

PROSPECTS FOR DEMOCRACY IN HONG KONG: ASSESSING CHINA'S INTERNATIONAL COMMITMENTS

ROUNDTABLE

BEFORE THE

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PROSPECTS FOR DEMOCRACY IN HONG KONG: ASSESSING CHINA'S INTERNATIONAL COMMITMENTS

WEDNESDAY, JULY 14, 2010

CONGRESSIONAL-EXECUTIVE
COMMISSION ON CHINA,
Washington, DC.

The roundtable was convened, pursuant to notice, at 3:06 p.m., in room 138, Dirksen Senate Office Building, Douglas Grob (Cochairman's Senior Staff Member) presiding.

Also present: Sharon Mann, Senior Counsel.

OPENING STATEMENT OF DOUGLAS GROB, COCHAIRMAN'S SENIOR STAFF MEMBER, CONGRESSIONAL-EXECUTIVE COMMISSION ON CHINA

Mr. GROB. Welcome, ladies and gentlemen. Thank you very much for joining us here today.

My name is Doug Grob, and I am Cochairman Sander Levin's Senior Staff Member on the staff of the Congressional-Executive Commission on China [CECC]. I would like to recognize, in the audience, Charlotte Oldham-Moore, Staff Director of the Commission. On behalf of Chairman Byron Dorgan and Cochairman Levin, we would like to welcome you to this Congressional-Executive Commission on China roundtable on "Prospects for Democracy in Hong Kong: Assessing China's International Commitments."

I apologize for the slight delay in getting started. We are awaiting our last speaker, but we will proceed now, nonetheless.

Today we are going to be looking at prospects for democracy in Hong Kong. Hong Kong's basic freedoms, for the most part, have been maintained under the "one country, two systems" framework. In June of this year, Hong Kong took its first steps toward constitutional reform since the British handed the territory back to China in 1997.

In this roundtable today we are going to examine these recent constitutional reforms, mainland China's engagement in Hong Kong, and how Hong Kong may contribute to the development of democracy and civil society in China. Perfect timing, Mr. Keatley. Thank you very much. We have only just gotten started. Thank you.

And I would like to introduce my colleague, Sharon Mann, Senior Counsel on the Commission staff, for some introductory remarks. Sharon?

**STATEMENT OF SHARON MANN, SENIOR COUNSEL,
CONGRESSIONAL-EXECUTIVE COMMISSION ON CHINA**

Ms. MANN. First, I would like to welcome you to this roundtable on Hong Kong. Hong Kong is a place that is near and dear to many of us. I think there are a number of people here who spent a good deal of time there. It is also a very important platform for people who are interested in development of democracy, human rights, and rule of law in China.

The only place in China to really enjoy freedom of the press, free speech, and freedom to organize and question your own government is Hong Kong. An example of this was when, in 2003, half a million people in Hong Kong turned out when the government proposed legislation on national security, and the government pulled back the legislation. Also, every year on June 4, Hong Kong is the one place in China where there are commemorations. There is a peaceful demonstration commemorating the Tiananmen protest.

So Hong Kong is a very important place, but the relationship between Hong Kong and China is a two-way street. I think it's very useful to keep an eye on development of democracy in Hong Kong and what that means for democratic development in China, and then what type of democracy in Hong Kong China will allow. I believe this is important not only for people who are interested in Hong Kong, but for anyone interested in China.

Before I turn this over to our panelists, I wanted to give a special welcome to John Kamm, who is in the audience. He is the founder and head of a human rights organization called Dui Hua, which works on behalf of human rights defenders who have been imprisoned in China. John has very deep ties to Hong Kong. I'm hoping he'll be here for the Q&A and ask some very good questions and have excellent comments.

Anyway, I'd like to turn it over to Michael Martin.

Mr. GROB. Actually, I've got to do some introductions.

Ms. MANN. Okay. Sorry.

Mr. GROB. I have the privilege of introducing our speakers today. We have, to my left and in the order in which they will speak, Michael Martin, Specialist in Asian Affairs for the Congressional Research Service; to my immediate left, Robert Keatley, Founder and Editor of the Hong Kong Journal, and formerly an editor with the Wall Street Journal Asia, Wall Street Journal Europe, and South China Morning Post; to my right, Professor Michael DeGolyer of Hong Kong Baptist University, where he is Professor of Government and International Studies, and Director of the very important Hong Kong Transition Project; and finally, to my far right, Ellen Bork, Director of Democracy and Human Rights for the Foreign Policy Initiative.

I'd like to ask our speakers to please limit your remarks to 7 to 10 minutes, if possible—and even if not possible—so that we can ensure that we have enough time for a vibrant and free-flowing question and answer session following our speakers' presentations. So at this time I'd like to turn the floor over to Michael Martin.

**STATEMENT OF MICHAEL F. MARTIN, SPECIALIST IN ASIAN
AFFAIRS, CONGRESSIONAL RESEARCH SERVICE**

Mr. MARTIN. Okay. Well, thank you, Douglas and Sharon, for this invitation to speak today. I need to start with a couple of disclaimers. Although I am here as a staffer of the Congressional Research Service, my comments are not necessarily reflective of the official views of the Congressional Research Service, but they are my own.

The second disclaimer is a slightly different one, which is to say I have a long—longer than I want to think about—history back in Hong Kong, including working at Baptist University—back then Baptist College—where I met Michael DeGolyer.

I worked for the Hong Kong Trade Development Council for four and a half years, spanning the Handover period. In addition, I married a woman from Hong Kong, and most of her immediate family still lives, resides, and works or studies in Hong Kong. So, Hong Kong is part of my life.

So let me proceed, trying to be clear, concise, and quick, because I have a fair number of things that they asked me to cover in 7 to 10 minutes.

Since I am here on behalf of the Congressional Research Service [CRS], or as part of CRS, I'm going to focus my comments particularly on congressional interests or concerns, so I'm not speaking on behalf of the Executive Branch, President Obama, the State Department, or any other aspect of the U.S. Government; they may speak for themselves when they choose to.

I guess I'll start out with what is going to be not the best of jokes, but I'll say it anyway. Several of my friends from the Hong Kong Economic and Trade Office are here. Also, when I go to Hong Kong and speak to Hong Kong Government officials, I often tell them, be careful what you ask for from Congress. They often say, we don't get enough interest from Congress. I sometimes point out, getting more interest from Congress isn't necessarily to your advantage.

But that having been said, I think the 1992 Hong Kong Policy Act still, to a great extent, reflects congressional concerns, interests and preferences about the situation in Hong Kong. In particular, let me point out certain aspects of that law, which are still U.S. law, and certain aspects that aren't in that law.

In particular, it starts out with a recognition of what for shorthand I'll call the Joint Declaration—I'll explain that in a minute—which guarantees a high degree of autonomy, with the exceptions of defense and foreign affairs, for Hong Kong. Second, it recognizes "one country, two systems" which you've heard about earlier and the notion of the preservation of the Hong Kong lifestyle for 50 years, or up until 2047.

There's an explicit statement of supporting democratization in Hong Kong—and it's called "democratization"—recognition of the desire to safeguard human rights in Hong Kong and for the residents of Hong Kong; a desire to maintain strong economic, cultural, and other ties with Hong Kong, including the continuation of any existing international agreements, and the ability to forge new bilateral or multilateral agreements in the future.

Then the last thing is a requirement for an annual report to Congress about the situation in Hong Kong, a separate report. That only went through the year 2000. It was continued year by year in appropriations bills. It lapsed a couple of times, mostly because it just didn't get noticed that the continuation of the report wasn't included in the language.

But I point that out just to indicate that there has been a desire for Congress to keep a specific eye on what's going on in Hong Kong every single year and a separate accounting of what the situation is like.

