

Address by MAC Vice Chairman Michael Y. L. You  
at the  
“International Conference on the 10th Anniversary of Hong Kong  
Handover--Retrospect and Challenge”

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President Liu, Chair Lo, Distinguished Speakers and Discussants, Fellow Friends  
Concerned with the Future Development of Hong Kong and Cross-Strait Relations,  
Good Morning:

July 1st this year marked the 10th anniversary of Hong Kong's handover to China. Over the past month or two, the occasion has produced a series of print and electronic media reports, locally in Hong Kong, as well as in Taiwan and the international community. I have also been asked frequently about my views on the 10th anniversary of the handover. By way of summing up my observations of Hong Kong over the past decade, I would like to refer to the title of the book, “The Age of Uncertainty” by U.S. economist John Kenneth Galbraith. I believe that over the past 10 years, Hong Kong seemed to have entered into an “age of uncertainty” under the “one country, two systems” model. Ideas and convictions that the Hong Kong Special Administrative Region (HKSAR) government once firmly held beyond doubt, such as the principles of democratic rule of law and judicial independence, are now approached with hesitation and uncertainty since the handover to China. When we probe deeply into the reason for this, the source of the problem becomes increasingly clear: there are irreconcilable contradictions between China's totalitarian dictatorship and Hong Kong's free and open society. China's constant interference in Hong Kong's affairs and the self-restraints exercised by the HKSAR government in an attempt to fathom China's intentions, have resulted in numerous problems.

This is why, during a special British Broadcasting Corporation's (BBC) program for the 10th anniversary of Hong Kong's handover to China, former British Prime Minister Margaret Thatcher said she has always believed the “one country, two systems” formula is inappropriate and that she is doubtful about its application to Hong Kong. In fact, as early as in 1984, when China and the U.K. were negotiating the handover of Hong Kong, Ms. Thatcher asserted that a despotic totalitarian regime

could not support a free and open society. In the future, the people of Hong Kong should worry that “one country” is real, and the “two systems” is phony.

Indeed, as one of the administrators responsible for Taiwan's China policy and a long-term observer of developments in this region, I fully agree with Ms. Thatcher's comments regarding Hong Kong. In fact, just a few days ago, Wu Bangguo, chairman of the Standing Committee of the National People's Congress (NPC), fiercely expressed that “Hong Kong's high degree of autonomy is granted by the central government; and Hong Kong has as much autonomy as the central government allows. There is no such thing as ‘residual power’.” Such outrageous remarks by Wu Bangguo clearly show that beneath the surface of its economic achievements, Hong Kong is essentially governed by a totalitarian regime. Over the past ten years, China long ago violated its pledge of “Hong Kong people ruling Hong Kong with a high degree of autonomy.” China's thinking and concrete measures on this matter attest to the validity of concerns shared by myself and Ms. Thatcher.

First of all, with regard to democratic politics, the U.S. political scientist Robert Dahl notes in his book, *Polyarchy*, that democratization consists of two dimensions: The first is “universal participation” through fair and popular elections; and the second is “public contestation” achieved through a competitive party system. Without either, there can be no democracy. During the election of the third-term Chief Executive of Hong Kong, a considerable number of the people supported the pro-democracy candidate. Yet due to obstructions imposed by an undemocratic election system, the pro-democracy candidate was forced in the end to say, “I lost.”

In fact, Christopher Patten, the last British governor of Hong Kong, spoke on this point during an interview with a Hong Kong radio station a few days ago. He said that: “Given its current social and political conditions, Hong Kong does not presently enjoy the level of democracy that it should. The people of Hong Kong have the conditions to enjoy greater democracy.” Moreover, according to various public opinion surveys in Hong Kong, over 60 percent of Hong Kong residents have long hoped that the direct elections of the Chief Executive and all the members of the Legislative Council can be implemented as soon as possible. Among those in the age group of 18 to 29 years, representing the future pillars of society, 80 percent of the Hong Kong people hope the direct elections will be implemented by 2012. However, through the NPC Standing Committee's active use of its power to interpret Hong Kong's Basic Law, China has peremptorily overruled the possibility of implementing the direct elections

in the near term. The power of legal interpretation, therefore, has turned China's pledge of "high degree of autonomy" into a "high degree of Chinese political control."

In addition, in the area of judicial independence, China has used its power to interpret Hong Kong's Basic Law to create the semblance of "governing according to law," while at the same time impairing Hong Kong's judicial independence. In January 1999, Hong Kong's Court of Final Appeal ruled that children born in China would be entitled the right of abode in Hong Kong so long as either parent was a permanent resident of Hong Kong. However, China overruled this decision through the NPC Standing Committee's power of interpretation of the Basic Law. This move has seriously undermined judicial independence in Hong Kong.

On the economic front, linkages between Hong Kong and China's economies have grown, and this in turn has increased the economic risks facing Hong Kong. In particular, China-financed enterprises already account for nearly 50.3 percent of the total market value and 64.2 percent of the total trading volume on the Hong Kong stock market. However, China-financed enterprises with political backing from Beijing have been unwilling to disclose their true operating condition, increasing economic risks and harming the business and investment environment in Hong Kong.

