-led Tiananmen demonstrations of 1989, the plans were carried out as expected, resulting in the handover back to China on July 1st 1997.

The Sino-British Declaration issued in Beijing in 1984² established that China was to treat Hong Kong as a Special Administrative Region (HKSAR) with a high degree of autonomy except in foreign and defense affairs; and which will be vested with executive, legislative and independent judicial powers (note that the word “independent” was placed in the text of the Declaration before “judicial”, not before either “legislative” or “executive”). Moreover, according to the Declaration, the social and economic system before the resumption of the exercise of Chinese sovereignty would remain unchanged for 50 years after the handover, retaining the status of a free port and a separate customs territory, as an international financial center with independent finances, along with the right to keep issuing its own currency

Two very important aspects need to be highlighted about the content of the Declaration: **1)** the ideology of “one country, two systems” needed to be forged by the Chinese administration, not only to accommodate the theoretical dichotomy that a liberal capitalist system in Hong Kong would mean for a Communist China, but also as a way of rhetorically bringing the reforms led by the Xiaoping administration under the same umbrella, with the sole aim of economic growth under the undisputed political leadership of the CCP, and the theoretical allure that this would add to the case for a peaceful reunification with Taiwan. **2)** The deadline for the respect of Hong Kong “way of life” that is set to run out in 2047, and which needs to be taken into account when trying to analyze the direction Hong Kong is going and when trying to foretell how both Hong Kong and mainland China will look when this final merging occurs.

The principal legal framework of today’s Hong Kong is the *Basic Law*³, which functions as a mini Constitution for the administration of the HKSAR. Especially important for the analysis of Hong Kong politics are chapter I *General principles*, Chapter II *Relationship between the Central Authorities and the Hong Kong Special Administrative Region*, Chapter IV *Political structure*, Chapter VII *External Affairs*, as well as Annex I *Method for the Selection of the Chief Executive of the Hong Kong Special Administrative Region*, and Annex II *Method for the Formation of the Legislative Council of the Hong Kong Special Administrative Region and Its Voting Procedures*. Let

² The text of the Declaration can be downloaded from www.cmab.gov.hk/en/issues/joint2.htm

³ The full text of the Basic Law can be downloaded from www.info.gov.hk/basic_law/fulltext/content0201.htm

us turn briefly to the main content of these chapters.

According to the Basic Law, the Central People's Government (Beijing) shall be responsible for the foreign relations and the defense of the HKSAR and it shall appoint the Chief Executive and the principal officials of the Executive Authorities of Hong Kong. At the same time, the participation of Hong Kong in the national Chinese decision-making bodies is assured in article 21 which establishes that "*The Chinese citizens among the residents of the HKSAR shall locally elect deputies of the Region to the National People's Congress to participate in the work of the highest organ of state power*", assuring not only Hong Kong participation, but also feedback and control from the central authorities of Beijing.

Especially important for political reasons is also article 23 which provides that the HKSAR "*should enact laws that prohibit any act of treason, secession, sedition subversion against the Central People's Government, and to prohibit foreign political organizations or bodies from conducting political activities in the Region, and to prohibit political organizations or bodies of the Region from establishing ties with foreign political organizations and bodies*". It is obvious that this article was included in the text of the Basic Law to protect the interests of the Chinese political establishment, led by the Chinese Communist Party: By prohibiting acts regarded as sedition, secession and treason, Beijing is not only setting the legal framework to avoid losing the territory once again (those who have visited Hong Kong might have witnessed that more than a century of British rule has left a profound impact in the Hong Kong mentality, creating a sense of belonging and even "nationhood" that sets them apart from the other communities of China), but also to prevent the liberal system of Hong Kong from being used to fund or support independence in Taiwan, Beijing or Xinjiang, as in 2000, when Chinese officials warned Hong Kong journalists not to report Taiwan pro-independence news after the winning of Chen Shui Bian⁴. On the other hand, assuring a Hong Kong free from foreign political interference is also completely in line with the CCP's policy of extracting as much benefits from globalization and international interconnectedness as possible in the economic field, while trying to maintain a shield to separate the political and ideological "internal" affairs of China.

As for the HKSAR's Chief Executive, the Basic Law provides that he/she be accountable to the Central People's Government and to the HKSAR itself, and that he/she should be selected by election or through consultations held locally and be appointed by Beijing for a term of office of five years that should not be repeated more than once. Of special importance, and as a base for the Hong Kong social movements that call for direct democracy, article 45 (regarding the Chief

⁴ *A reflection of Power; Beijing is interfering more and more deeply in Hong Kong affairs*, Newsweek, July 2, 2007 – July 9, 2007, page 35.