Let me get back to that Joint Declaration that was recognized in the Hong Kong Policy Act of 1992. Its official name and why it is called the Joint Declaration is—and I'll have to put my glasses on—"The Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland, and the Government of the People's Republic of China on the Question of Hong Kong." Thus, you can see why we call it the Joint Declaration.

What's interesting about that statement—and I was there at the time that this was being negotiated—the Hong Kong people were not direct parties in the negotiation of their future fate. It was strictly between the British Government and the Chinese Government on what was going to happen to Hong Kong.

It was concluded and signed on December 19, 1984. For today's presentation, the key points are threefold. First, it calls on China to create something called the Basic Law for the Hong Kong Special Administrative Region [SAR]. Second, it explicitly states that there's going to be preservation of the political and economic rights that currently exist in Hong Kong. Third, it creates something called the Chief Executive to replace the governor, and continues the legislature of Hong Kong, and explicitly states—this is the Joint Declaration—that the former, that is the Chief Executive, is to be "appointed by the Central People's Government after consultation or elections in Hong Kong, whereas, the legislature shall be constituted by elections." That's the full extent of what it says.

I want to point out that neither of those provisions say anything about democracy or universal suffrage, so there's nothing in the Joint Declaration that advocated democracy or universal suffrage in Hong Kong. That only came about when the Basic Law was passed on December 4, 1990, by the National People's Congress, a legislature of China.

We call it the Basic Law. Here's a copy right here. Everybody carries one, right? The "Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China." It is sometimes referred to as Hong Kong's mini-constitution. Maybe in some of the presentations today they will refer to these issues as constitutional issues, although some lawyers that I've spoken to said technically this isn't a constitution, so that term shouldn't be used. But I'm not a lawyer, I'm an economist.

Looking at the Basic Law, the key points that I want to highlight are, first, it creates effectively an executive-led government. If you will, in some ways it inverts the political system we have here in the United States. The Chief Executive has much of the power, including the power to introduce legislation before the Legislative Council. The Legislative Council's ability to introduce legislation is

quite limited. For example, it can introduce legislation that involves budgetary matters on its own.

Once introduced, the Legco—that's shorthand for Legislative Council—can either approve or disapprove. If they disapprove, they can go back to the Chief Executive for modification and come back. If it's disapproved a second time, then it initiates a governmental crisis that could lead to the removal of the Chief Executive. But basically, put in shorthand, the Legco vetoes proposed legislation coming from the executive, not the other way around. Now, that's an over-characterization, but I don't have a lot of time.

In the Basic Law, there's something called Annex I, and it specifies the means of selecting the Chief Executive. It creates the election committee, a committee of 800 people that are appointed by the Chinese Government. It is composed of four equal groups representing important sectors of Hong Kong society. In rough terms: 200 members from the business community; 200 members from what they call the professionals; 200 from labor, social services, religious groups, and other groups considered that sort; and then 200 members that, for the most part, are Hong Kong or Chinese Government officials.

This committee, according to the Basic Law, makes recommendations on who should be the Chief Executive, but the official appointment of the Chief Executive of Hong Kong is done by the Chinese Government.

Annex II specifies the means of selecting the Legco members. It basically stipulates a gradual change to a 50/50 split between what are called geographical and functional constituencies. Geographical, as the name implies, says that members of Legco will be elected according to districts, geographical districts. Functional constituencies, the other half of the members, currently 60 members, or 30 people, represent what are considered key social sectors of economic sectors in the economy.

So you have labor union representatives, you have representatives from religious groups, you have representatives from different groups, and they are selected by that subcommunity in ways that I don't have time to get into. This is in many ways an adaptation of the system for the Legco that existed under British rule.

The first references to the concept of universal suffrage appears in the Basic Law, Article 45, which covers the Chief Executive. It says, "The ultimate aim is the selection of the Chief Executive by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures." By the way, that's the first time you see the word "democratic" anywhere.

Article 68, which covers Legco, says, "The ultimate aim is the election of all members of the Legislative Council by universal suffrage." However, both of those articles contain provisions that indicate that this change in procedure is to be made "in accordance with principles of gradual and orderly progress," which has been in many ways underlying the political dynamic in Hong Kong, in my estimation. Also, the Basic Law stipulates that the first possible date for the selection of either by universal suffrage was after the year 2007.

Now, in the roughly negative 30 seconds that I have left, let me talk briefly about the attempts at political reforms that have taken place in Hong Kong over the last few years. In 2005, Chief Executive Donald Tsang Yam-kuen introduced a proposal to Legco. It was voted down.

Its two main components were expanding the selection committee beyond the current 800 members to 1,600, as well as adding new seats to the legislative council with an equal split between geographical and functional constituencies. This was considered unacceptable by enough members of the Legislative Council that it failed.

After that, there was discussion about possible further reform in time for the 2008 elections, but in December 2007 the Standing Committee of the Chinese Government issued a declaration indicating that that was not to be allowed, that the soonest date would be 2012, ending the debate and the discussion in Hong Kong about possible election reforms for 2008.

One last thing. So where do we stand in 2010? In 2010, after a long discussion, there were new proposals that were put forward. In many ways they looked very similar to the proposals in 2005, and according to some estimates were headed to the same fate: failure.

However, there was a last-minute compromise between the Democratic Party and the Chinese Government directly that made it possible for those reforms to be approved, the two motions which are very sparse. I'll talk about that more later if we have an opportunity.

So we did get changes. We'll talk about that a bit more. However, an outcome of that was an alliance among different political parties that were supportive of democracy appears to be split in different camps. One of the major political parties, the Democratic Party, appears to be also split internally with infighting. Two names, Szeto Wah and Martin Lee, who are fairly well-known outside of Hong Kong and are members of the Democratic Party, although still friendly to each other, profoundly disagreed on this issue, and there's some discussion that Martin Lee may actually leave the Democratic Party because of their decision.

With that, I'm out of time. I appreciate this opportunity.

[The prepared statement of Mr. Martin appears in the appendix.]

Mr. GROB. Thank you. Thank you, Mr. Martin.

Now, Robert Keatley.

**STATEMENT OF ROBERT KEATLEY, FOUNDER AND EDITOR,
THE HONG KONG JOURNAL, FORMER EDITOR, THE WALL
STREET JOURNAL ASIA, WALL STREET JOURNAL EUROPE,
AND SOUTH CHINA MORNING POST**

Mr. KEATLEY. Thank you. I apologize for being late. Despite what it says plainly on my invitation, I had 3:30 fixed in my mind for no good reason.

I'd like to try to give a brief overview of Hong Kong politics and why it matters to China, and why it should matter to us.

As Michael has explained, Hong Kong has the "one country, two systems" policy, which means that Hong Kong is recognized as an integral part of China, but with generally separate civil, political,

legal, and economic standards. Hong Kong people running Hong Kong with a degree of autonomy is the golden rule, with Beijing cited for foreign affairs and security.

The ultimate goal is that local elections eventually will be by universal suffrage, but there is no official timeline yet. The lack of one is a major issue inside Hong Kong and has been for a couple of decades. Progress toward that goal has been limited, but there has been some. Beijing has said universal suffrage could be, but not necessarily will be, applied to the 2017 election of a new chief executive and to the 2020 election—10 years from now—of the legislature.

The reality of this high degree of autonomy doesn't always match the theory, but in some ways this broad political outline could be considered fairly generous, considering that it comes from a Leninist state that has no tolerance for political disagreement and dissent.

So why did Beijing do this? Given its enormous suspicions of, and frustration with, the Democrats and others in Hong Kong, why has it allowed this separate system to continue? Let me suggest a few reasons. In the beginning, Beijing almost certainly wanted to enhance its international reputation and prestige.