In terms of social conditions, although Hong Kong has recently enjoyed good economic performance, under the surface we can see growing concern over the widening poverty gap. Over the past decade, Hong Kong's average per capita GDP has been virtually stagnant, going from 27,003 US dollars in 1997 to just 27,600 dollars in 2006. Moreover, the median monthly household income in Hong Kong in 2006 was 17,250 Hong Kong dollars, which is 250 dollars less than the figure a decade earlier. At the same time Hong Kong's poverty gap, as measured by the Gini Coefficient, has increased from 0.518 in 1996 to 0.533 in 2006. This is the highest figure among all Asian countries.

The situation has been even worse due to the gradual erosion of the freedom of the press and freedom of speech in Hong Kong. Although China has not outwardly implemented a media censorship system in Hong Kong, it has induced or pressured the media under the table in order to exert control over the content of media reporting. For example, several current affairs program hosts have resigned under pressure. Early this year, the Hong Kong Journalists Association conducted a public opinion survey on Hong Kong's news industry. The survey results indicated that 58.5 percent

of the respondents believed news self-censorship has become more serious since the 1997 handover. And the situation has become especially apparent when the media handles negative news about China. This is a major warning signal.

Surveying the past 10 years of development in Hong Kong, it is not difficult to discover that the “China factor” has prevented Hong Kong from realizing its original development potential. We can also understand why Taiwan has long rejected the “one country, two systems” formula. In addition to the numerous shortcomings apparent in the Hong Kong experience, the Chinese leaders have repeatedly demanded over the years that Taiwan accept their “one China” principle and “one country, two systems” formula. In terms of logic, China’s line of reasoning consists in beginning by erecting a foregone conclusion and then treating it as a premise, demanding that Taiwan submit to becoming a second Hong Kong. Doing so would be tantamount to abandoning the ROC’s sovereignty along with the democratic system and values that we have created over the years. This is absolutely unacceptable to the Taiwanese people as a whole. Under such circumstances, public opinion surveys conducted in Taiwan by the Mainland Affairs Council (MAC) over the years have consistently shown that over 70 percent of the Taiwanese people oppose the “one country, two systems” formula as an approach to resolving the cross-strait issues.

Although we do not accept the “one country, two systems” formula, we sincerely hope that the policy of allowing Hong Kongers to rule Hong Kong with a high degree of autonomy can be implemented, ensuring that their rights and interests are respected. At the same time, given that democracy, freedom, and human rights are universal values, and that the need to safeguard people’s basic political rights is a mainstream presumption worldwide, we are concerned about the progress of democratic reform in Hong Kong.

In December 2004, U.S. Congressman and House International Relations Committee chairman Henry J. Hyde used the analogy of the “miner’s canary” to describe Hong Kong as a testbed for democracy in China. He indicated that successful political reform in Hong Kong would benefit democratic development in other areas of China. Conversely, if Beijing arbitrarily suppresses democratic development in Hong Kong, there would be instability in China.

In fact, during an April 2006 visit to the White House, China's President Hu Jintao told U.S. reporters that, “Without democracy, there cannot be modernization. In accordance with the national conditions and public opinion in China, we will expand

democratic rights and promote democratic supervision, democratic administration, and democratic policy making.” In less than a minute, Mr. Hu mentioned “democracy” five times in a row. We hope the Chinese leader can truly and certainly comprehend that, if democracy is the ultimate path for China, then China should learn how to carry out democracy as early as possible and Hong Kong is the most appropriate place for the Chinese authorities to learn how to do so. As a very modern society, Hong Kong is in possession of everything necessary for implementing full democracy, whether in terms of its cultural development, concept of rule of law, economic strength, diversity of society, or degree of internationalization. If the Chinese government can fulfill its pledge of “Hong Kong people ruling Hong Kong with a high degree of autonomy,” and successfully carry out democracy in Hong Kong, it will be inevitable that Beijing will gain more confidence to let the Chinese people also enjoy freedom and democracy. It is the role that the Chinese government should play. We believe that only when China becomes an open and free country that not only respects human rights but is also moving toward democracy, will it be possible to truly promote peaceful and stable development across the Taiwan Strait.

A survey conducted in April 2007 by the MAC reveals that 63.7 percent of the Taiwanese people believe that China should let the people of Hong Kong have the right to directly elect their leaders and legislators. In fact, Taiwan has been moving forward with democratic reforms for several decades. We have lifted martial law, removed bans on the formation of newspapers and political parties, amended Article 100 of the Criminal Code concerning seditious “intentions,” instituted direct popular presidential elections, carried out the first-ever transfer of power between political parties, and conducted referendums. The Taiwanese people are well aware how agonizing and protracted the pursuit of freedom and democracy can be. But it is through such actions that we have unleashed the vitality of our society, and that the will of the people has been effectively realized. We hope, therefore, to share our experience in democratization so that democracy and freedom will become the common way of life for the people of Taiwan, China, Hong Kong, and Macao.

In closing, I wish this conference every success. Thank you.