Executive) and article 68 (regarding the Legislative Council) both establish that *"the ultimate aim is the selection of the Chief Executive (and the election of all the members of the Legislative Council) by universal suffrage"*. In this light, the issue is not and has never been whether Hong Kong should have a directly democratic system, but when this should be implemented. What Beijing and the CCP are trying to control is then the timing and the process leading to the fulfillment of this promise, while creating the appropriate circumstances to avoid this fulfillment from becoming a threat to their legitimacy as the ultimate holders of authority and sovereignty overall of the Chinese territory, which since 1997 includes again Hong Kong.

Up until now the Chief Executive is selected by a Representative Election Committee composed of 800 members (out of seven million inhabitants) and which, according to Annex I of the Basic Law should be made up as follows: **a)** 200 members out of the industrial, commercial and financial sectors; **b)** 200 members out of the professions; **c)** 200 members out of Labour, social services, religious and other sectors; and **d)** 200 members out of the many political structures of Hong Kong and Beijing. As can be easily seen here any candidate for the position of Chief Executive must count on the support of Beijing and the political community (group "d"), but also of the business community that is represented in sectors "a" and "b". Even when sector "c" can be regarded as representing civil society in Hong Kong, it is not essential to garner the votes necessary to be selected as Chief Executive (the final appointment by Beijing could be certain if you have the support of sector "d") and not even for the 100 members necessary to be nominated as candidate.

The selection for the position rests then not on being accountable to the whole of the population but to specific sectors on the political realm (Hong Kong politicians and the CCP, with the latter valuing loyalty above everything else) and the economic realm (the business community, which value market economy, openness and profit above everything else).

II. Current situation

To analyze now the current situation, we should take into consideration three main factors: **1)** The current economic position of Hong Kong in the world, **2)** the recent nomination of Donald Tsang for a second term in office as Chief Executive, and **3)** the 10th anniversary of the handover which was celebrated with an official visit to Hong Kong by Chinese President Hu Jintao in July 2007, and which will be elaborated on in the following section of this paper.

The current economic position of Hong Kong: This is a factor that needs to be taken into account since it could help us measure the mood of the population in general, regarding the economic

policies traditionally pursued by the HKSAR, and also the position of one of the sectors that call the shots when selecting Hong Kong's authorities and that will help set the pace for further democracy: The business elite.

According to the magazine "Newsweek"⁵ Hong Kong has slipped from number one in the world to number three and its status as Asia's premier shipping hub has been lost (although it is still ranked as the freest economy in the world by institutions such as the Heritage Foundation). The current challenges of Hong Kong would center now then on the rich-poor divide, quality of life issues such as air pollution and the yearning for one-person, one-vote democracy. The slipping of Hong Kong from position one as a leading logistic and financial center is not thought as being a consequence of the return to China, but the result of the 1997-1998 Asia financial crisis, the SARS outbreak and the political protests of 2003 resulting from a new public-security law enacted by the HKSAR, among other factors.

Despite this, the current situation is helping increase the importance of the financial and tourism sectors. Especially important for this paper, Hong Kong's financial sector now accounts for 13% of the GDP, up from 10% in 1997. According to Newsweek this is caused by the fact that China needs to dispose of the enormous pools of money amassed by huge trade surpluses, with Beijing having little choice but to channel large amounts of financial business Hong Kong's way, creating thus a deeper interaction and interdependence between the Beijing-based political and the Hong Kong-based financial sectors, both of which are needed in any selection of the Chief Executive and to approve any further movement toward the fulfillment of the pledge of full democracy in the Region.

On the other side we have the situation of the working class of Hong Kong, which fills the lines of those demanding a fast-track to democracy. Hong Kong's working class incomes have stagnated, unemployment peaked at nearly 10% a few years ago and living costs have risen sharply. If one adds to this the fact that compulsory education was implemented until 1978 leaving lots of the now adult population unprepared to compete in the knowledge-based era of information, one can easily see a divide: On the one hand we have the Beijing political/Hong Kong business elites who want to preserve the current status quo and slow down the process toward democracy, maintaining the current economic policies of the Region. On the other we have the Hong Kong working class and local political parties who want to accelerate the process to bring change to the economic policies incorporating perhaps welfare systems and social programs for the lower classes which would threaten the benefits of the business elites, while creating a source of legitimacy and a source for political loyalty in Hong Kong that directly threat the CCP and that

⁵ "Reinventing Hong Kong", Newsweek, July 2,2007 – July, 9 2007, page 27-35

could spill into other parts of the country. As the above-mentioned specialized magazine states it “*The root of the debate lies in interest-group politics and a business elite that believes “if we give average people a political say, they’re going to upset our apple cart”*”.