By negotiating terms with London, organizing a lavish handover ceremony, and absorbing Hong Kong with no more than a token presence of the military—and the People's Liberation Army [PLA] has been largely kept out of sight ever since—China could call itself a nation willing and able to seek its objectives by normal diplomatic means. In reality, of course, it was an incredibly tough negotiator, with its officials seeing non-existent British conspiracies everywhere. They accused the British of trying to loot the Hong Kong treasury, plant political agents, and otherwise deny China its just desserts, just as in the 19th century.

The handover ceremony was also a great domestic political event for China and for the Communist Party. It could, and did, take credit for retaining lost territory, which its predecessors could not do. The final ceremony, with a beaming Jiang Zemin taking charge as Prince Charles and the last British governor sailed away into a stormy night, was a brilliant propaganda event for the ruling party, partly because it was a bit humiliating for the British. Ever since, Beijing has taken credit for living up to the terms of the agreement and it is important that it be seen to be doing so, even if many people would argue about just how they've done it in many important details.

There are three other reasons that Beijing often cites, too. The first, is economic. Hong Kong is no longer as crucial to the Chinese economy as it was a few decades ago when I first lived there. Deep into the 1970s, it was by far the main source of foreign exchange for China, which then had nothing like the \$2.5 trillion in the bank that it has today.

But Hong Kong can still teach much about management, logistics, finance, and so forth. For example, China is using the Hong Kong Stock Exchange to float initial public offerings [IPOs] in the international market, IPOs of Chinese companies. It is gradually letting the renminbi be used for international trade and settlements through Hong Kong-based financial institutions. That edges

it slightly toward convertibility and gives some practical experience, but there's a long way to go.

A Chinese Ambassador once told me that Hong Kong was safe as long as it could keep ahead of the mainland economics and set a positive example. Its exact role is changing over the years, but it remains important and Hong Kong is being tied ever closer to the mainland economy.

Second is Taiwan. The "one country, two systems" policy was devised originally by Deng Xiaoping for Taiwan, not for Hong Kong. But Taiwan, for the most part, isn't really very interested and it doesn't want to join the mainland in any kind of variation on the Hong Kong system.

But Beijing still hopes that success in Hong Kong will set a positive example that will influence Taiwan to some degree and speed reunification. What happens across the Strait directly between Beijing and Taipei is much more important, of course. But China hopes Hong Kong will have a positive influence and, perhaps more importantly, it knows that if things go seriously wrong in Hong Kong the negative impact on Taiwan would be enormous.

Thus, over the past year there have been many direct links, new ones, between the Taiwan and Hong Kong Governments. There are several quasi-official agreements on trade, finance, travel, and so forth. Their officials travel back and forth, and I think Chief Executive Donald Tsang will probably call on Taipei by the end of the year. This all supports the mainland policy.

Finally, there is politics. For the record, mainland spokesmen have said full democracy is good for Hong Kong. Further, they say Hong Kong needs a free society if it's to develop its economic potential to the limit. "Democracy can best free human beings, and humans are the most important element of productivity." That's from Wang Jemin, vice dean of the Tsinghua University Law School who, more importantly, is a member of the Hong Kong Basic Law Committee under the Standing Committee of the National People's Congress, and is known as a chief theorist behind the mainland's policy toward Hong Kong. He also says Hong Kong will influence events, political events, inside China itself, but I wouldn't take that one too far.

My main point is that Beijing has several good reasons for wanting to avoid any kind of social or political crisis in Hong Kong, and will work hard to prevent one. The 500,000-people demonstration of 2003 has already been mentioned and, as also mentioned, last month there was a political concession that allowed the latest election reform bill to pass the legislature. Most important is that it followed, for the first time, direct negotiations between mainland officials and Hong Kong democrats, the people China usually denounces as unpatriotic, working for foreigners, and so forth. How long and how deep the split in the democratic camp is, and how long it will last, I think, are open questions.

As for U.S. interests, we also have an economic motive. Hong Kong's an important financial and commercial center and a base for corporate operations in China and across east Asia.

There are about 1,400 American companies with offices in Hong Kong, and 900 or so have regional responsibilities. More than 60,000 American citizens live in Hong Kong. U.S. exports to Hong

Kong last year were \$22 billion. Our investments there are about \$40 billion. It's a free port, low-tax city with a reliable legal system based, like ours, on British common law.

Beyond that, the U.S. Government has direct cooperation with the Hong Kong Government on issues like money laundering, counterterrorism, and port security. So the large economic and financial interests of all these will not go away.

Finally, as a nation, we believe that more democracy is better than less democracy, so we have an interest, as explained already, in encouraging the development of a free political system in Hong Kong for its own sake. There's also the hope that Hong Kong will set a positive example for China regarding its own political system, free flow of information, legal standards, fighting corruption, and so forth.

Needless to say, the current record on that, the current trends inside China, is not particularly encouraging. But time passes and things do change. The United States has an interest in change, so there's every reason to maintain a serious interest in Hong Kong's internal development, while avoiding the kind of heavy-handed meddling that could backfire.

Thank you.

[The prepared statement of Mr. Keatley appears in the appendix.]

Mr. GROB. Thank you very much, Mr. Keatley.

And now, Mr. DeGolyer.

STATEMENT OF MICHAEL DeGOLYER, HONG KONG BAPTIST UNIVERSITY, PROFESSOR OF GOVERNMENT AND INTERNATIONAL STUDIES AND DIRECTOR, THE HONG KONG TRANSITION PROJECT

Mr. DeGOLYER. In assessing the significance of these reforms just passed, I have three questions for you to consider: How often does China implement policies promoting democracy; how often do Chinese officials change policy after officials, including the vice president in charge of the portfolio, announce rejection of any changes; how often does the Chinese Government change policy after negotiations with those it deems hostile forces and subversive elements?

The answers are: seldom, almost never, and never, before now. Never before has the central government negotiated with the Democratic Party of Hong Kong. That party is led by Albert Ho, a member of the group that organizes the annual commemorations of the Tiananmen massacre, and which demands an accounting of the same from the Communist Party of China.

He, and other party members like Emily Lau, have long been banned from even traveling in mainland China, but now Beijing officials have met with him as equals across the negotiating table. We can conclude—on the basis something has happened that is totally unprecedented—that with the recent constitutional reforms in Hong Kong, something significant is up in China.

The question is, what is up? How will it affect the Hong Kong-China relationship and how significant is it to China and to the rest of the world? First, in establishing the significance and meaning of these reforms, the central government has promised that di-

rect elections for the chief executive may take place in 2017. They may take place for all legislative council seats in 2020.

The reforms just passed make the fulfillment of at least the time-frame for these direct elections more likely. Of course, the details of precisely how nominations for chief executive will be done remain unclear. We also do not know how all members of Legco will be directly elected.

But the fact is, China's richest city will take democratic steps forward in 2012 and will likely continue onward. Second in significance and meaning, these steps move beyond those stipulated in the Basic Law. As Michael Martin was saying, the Basic Law was the national implementation of an international agreement, the Sino-British Declaration of 1984.

So this reform vote represents the first step beyond the bounds agreed in an international process. It is a purely local and national step forward in permitting greater democracy. It was not driven by international pressures or configured according to international binding agreements. It shows China today is willing to take unprecedented political steps and is willing to compromise with some social and political forces outside Communist political control.

Third, the reforms for 2012 in Hong Kong also build on a district representation framework which was adopted by mainland cities starting in 2008; there was some precedent—elections—in 2000 in Beijing. A number of the leading urban centers in China began to organize and hold district elections in that year, 2008, though in terms of contested open elections, these have far to go.

These district elections and the powers given district counselors bear some similarity to Hong Kong's district council system, just as the Hong Kong village elections in the New Territories begun in 1926 and reformed in the 1950s seem to have influenced China's rural village elections, begun in 1982 and reformed in 1998.

The reforms of 2012 in Hong Kong, in turn, appear to have been influenced by mainland concepts of mixing indirect and direct election systems with controlled forms of nomination followed by direct election processes.

We do not yet know how fully open the nomination processes for the added Hong Kong district council seats to Legco will be, and there will be 6 seats now out of a total of 70 seats in Legco from district councils, so that's a significant proportion.

But in any case, the reforms represent a significant compromise at the highly constrained electorates of the existing functional constituency system, and they perhaps represent a way forward in either dramatically widening the electorates for all these seats or toward the replacement—of the current tiny franchises—with other forms of election. The possibility of a fully, directly elected legislature by 2020 cannot be simply dismissed out of hand anymore.

Fourth, and most important for the significance of these reforms, district seats are directly elected with open nomination. Having a system of nomination by such directly elected members is a more open nomination system for candidates than presently exist in mainland China. Such a system of open nomination and direct election, followed by nomination by such electees for candidates to higher bodies, which are then voted on by all voters, would be a serious move forward in political reform of the Chinese system.

As an SAR, Hong Kong technically comes above the provinces in the Chinese structure of government. These reforms may not have direct implications for provincial congresses. Nevertheless, odds are high that Hong Kong's election of a chief executive involving direct vote of residents after some more limited form of nomination committee is a model that at least some factions of the central government are willing to try at higher levels. This model potentially removes the barrier to greater democracy on the mainland posed by the present cadre's only nomination system.

The reforms for 2012 and the promise of direct elections in 2017 for chief executive, plus the district elections in urban areas of China in 2008 altogether indicate that the long-stifled demand for political reform is being given substance and a timeframe for investment in at least one part of China. It is hard to imagine this step being an isolated and one-off move. It is more likely an indicator that resistance to political reform has weakened.

Second, turning to the effects of the reform on the Hong Kong-mainland relations, in terms of the effects, it's quite clear that the lack of progress in changing Hong Kong's increasingly inadequately representative and accountable governance system was having a strong negative effect.

In November 2009, according to Hong Kong Transition Project's survey, about two-thirds expressed satisfaction with the PRC Government's general handling of Hong Kong affairs. By May, satisfaction had dropped to 57 percent, but by mid-June, two weeks before the vote on the reform, it had fallen to barely a third satisfied, which is the lowest level that we had recorded since 1997.

When asked directly, "Are you currently satisfied or dissatisfied with the performance of the Chinese Government in handling Hong Kong's constitutional reform" 49 percent expressed dissatisfaction; only 43 percent were satisfied. Among students, 3 out of 4 were dissatisfied on this issue. This represented, I think, a significant danger.

In June, 74 percent of respondents agreed with the statement: "Beijing must amend the reform proposal to make it more democratic," while just 11 percent disagreed. The focus had clearly shifted from the local to Beijing by June 2010.

Only two amendments could create a majority supporting reform. One of those amendments was abolishing corporate voting in the functional constituencies, and the other was Beijing issuing a promise to abolish the functional constituencies altogether.

Beijing officials also were assigned the highest degree of blame if the reform package failed. Nearly 3 in 10 assigned Beijing officials a great deal of blame, and majorities blamed Beijing officials and the Chief Executive for failure. No other party came even close in terms of blame.

Beijing and the local government faced, just days before the vote, a crisis of governance, with 15 percent of the population, an even higher percentage of students, and 5 percent of all men strongly supporting actions and protests, such as blockading government offices and hunger strikes. We expect those tensions to have cooled since the reform was agreed to, but we were also at the time indicating that if reforms were not agreed we could expect an outbreak of violence in Hong Kong for the first time in a very long time.

The success of these reforms in Hong Kong will surely encourage reformers on the mainland. It should reinforce belief among central government officials that one effective way to handle restive urban populations is to begin a process of political reforms.

Now, it may also stimulate conservatives to new levels of resistance, but clearly this vote in Hong Kong was a win for the reformers. It may also have some impact on the national party elections in 2012. Reformers favoring political change could gain after long conservative dominance. Conservatives certainly lost in Hong Kong.

In terms of global significance, as with economic reforms, China insists it will choose its own timing and forge its own path of political reform. The economic collapses of the United States and other Anglo-American and European-influenced economic models in 2008–2009 have considerably raised confidence among Chinese cadres in their own economic model. They are also gaining confidence in their process of incremental experimental reform characterized as “crossing the river by feeling the stones” beneath one’s feet. It’s hard to argue that the Chinese process of economic reform has been a failure.

Certainly there’s room for improvement in democratic models and processes of democratization. The perceived sclerosis of the European model, stagnation of the Japanese model, incompetence of the Indian model, and the violence and increasing polarization of American democracy since 1963, as well as collapses of many post-colonial forms of democracy have convinced the Chinese that not only can they forge their way forward, they must.

Now, Hong Kong is in a unique opportunity for the Chinese to build step-by-step on economic successes and on quasi-Western, but indigenously influenced and developed political reforms toward their own practice of democracy. I think outsiders should approve and support Chinese leaders “feeling the stones” toward political reform and their own form of democracy rather than flinging stones at them because they are going, in their opinion, either too slowly or in a direction toward a model outsiders disapprove of or misunderstand.

For those who got the forecast of China’s economic development badly incorrect or who forecast the collapse or breakup of China back in the 1990s, or who said economic development would never, and could never, result in political change, the best policy after these reforms were approved might be to simply watch this space. Our current economic woes in the West give us ample grounds—and I find myself remarkably agreeing with George W. Bush here—to be a bit more humble in our foreign advice giving.

Thank you.

[The prepared statement of Mr. DeGolyer appears in the appendix.]

Mr. GROB. Thank you very much, Mr. DeGolyer.

And finally, I’d like to give the floor to Ellen Bork.

STATEMENT OF ELLEN BORK, DIRECTOR, DEMOCRACY AND HUMAN RIGHTS, FOREIGN POLICY INITIATIVE

Ms. BORK. Thanks very much. It’s nice to be here. It’s great that the Commission is giving some attention to Hong Kong and that the community of people who care about Hong Kong is reconsti-

tuted here for a short time. I'm going to make a few points, without reading through everything, so that we can move into discussion.

It won't surprise you necessarily to know that I take a more negative assessment of the reforms. I think they were so minuscule as to have had a really negligible effect, if any, on Hong Kong people's ability to govern themselves.

I'm not going to go through the fine points, which Michael did so well, of the way the system works, but I'd just point out that the way the Legco functions with "split voting" and the disadvantage to pro-democracy legislation remains intact. I think it's laughable that the expansion of the committee to choose a chief executive from 800 to 1,200 is regarded as any kind of real step forward in an electorate the size of Hong Kong.

It was interesting throughout the process that Hong Kong people grew less positive about the reform package, especially after the televised debate between Chief Executive Donald Tsang and Civic Party Legislator Audrey Eu. I think they grew to be more concerned about the vagueness and the lack of commitment, and that they were being asked to commit to something very modest without any expectation of future movement.

I can see how someone might argue that any movement forward, especially given Beijing's intransigence on this, is positive. But I think the Hong Kong people's voice needs to be better heard. I think it was heard in the Bye elections, which unfortunately were portrayed as a failure for the democratic camp, whereas, in fact, against very harsh odds, they attempted to do something creative and to build a mandate, which in a sense they got.

If there hadn't been a boycott by the Hong Kong Government, I think they would have gotten even more of one. But 500,000 people came out voting for pro-democracy candidates. Considering what the system is now, I think that really shouldn't be discounted.