The second nomination of Donald Tsang as Chief Executive: On March 25th 2007, Donald Tsang was reelected for a five-year term as Chief Executive of the HKSAR after his coming into office in 2005. Given the fact that he was supported by Beijing and most of the 800-member Representative Election Committee, his winning has not been taken as a surprise. In a system where only half of the 60 members of the Legislative Council are directly elected by the population, once the main sectors link up to support a candidate, it does not seem to exist much possibility for real challenge. Nevertheless, according to some specialists such as Louise do Rosario⁶ the election of March 2007 hinted at a change going on, since for the first time a real contender in the person of Alan Leong brought the campaign to a public level not experienced before in the Region.

In November 2006, Alan Leong announced his candidacy for the position of Chief Executive, with the support of the newly formed Democratic Party and other important figures of the pro-democracy sectors; and even the first challenge of having his candidacy approved by the Representative Election Committee was a success, when on January 31st 2007 he was able to garner 111 votes to make his candidacy official, making him the first pro-democracy candidate allowed to run for the post of Chief Executive since the handover of 1997. This is one of the factors that made the march 2007 elections important: the challenger to Donald Tsang did not win (Tsang counted on the support of the powerful Liberal Party and the Democratic Alliance for the Betterment of Hong Kong, with connections with the Chinese National People’s Congress, as well as support from corporation and unions), but according to the pro-democracy sectors, a new step was taken in the process of political awakening of the public that would probably lead to open elections in 2012 when the position of Chief Executive will become available again.

The second factor of importance of the March 2007 election was the fact that a campaign with a real contender created debate and the presentation of policy programs by both sides that even when aimed at convincing the members of the Election Committee, were made public. In this sense, the differences in the programs revolved around economic development and constitutional reform. While Tsang proposed the construction of infrastructure to ensure growth, Leong put the stress on improving the environment and the level of governance in the Region, proposing also setting a minimum wage and an anti-monopoly law, both of which were rejected by Tsang as

⁶ *Premiere election avec un vrai opposant*, special supplement “Cette exception chinoise nommée Hong Kong”, Le Monde Diplomatique, July 2007, Year 48

going against the spirit of the “market economy” of Hong Kong. On the issue of Constitutional reform, Leong demanded universal suffrage to choose both the Chief Executive and the Legislative Council in 2012, while Tsang argued that a full-fledged democracy would not suit the needs of Hong Kong, an argument also used by both the People’s Government in Beijing and the business elites.

The impact that the march 2007 elections had in the debate of full democracy can be seen in the fact that on July 11th 2007, (only days after the official visit of Chinese President Hu Jintao, whom it can be speculated the Hong Kong Government consulted) the newly renewed Government of Tsang released a policy paper on political reform that carries in it the distant prospect of full democracy in 2012, by the end of his term in office, as demanded by Leong and the sectors supporting him, and which had already been announced by the Hong Kong Government through a press released dated June 28th 2007⁷. The releasing of this “Green paper”⁸ kicked off a three month period of public consultations through which the Government of the Region hopes to find a “mainstream” model of universal suffrage to present to Beijing, trying to obtain consensus among the public, the current legislators, the business sectors and the Central Government. A task very hard indeed.

III. Analysis of the Chinese perspective

From the CCP’s political view, I consider that what is it at stake when it comes to full democracy in Hong Kong in quite obvious: It would create an alternative local source of legitimacy that could conflict with the Party’s lines, which ever since 1949 has been able to maintain its status as the only representative of the Chinese nation and which through recent theoretical (the “3 Represents” statement, etc.) and practical (rampant economic growth, crackdown on corruption and the efforts to build a “harmonious society” by the Hu Jintao Government) is trying to add performance legitimacy to its position in power. Full democratically elected politicians in Hong Kong would mean they would be more accountable to the Hong Kong people through electoral politics than to the main authorities in Beijing, creating a rift of loyalty. There is also the possibility of this transition to democracy relaxing the rules imposed by the Basic Law regarding secession or “treason”, regarded as acts against the Chinese Government which is turn equals to the CCP.

⁷ *Response to Declaration by the Presidency on behalf of the EU on the HKSAR 10th anniversary*. Press release, June 28th, 2007. www.cmab.gov.hk/en/press/press_1558.htm

⁸ “Hong Kong hints a plan for direct elections by 2012”, Daily Yomiuri, July 12th, 2007, Tokio.