But aside from the fine points of the legislation, I'd like to focus on two other negative effects that have come out of this that are not, strictly speaking, about the package itself. One, is this portrayal of the democratic camp as hardliners, extremists, and radicals. It used to be that it was very clear who was saying "no," and that was Beijing and still is. It's a reflection of the position that democrats have been put in, that they are now being portrayed in this manner. That's extremely unfortunate. Frankly, a lot of people who are doing that should know better.

Another bad outcome is the erosion of the "one country, two systems" principle, and the normalizing of Beijing's role, direct role, in determining the course of events there. Margaret Ng, the legislative councilor spoke very powerfully about this on the floor of the Legco. She said that "'One country, two systems' is no longer a sustainable illusion" after the meetings between Beijing representatives and members of the Democratic Party that Michael DeGolyer described.

Again, this is a different interpretation of the import of those meetings. I would take a different view. One can ask, is it a good thing that those meetings between the Beijing side and the Democrats happened in the way they did, or does it reflect something else, or at least a change, a change in this notion of "one country,

two systems” and who ought to be driving the process of Hong Kong’s political development?

Actually Beijing historically never took “one country, two systems” terribly seriously, and there’s a lot of evidence to that effect in the historical record. But the United States and the United Kingdom did take this seriously and made this the cornerstone of our policy. We’ve clung to that, for good reason and for a very long time. If there’s any one good thing that comes out of this episode with it is that the curtain has really been drawn further on Beijing’s role and the failure of “one country, two systems.”

We should now be looking at Hong Kong’s democracy movement in a different way not through the lens of the Joint Declaration and the Basic Law, which served Beijing’s purpose to limit democracy in Hong Kong. I think the analysis that Michael Martin gave was excellent, but the existence of those documents and the absence of a really clear democratic way forward in those documents in no way should deprive the Hong Kong people of their right to democracy.

Thank you.

[The prepared statement of Ms. Bork appears in the appendix.]

Mr. GROB. Thank you very much, Ms. Bork.

I’d like to thank all of our panelists for outstanding remarks and for staying within the requested time limit, because that enables us now to open the floor to questions and answers.

I would just like to preface this part of the program by mentioning that we do have a transcriber present. We will be producing a published transcript, both of the panelists’ presentations and the question and answer period. It will be available on our Web site, as is the case for all our roundtables and hearings.

I would ask, if you do have a question, that you raise your hand, wait to be recognized, and please avail yourself of the microphone here to your left in the front. If you wish to identify yourself, please do so and your name will appear in the transcript. If you wish not to identify yourself, feel free not to identify yourself and your question will appear simply with the notation “audience participant” in the official transcript.

I’d like now to turn the floor over to Sharon Mann for the first question.

Ms. MANN. The first question is, what, if anything, should the U.S. Government or other governments be doing to encourage further democratization in Hong Kong? There’s a certain risk that in any engagement in Hong Kong, or encouragement, is seen as interfering in Hong Kong’s affairs or in China’s affairs. With that in mind, there is some concern as to whether encouragement could backfire. But any thoughts as to how we can support movement in Hong Kong? That is for anybody on the panel.

Mr. DEGOLYER. I think one of the best ways is not necessarily a one-on-one kind of talks, like between Sino-U.S. discussions, but to try to encourage what you might say are workshops on various types of democracy—presidential systems, parliamentary type systems, the various experiences and problems that countries have had in reforming and improving their democratic systems.

So a kind of roundtable process in which you got other countries involved, with different systems, in which the Chinese are also in-

vited to participate and to interact might be a useful way forward because that way you don't have the sense of wagging your finger and preaching at them, but actually saying, this is the way we do it, and this is the way they do it, and there are different approaches that you can take, and here are some of the different ways that it has been done historically. I think that would be useful.

Ms. MANN. Sort of soft diplomacy.

Mr. DEGOLYER. A soft diplomacy approach, yes.

Ms. BORK. I would like to put in a plug for sort of more traditional diplomacy. I think interference is largely in the eye of the beholder, and that Hong Kong people wouldn't regard clear statements from the United States about what real democracy and democracy development entails as interference. That integrity is something that the United States is continuing to forfeit when it comes to Hong Kong, by not recognizing the difference between real and phony democracy.

Mr. KEATLEY. Following up on Michael, I think a few years ago Christian Chung, who was then with the National Democratic Institute, ran workshops in Hong Kong for political parties, organizations, structure, all that, for all parties, open to everyone. I think she got denounced as being a CIA agent by some of the pro-Beijing parties, but eventually some of them came around and there was broader participation at the end than there was at the beginning.

I think more of that would be good. Various kinds of exchanges would be good. Public statements from the United States would also be encouraging. It is not that the Hong Kong people find the United States meddling. Of course, it's the hyper-sensitive Beijing officials who get very upset, or pretend to be, whenever something is said about democracy in Hong Kong. But it doesn't mean we shouldn't, with caution, continue to be encouraging in every way we can. Thank you.

Mr. GROB. Questions from the audience? [No response].

Well, I will take this opportunity to ask a question. Professor DeGolyer, you mentioned conservative factions and other domestic political factions on the mainland and their attitudes toward political reform, generally speaking, and toward political reform in Hong Kong specifically. Do you have a sense of the alignment of positions on political reform in Hong Kong with positions on other issues? In other words, if you speak of conservative factions on the mainland, with what other positions on other types of political issues do they tend to be associated? That is, do those who hold a particular position vis-a-vis political reform in Hong Kong tend also to hold particular positions on other issues? Is there any clustering of political positions across issues?

Mr. DEGOLYER. I think the most interesting thing to point out is that the Government of China is a factionalized government. Before 2003, Hong Kong had been given over to the conservative element, the conservative faction. There was just a very minor contingent of folks from what we might characterize as the reformist faction, the more business-oriented modernization group, pushing modernization.

The conservatives blew it because they were not expecting at all the massive turnout that showed up on July 1, 2003, when you

have got over a half a million people marching in the streets. The government at that time, the conservative folks, were predicting 30,000 people would turn out. Christine Loh, who is a former legislator, now head of Civic Exchange—a very good think tank in Hong Kong—and I were discussing what we thought the turnout would be.

We had agreed that it was going to be around, or perhaps more, than 300,000. In that case I got very angry because I missed it by a factor of two, whereas the guy who made the 30,000 turnout forecast, well, I think I would have shot myself if I was supposed to be predicting things. What happened after that, was that there was a huge influx of the various groups and research arms and elements of the Chinese Government sending in people, and many of them are still there. They are not interfering in Hong Kong affairs.

I mean, this is one way people see this, that there is a lot of these mainland officials going around asking questions, and they see that as interference. Actually, I think if you talk with these folks and pay attention to what they're asking, is they're interfering with each other. They're sending reports back to their various research groups, who in turn feed in to these different interest groups and factional groupings in the central government itself.

So they no longer trust each other on Hong Kong and what's going on Hong Kong, or the best way to handle Hong Kong. In fact, I think the reform vote we just saw showed clearly that the conservatives had decided, well, we're not going to change anything.

Then the story is, right up to the very top, that Hu Jintao himself intervened to force this compromise to accept the Democratic Party's proposal. If so, this would be entirely unprecedented that he would come off the fence. Hu Jintao has largely been on the fence in terms of the reform versus the conservatives. But coming down now on the side of the reformist is a very interesting development and something we definitely must watch in terms of what goes on in China in 2012, who becomes president, and how the factions line up in 2012.

So I'm not saying that we can tell anything for sure now, but we know that something for sure is happening. Whether or not the conservatives will be able to recover from this or whether we actually do see something breaking out of the logjam that has been holding up reform for a very long time, well, that's the interesting thing to watch.

Ms. BORK. Doug, if I could just join in with Michael's analysis and again ask whether the only interpretation of Hu Jintao's intervention in favor of what is really a minuscule change in the way Hong Kong is ruled means that this is a step forward or instead a management tactic, perhaps in connection with this issue of unrest or something else? Is this meaningful as a change of heart on Beijing's side or is it something else?

Mr. DEGOLYER. Very interesting questions. I think our survey, our data—and if you want to get a copy of this yourself, this is a report we put out on the 18th of June which was entitled, "To The Brink: Rising Danger of Disruption in Hong Kong." This was based on a survey that we did in early June and released just five days before the vote. It's at HKTP.org. You can download it there from the report section.

It showed very clearly that there was a rising possibility, particularly of students and unemployed young people, who—just like in the United States—have a much higher level of unemployment particularly than is normal, than we’ve seen in a very long time. They were particularly angry at the government and it looked as though we were heading for disruption, but the indicators were, from some of the conservative folks, that they believed that if there was trouble, they could crack down on it and actually turn public opinion in their favor. So they were, in a way, welcoming a confrontation. They were, in a sense, provoking a confrontation.

So it seems the reformist folks did not want to have that kind of confrontation, perhaps for fear of the damage that would have, not just to their economic interests, but perhaps also to some of their political interests on the mainland.

It seems as though people who have usually kept their head down stuck their head up and pushed this compromise, which, as I pointed out, is utterly unprecedented. It has never happened before. Now, in terms of whether or not this is a significant reform, the key thing is, the NPC—National People’s Congress—said you can’t change the ratio between functional constituency and geographic constituency, directly elected and tiny franchise elected, from 50 percent to 50 percent. You can’t change it.

That was the grounds on which they refused to accept the Democrats’ proposal, because the Democrats had proposed that what is now the five new seats, that while they want pretty open nominations, anybody who’s got a substantial connection with the district councils can be nominated to run, and then everybody who does not currently have a functional constituency vote now gets to vote for these five candidates, or one of these five candidates, which means that technically the directly elected element is going to get closer to 40 versus 30, rather than 35 versus 35.

While that looks incremental, that also means that in future, in 2016 and 2017 when they go to the next level of reforms, the odds are much higher that, with the requirement for 60 percent, you have to have a 60-percent vote in favor of reform to pass Legco, and that’s what failed in 2005. They just got it for the first time just a few weeks ago. But with more directly elected people, the odds are better that the next level of reforms will pass. It tilts. It kind of puts the finger on the scale.

Now, whether you consider that minor or not, it depends on how many times, I guess, you weigh the finger on the scale. Every time they vote now there’s going to be a finger on the scale. For the next four years, there are fingers on the scale. So that finger tilts things—toward greater democracy. It doesn’t determine—it does not mean that they have achieved democracy, but it tilts it that direction. It tilts it off of dead center, and that’s where the significance comes in, also in how they did it, I think.

Mr. MARTIN. If I may add a couple of comments. One, I would suggest some caution, or at least clarification when you start using such terms as “conservative” and “reformist,” both in the mainland Chinese political context and also in the Hong Kong context. Now, let me explain. There may be an, I think, inaccurate assumption that some may be making, or inference that people will be making.

That is, in the mainland, there's a reformist pro-democracy group and a conservative anti-democracy group.

I don't see Chinese mainland politics that way. I think it was reflected in the quote that we got earlier about how they view democracy in general. There is very little notion that I see—it's beginning in some places—at least in the Party in China, regardless of their ideological faction that they're a part of, of democracy as a value independent of other factors.

Now, the quote points out that democracy is part of a process of greater economic development. It is a tool or an instrument to get a larger, other, important goal. It isn't a goal in and of itself, for the most part, in mainland China. That's a view we may have in the West, but isn't particularly common in China.

To a certain extent—and this may be a little contentious—it may not be extant in Hong Kong either. Part of this, I think—and I was talking about this the other day in another context—we tend, in the West, to separate human rights or political rights from economic rights and treat them as categorically separate. I think in China they lump them together. You can't talk about human rights without talking about economic rights. So, they see them as encompassing both.

The other aspect underlying all of this is the notion for a desire, and the big word in mainland China these days, for harmony. So if you implement any type of political reform or human rights reform and create some sort of social disharmony or economic disharmony, regardless of ideological faction in China, I think you will find opposition to the notion. So it's not a compartmentalized thing that we can talk about democracy, good or bad. It has to be in a larger context. To a certain extent, I think that may be true in the Hong Kong population, at least in their political development at this time. That's the first thing.

The second thing, going inside the Hong Kong politics, bear in mind that, for example, what's called the Democratic Party in Hong Kong, if you were to transport them into the United States would probably be primarily Republicans, just in general terms. The strongest supporters of the Beijing government in Hong Kong tend to be business leaders, and they're the most conservative segments of Hong Kong society, from our political framework.

The opposition, the pan-democratic groups, tend to be more to the left, including my favorite party just simply because of their name, the League of Social Democrats, or LSD. It's not accidental that they're called LSD. I've spoken to some of the founders of the party and they have their own political notion of how they want to do politics, which is a little bit different. They're fun to talk to.

But basically if you put it this way, the avowedly socialist People's Republic of China has their strongest supporters in Hong Kong among the most pro-capitalist business leaders. So using conservative/liberal notions or conservative/reform notions can give you a kind of skewed image of what's going on in Hong Kong.

Now, if I can take one more second, I think one of the things that I would like to point out was that when this compromise, this last-minute deal was bartered, that the Chief Executive seemed to be effectively a non-player in the process. This is disconcerting to some in many ways.

In the past when there have been other similar crises about policy in Hong Kong, if you'll remember about the residency issue, the right to abode issue, there again, you had the Chief Executive effectively not being able to implement policy, not being able to move things forward and being sort of side-stepped in the process.

So in that respect I would echo a little bit of the concern that Ellen is reflecting, which is, to what extent are you seeing a little bit of crumbling of the edges of the "one country, two systems," in that the resolution requires the direct intervention of Beijing?

Ms. MANN. John Kamm?

Mr. KAMM. Yes. My name is John Kamm and I'm interested in hearing the views of the panel on whether or not Article 23 legislation might in fact be introduced in Hong Kong, and if so, when and what form it would take? It's my understanding that Macao has, in fact, passed Article 23-type legislation. There has been some impact on freedom of movement, including by, I think, Hong Kong legislators and journalists into Macao. I don't recall seeing much coverage of the Macao Article 23 legislation, and I'm just wondering, what is the status of Article 23 legislation in Hong Kong? Is anyone proposing that this legislation be reintroduced? I throw that open to the panel.

Mr. MARTIN. Since I have it right here [holds up document]—see? It's always good to carry the Basic Law with you. Article 23 is one of the articles of the Basic Law. It reads, and I will paraphrase, the Hong Kong Special Administrative Region shall enact laws on its own to prohibit any act of treason, secession, sedition, subversion against the central people's government, basically the Chinese Government, or theft of state secrets, and it goes on for other things. It was basically a requirement that they have a law of this sort. It was proposed. Chief Executive Donald Tsang proposed such legislation and was in fact the precursor to this massive rally that occurred in Hong Kong, and also, just for the record—

Mr. KAMM. Wasn't that C.H. Tong?

Mr. MARTIN. C.H. Tong. I'm sorry. C.H. Tong introduced Article 23 legislation. It created massive protests, and it also ended up creating this group that eventually became one of the political parties in Hong Kong, the Civic Party.

Mr. KAMM. My question is, is there any consideration being given to re-introducing Article 23?

Mr. DEGOLYER. No. Peter Wong, who's an NPC delegate, brought this up and was roundly slapped down. No change at all while Donald Tsang is Chief Executive. After that, maybe, but more than likely it's going to be in incremental pieces.