This point is extremely important, since in 2005 China passed the anti-secession law, principally aimed at Taiwan, but that could be used also to punish any separatist movements in any part of its territory. Territorial integrity is basic for the CCP's rule of the PRC. As Tony Saich (2004:155) states it when referring to Governance beyond the center in the greatly decentralized and multi-national Chinese system "*All nationalities are theoretically free to use their own languages and there are constitutional arrangements for regional autonomy in areas inhabited by non-Han minorities* (the HKSAR, although at a different administrative level, is not part of the Han majority). *But there is no right to secede; all the national autonomous areas are inalienable parts of the PRC*"⁹. Therefore, a balance needs to be found between universal suffrage in the HKSAR and continuous participation of the Region as an integral part of China within the legislative bodies of the State (National People's Congress); as well as frameworks established by the CCP, preventing Hong Kong both from becoming a source of alternative ultimate loyalty and from developing a Hong Kong sense of nationhood (which already exists to some extent) that could estrange its relations with Beijing in the medium or long term.

Since the pledge for universal suffrage for Hong Kong is a basic underpinning of the 1984 Sino-British Declaration and of the interactions between Hong Kong and Beijing, in my view the only two things the CCP can strive to yield its influence on are **1)** the timing and the process leading to universal suffrage, currently set by 2012, and **2)** the maintenance of the principles of "*one country, two systems*" put forward by Deng Xiaoping, and "*Hong Kong people ruling Hong Kong*", maintaining the political and financial participation of Hong Kong as an integrant part of China but avoiding democratic ideas from spilling over into the rest of the mainland, or from becoming an element for the cause of independence of Taiwan, or greater autonomy in Tibet and Xinjiang.

One thing is certain, Hong Kong leaders being democratically elected will change the fabric of Hong Kong's participation in the Chinese People's Congress, and add a practical, rhetorical and political push to the cause for greater intra-party CCP political reform for the mainland's system as probably the only way for the CCP to maintain an undisputed rule in the future, which with the erosion of socialist rhetoric, the CCP's traditional rejection of swift political reform (especially since 1989) and the information revolution faces a big challenge to keep the Chinese population's loyalty alive, as well as the belief that it is the most suited political form to bring China back to the ranks of world economic powers.

⁹ Saich, T. (2004) "Governance and Politics of China", Palgrave MacMillan publications, 2nd edition, New York.

Let us take first the positions of Beijing regarding the 10th anniversary of the handover: According to declarations and press releases by both the Chinese and the Hong Kong Governments, the references to the effectiveness of the "One country, two systems" formula and to the necessity of an orderly path toward universal suffrage in the future are abundant, as well as comparisons between the former completely un-democratic form of governance under British rule and the current, although not complete, election system of Hong Kong, pointing at the progress made under Chinese sovereignty: In words of Stephen Lam, Hong Kong Secretary for Constitutional and Mainland Affairs, "Before the Reunification the Governor of Hong Kong was appointed by the British Government, whereas after the Reunification the CE (Chief Executive) is elected"¹⁰.

As for the impact of the Hong Kong issue and the success of the current formula between the Region and Mainland China, the official positions express hope that the example of harmonious relations between the two will help the pro-reunification sectors in Taiwan gain their cause. In words of the representative of the Hong Kong Government: "The successful implementation of the "One Country, Two Systems" has been very important in enabling Hong Kong to find new room for development. The Community and the people of Hong Kong support the Reunification of Hong Kong; look forward to the implementation of "three links" across the (Taiwan) Strait and the early Reunification of the nation"¹¹. The Chinese Government in Beijing on the other hand expressed through a press release that "with the successful practice of "One Country, Two Systems" in the HKSAR, more and more Taiwan compatriots will understand and identify with "One Country, Two Systems.....which is conducive to peaceful reunification of the country.....After Hong Kong's return, the Central Government adopted favorable policies to promote exchanges between Hong Kong and Taiwan, at the same time, Hong Kong acts as a bridge for mainland and Taiwan"¹².