According to HKU scholars at the HKU Law School, there are several sections of the current law, some of the elements that were in Tung Chi Hwa's bill, would actually clarify and be improvements of human rights because they would really specify terms that now, under the common law and under the language of the present existing law, are unclear. There are other elements, of course, which were pernicious in their effect, which is one reason why we had such a massive turnout.

But in Hong Kong politics, if there is a third rail—just like in U.S. politics it's Social Security, touch Social Security and die—in Hong Kong politics it's, touch personal and media freedoms and

die. Seriously. Every time we see even an incident occur, like for example just a few weeks ago students were carrying statues of the goddess of democracy and the police stopped them and declared it was an illegal assembly and confiscated their statues.

We saw immediately a tripling of “great concern” for freedoms in Hong Kong. I mean, just almost instant response. We see that every time. All it takes is an arrest, a story, an incident, and people are extremely sensitive to that and they respond instantly. The government is acutely aware of this, so I think they’re going to tread extremely cautiously in going forward on Article 23.

Mr. KEATLEY. I could agree entirely. Every time I go to Hong Kong I ask that question of political leaders, including Regina Ip, who is associated with the last go-round, and the Democratic Alliance for the Betterment and Progress of Hong Kong [DAB] and others. I get the feeling that, no, this is not coming forward. It was—at least the DAB feels—one of the items on the agenda that Beijing wanted Donald Tsang to deal with and get out of the way before he leaves office, but I have a feeling he won’t and it will pass on to the next group.

Mr. GROB. Other questions from the audience?

Ms. CAMPBELL. Hi. I’m Kaitlin Campbell. I’m with the U.S.-China Economic and Security Review Commission. Sort of branching off from what you’re talking about, tactical management, Ms. Bork, when we were talking about the future chief executive election and the Legco election in, I think, 2017, 2016, 2020, to what extent [inaudible] Beijing promises that it may allow universal partial suffrage. To what extent can we really—what are we really expecting out of that? Is this just management of perception for now? We’ll say we’re going to give it to you in a couple of years, but what can we really expect out of that? Open to everyone.

Ms. BORK. You mean, what can we expect from Beijing about that?

Ms. CAMPBELL. To what extent can we trust that more progress will be made in future elections?

Ms. BORK. I don’t know what can be relied upon at this point, given the vagueness of the way forward. I think that was one of the things that caused such concern to many of the Democrats in Hong Kong and the people of Hong Kong, that that’s not clear and that definitions remain wide open about what full democracy is.

I have to say, I like, in some way, the idea that Michael put forward of continuing to discuss forms of democracy and so forth, but on the other hand it seems to me that Beijing and Hong Kong’s people, the Government of China and Hong Kong’s people, are expert at this point and don’t really need to consider all the options.

They need to be given the ability to sit down and have a convention or some other process where they determine their form of government freely. So at this point I don’t think anything that Beijing has done up to this point, including the most recent developments, suggest that we should have any confidence in something much closer to full democracy coming about at the next opportunity.

Ms. MANN. I’d like to turn it over to Michael Martin, and then Michael DeGolyer.

Mr. MARTIN. Well, let me clarify a little bit about the procedures here, and to a certain extent explain a little bit of what happened

most recently. There was, in the decision that came from Beijing, an enumeration of a process by which further political reforms can move forward.

Basically, the current Chief Executive's term is limited, so it will be the next Chief Executive who will have the task of going to Beijing and saying circumstances in Hong Kong have changed significantly so that we can consider further political reform. At that point, according to the procedures, it'll be a domestic issue. There will be a consultation process, a development of proposals, and at that point it would be a good opportunity to intervene in the discussion of why we'd be moving forward.

It will be the next Legco and the next Chief Executive who eventually will have to vote on whatever motions are introduced. If that gets passed, then you have the possibility of further development. It was the statement of the current Chief Executive that he did not have the full mandate or authority to look down the road on what the next incremental step was, so he intentionally stayed with, "This is what I can do this time. I can't tell you how we're eventually going to get there. That's the next Chief Executive and the next Legco."

That is why, as Professor DeGolyer, Michael, pointed out, the membership in the next elected Legco can be quite pivotal in how far the reform process may be able to move forward. Now, the question of whether they'll get to the timeline of 2017 and 2020 is a whole other matter altogether.

But if I understand your question correctly, Beijing's official ability to intervene is if the Chief Executive goes up and they say circumstances have changed in Hong Kong, we can move forward, and Beijing says, no, they haven't, and they could cut off the process that way. But if indeed they would abide by that request from the Chief Executive, then the procedure moves forward.

Mr. KEATLEY. I hope this responds, in part. I'll just say that I knew many people in Hong Kong, democratic politicians and others—when you talk about 2017—who do expect the Chief Executive to be elected by popular vote in that year, and there will be two or more candidates running.

The question, of course, is who gets to run. That would have to be nominated by this appointed nominating committee, which is pretty reliably pro-Beijing, and whether or not any outsiders, a more democratic-inclined person, could get the minimum number of nominations within that committee to get on the ballot is an open question.

But you're more likely to have two or three people that Beijing deems suitable running for the office, and the one with the most votes will get the job. But this goes back a little bit to, a lot can depend on the nature of the person in that office. I would think Donald Tsang has not exercised what powers or abilities he might have to the maximum during his time in office, any more than his predecessor did.

It would be possible for someone to show a little more initiative, a little more populism, whatever, and make important changes in public policy, what gets done, and not just wait for orders or be timid about taking initiatives. If you ask a bureaucracy for a decision you'll get one, and if you avoid asking in the first place you

could probably do a lot more. I think that's the Hong Kong situation.

Ms. BORK. So you're referring to Beijing as the bureaucracy?

Mr. DEGOLYER. We asked that question of Hong Kong people and there's quite a fair portion who are skeptical about the timetable as being a firm promise. Only about 10 percent or so believe that it's a firm promise with a fixed timetable. About 15 percent or so just think it's totally empty rhetoric, has no meaning at all. A lot of people under age 30 feel that way, an even higher proportion of them, which was one of the things we pointed out to the government was a very dangerous thing and one reason why they needed to make compromises to ensure that we get reform this time.

In terms of whether or not it's going to happen, well, there was a lot of questioning going on about this prior to the vote on reform. The Secretary for Constitutional and Mainland Affairs and the Chief Executive both said that even if Legco voted this down, the 2017 date was a fixed date and there would be direct elections for Chief Executive. Since they're not going to be around at that time, most people totally discounted that.

On the other hand, the central government indicated that if the legislature passed reform this time, that they could deal going forward. The Democratic Party has indicated that they expect, and the mainland government has confirmed, ongoing discussions even though the Democratic Party has said it's not going to join the government, it's not going to join the executive council, et cetera. But they have agreed to continue talking.

So again, when you look at the balance, we're running a survey right now in which we're re-asking that question. I expect to see some movement toward a firming of people beginning to gain a little bit more confidence that perhaps we will get some sort of movement by 2016, 2017.

As Robert pointed out, we now have the balance tilted in the favor of direct elections. Again, it does matter who gets elected Chief Executive next. The way things are shaping up, there's some very interesting candidates who are coming forward. Depending on who gets in, since they can technically be reelected for a five-year term, if it's a person who is more open to elections then the odds go up; if it's a person who's not, the odds probably go down. So I think there's a lot to watch going forward between now and 2012, and then following 2012 to the next round of reforms, some very interesting stuff going on in Hong Kong.

Ms. BORK. If I could, I'd like to throw out there that you give Hong Kong civil servants, as estimable as they are, a great deal too much confidence. For everybody who's operating under, effectively, a Communist system, and that for all of the attempts to provide a structure through which Hong Kong would enjoy this autonomy, Beijing's hand is very clear, not only in setting it up, but in their willingness at crucial moments to interfere. And I can certainly understand your interpretation of this last engagement. I don't agree with it, but I certainly can understand that.