Another factor, although indirect, that I consider needs to be taken into account is that even after 2012 should Hong Kong be finally granted the holding of universal suffrage, Beijing will have to make sure that this does not mean further autonomy in areas considered vital to achieve CCP`s interests (such as fiscal participation, political coordination with Beijing, etc.), in order to assure the keeping up with the nation`s economic growth; ensuring a fair distribution of wealth throughout China to avoid social unrest that could delegitimize the regime, with Hong Kong representing by far the richest of the Chinese coastal regions in contrast with the lagging agricultural hinterlands; and using Hong Kong (even when the HKSAR participates in economic

¹⁰ *SCMA: World recognizes successful implementation of "One Country, Two Systems" in HKSAR.* Press release, July 4th 2007. www.cmab.gov.hk/en/press/press_1561.htm

¹¹ *idem*

¹² *Spokesman: More Taiwan compatriots will understand "One country, Two systems".* Press release, June 27th, 2007. English.gov.cn/2007-06-27/content_664084.htm

negations and at economic international organizations on its own footing) as an element in its drive for participation in the liberal globalized economy.

Rollie Lal (2006:5-8) states this well when she states that "*continuation of the wide disparities of income both within regions and between regions would create discontent, which would soon translate into erosion of the legitimacy of the CCP..this would lead to further problems in maintaining the unity of the State*"¹³. In this way, the CCP and the Chinese Government need to find out a way to make the HKSAR`s achievement of universal suffrage in 2012 (with all the multi-party system, checks-and-balances, legal technicalities and HKSAR`s relations with Taiwan and Beijing which that entails) rhetorically and strategically a part of its drive to further increase China`s modernization, maintain the legitimacy of the CCP, increase Chinese level of competitiveness in the world economy and maintain a door open for peaceful unification with Taiwan under the "*One country, Two systems*" formula, as the most reliant way to avoid confrontation with the US and Japan over the Strait, especially under the terms of the newly renewed Bilateral Japan-US Security Guidelines of 2005. Therein lies the big challenge for the CCP regarding Hong Kong. A challenge that as of this writing, will have to be overcome in 5 years time.

IV. Conclusion

As stated at the beginning of this paper, ten years afterwards, the relationship between Hong Kong and Beijing is at the same time complementary and contradictory. The following paragraphs state very succinctly what I believe are the challenges for China regarding Hong Kong democracy, as well as some final conclusions:

- The formula of "one country, two systems" is needed by the Chinese administration, both to accommodate the theoretical dichotomy of a liberal capitalist Hong Kong in China, and to rhetorically cover as well the reforms being implemented since 1979. This, with the sole aim of economic growth under the undisputed political leadership of the CCP, and the allure that this would add to the case for a peaceful reunification with Taiwan, with the PRC sending the message that Taiwanese way of life would be respected by Beijing as Hong Kong`s has.
- The deadline for the respect of Hong Kong "way of life", set to run out in 2047, needs to be remembered when analyzing the direction Hong Kong is going. Neither the CCP or the People`s Government should be underestimated when it comes to long-term planning, and

¹³ Lal, Rollie (2006) "Understanding China and India, Security implications for the United States and the world". Library of Congress Cataloging-in-Publication Data, USA.

even when I do not possess any information supporting this statement, I am sure the Government of the PRC must have an eye on the final merging of 2047 when devising its current Hong Kong policies.

- The issue is not whether Hong Kong should have universal suffrage, but when. What Beijing and the CCP can control are the timing and the process leading to the fulfillment of this promise, while creating the appropriate circumstances to prevent this fulfillment from becoming a threat to their legitimacy as the ultimate holders of authority and sovereignty over all of the Chinese territory.
- Existence of an internal divide in the HKSAR: On the one hand there are the Beijing political/Hong Kong business elites who want to preserve the current status quo and slow down the process toward democracy, maintaining the current economic policies of the Region. On the other hand there are the Hong Kong working class and local political parties who want to accelerate the process and to change the economic policies, which would threaten the benefits of the business elites, and create a source of legitimacy in Hong Kong that directly threat the CCP and that could split into other parts of the country.
- China needs to find a balance between universal suffrage in the HKSAR and continuous participation of the Region as an integral part of China within the frameworks established by the CCP, preventing Hong Kong both from becoming a source of alternative ultimate loyalty and from developing of a Honk Kong sense of nationhood that could estrange its relations with Beijing in the medium or long term, always keeping in perspective the final 2047 deadline.
- Inevitable changes for the CCP: Hong Kong leaders being democratically elected will change the fabric of Hong Kong's participation in the institutions of the PRC and the CCP, and add a push to the cause for greater CCP intra-party political reform, as probably the only way for the CCP to maintain an undisputed rule in the future.
- the Chinese Government needs to find out a way to make the expected HKSAR's achievement of universal suffrage in 2012 rhetorically and strategically a part of its drive to further increase China's modernization, in order to maintain the legitimacy of the CCP, increase Chinese level of competitiveness in the world economy and maintain a door open for peaceful unification with Taiwan under the "*One country, Two systems*" formula.

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