But purely the fact of that intervention or engagement begins to show how little control the system that Hong Kong people put their faith in really determines their future. I just can't believe that a Hong Kong chief executive is going to be able to function as a poli-

tician in a free system could, to drive through, to build support for, to make arrangements and deals that would lead to something that Beijing doesn't want.

I think that by focusing so much on the system that's been put in place, we, ourselves, and the democratic community and the world, run the risk of not recognizing that this is now effectively an issue to raise with Beijing and to make it a priority in our China policy.

Mr. DEGOLYER. I think we should be cautious about underestimating what Donald Tsang did. The inside story is that, after he was firmly turned down by the Vice President, Tsang went outside the accustomed norms, the technical bounds of who he was supposed to talk to, and he went directly to Hu Jintao with this issue and got him to intervene.

Now, if that's the case, effectively what he did was he pulled rank on the Vice President of China. That's one reason why I commented that we might see conservatives react to this, because this was an extremely powerful challenge to the bureaucratic structure, the administrative structure of the Chinese system. He really stuck his neck out, so I don't think we should discount that. If the Chief Executive of Hong Kong—you say if he has to go to the President that's bad.

Ms. BORK. Right.

Mr. DEGOLYER. I'm saying that he went around the Vice President. He went directly to the President and he got a direct intervention. Maybe that indicates that he's more influential than we might think. I think one of the good things is, the veil is off. Beijing now realizes it can't hide behind a chief executive. That's what they did with Tung Chi Hwa. They hid behind him.

Ms. BORK. Yes, I agree.

Mr. DEGOLYER. And really, everybody talked about, the first thing he did was, instead of turning over and saying good morning to his wife, he would turn, pick up the phone and call Beijing to find out what he was supposed to do. That was the joke on Tung Chi Hwa, the first Chief Executive. This kind of changes that. Also, I think a lot of people have begun to focus on Beijing and they realize they can't hide behind the local government anymore.

Now, you could have a negative view like Margaret Ng takes of this, and I highly respect Margaret. On the other hand, you could say that basically this really puts the cards on the table. This is also why I think that this gives us some indicator that something else is going on on the larger table of China as a whole, because Hong Kong is no longer isolated. Hong Kong is no longer the exception to every rule. Hong Kong is no longer the odd man out of the Chinese system. Hong Kong is in the system and it's having an effect on the system. Just as the system is affecting it, it is affecting the system. This is exactly what happened in terms of economic reform. We're now seeing this in political reform. Everybody thought that Hong Kong would become like China. Instead, China has become much more like Hong Kong in terms of economics. I think the same thing is going on politically.

Ms. BORK. It's a two-way street.

Mr. DEGOLYER. It's a two-way street.

Mr. GROB. Thank you very much.

As much as I'm sure we'd all like to continue this very vigorous discussion, I'd like to refer you to our Web site, which will include the full transcript of this proceeding. With that, thank you all very much for coming. Thank you for your interest in this issue and your interest in the work of the Congressional-Executive Commission on China.

With that, we will adjourn.

[Whereupon, at 4:31 p.m., the roundtable was adjourned.]

A P P E N D I X

PREPARED STATEMENTS

PREPARED STATEMENT OF ROBERT KEATLEY

JULY 14, 2010

I thought I would try to give an overview of the Hong Kong political situation, why it matters to China and why it should matter to us here in the United States.

As you know, Hong Kong is governed by a “one country, two systems” policy. Broadly speaking, this means Hong Kong is recognized as an integral part of China but with generally separate civil, political, legal and economic standards. “Hong Kong people running Hong Kong with a high degree of autonomy” is the golden rule—with Beijing responsible for foreign affairs and security issues.

The stated “ultimate” goal is that local elections eventually will be by universal suffrage, though no official timeline has been set—and that lack of a definite schedule remains a basic issue inside Hong Kong to this day. Progress toward that goal has been limited. But there has been some, and Beijing has said universal suffrage could be (not necessarily will be) applied to the 2017 election of a new chief executive and to the 2020 election of all legislators.

The reality of this “high degree of autonomy” does not always match the theory. But the broad political outline could be considered rather generous, considering that it comes from a Leninist state with no tolerance for political disagreement or dissent—even if implementation has been much slower and much more grudging than hoped for 10 or 20 years ago.

Why did Beijing do this, and—given its enormous suspicions of and frustrations with pro-democrats in Hong Kong—why has Beijing allowed this separate political system to continue? Let me suggest a few reasons.

In the beginning, Beijing almost certainly wanted to enhance its international reputation and prestige. By negotiating terms with London, organizing a lavish handover ceremony and absorbing Hong Kong with no more than a token presence of the military (and the PLA has essentially been kept out of sight ever since), China could portray itself as a nation willing and able to seek its objectives by normal diplomatic means. In reality, China was of course an incredibly difficult negotiator, with its officials seeing nonexistent British conspiracies everywhere. They accused the British of trying to loot the Hong Kong treasury, plant political agents and otherwise deny China its just rewards—as in the 19th century.

The handover ceremony was also a great domestic political event for the Communist Party. It could and did take credit for regaining lost territory, something its predecessors could not do. The final ceremony, with a beaming President Jiang Zemin taking charge as Prince Charles and the last British governor sailed away into a stormy night, was a brilliant propaganda event for the ruling party—partly because it was a bit humiliating for the British.

And ever since, Beijing has taken credit for living up to terms of that agreement, and it is important for Beijing’s international reputation to be seen as doing so—even if many people would argue about important aspects of how it has done so.

Beyond that, there are three other reasons often cited by those who speak for China.

The first is economic. Hong Kong is no longer as crucial to the Chinese economy as it was a few decades ago; well into the 1970s it was by far the main source of foreign exchange for China, which then had nothing like its current \$2.5 trillion of reserves in the bank. But Hong Kong still has much to teach about management, logistics, finance, law and so forth. For example, China is using the Hong Kong stock exchange to float mainland IPOs on the international market, and it is gradually letting the renminbi be used in international trade and settlements through Hong Kong-based financial institutions. That edges the renminbi toward convertibility and gives some practical experience, though there is a long way to go. A Chinese ambassador once told me that Hong Kong is safe as long as it keeps ahead of the mainland economically and sets a positive example. Its exact role is changing but Hong Kong remains important and it is being tied ever closer to the mainland economy.

Second, there is Taiwan. The one country, two systems policy was devised originally by Deng Xiaoping for Taiwan, not Hong Kong. And Taiwan, for the most part, has not been particularly impressed by the offer, and doesn’t want to join the mainland in some variation of the Hong Kong system. But Beijing still hopes that success in Hong Kong will set a positive example that will influence Taiwan to some degree and speed reunification. What happens across the strait directly between Beijing

and Taipei will always be more important. But China hopes Hong Kong will have a positive influence, and knows that if things go seriously wrong in Hong Kong the negative impact would be enormous.

Thus during the past year direct links between the Taiwan and Hong Kong governments have increased dramatically. There are now several quasi-official agreements on trade, finance, travel, and so forth. Senior officials from both sides have made visits for the first time, and Hong Kong Chief Executive Donald Tsang will probably call on Taipei by the end of the year. From the mainland side, all this supports the broader effort to improve relations across the strait.

Finally, there is politics. For the record, mainland spokesmen have said "full democracy is good for Hong Kong." Further, they say Hong Kong needs a free society if it is to develop further its economic potential. "Democracy can best free human beings, and humans are the most important element of productivity," according to Wang Zenmin, vice dean of the Tsinghua University Law School, and a member of the Hong Kong Basic Law Committee under the Standing Committee of the NPC—and who, I understand, is in line for a promotion within the Communist Party. Professor Wang also says the development of a democratic system in Hong Kong can help the mainland improve its own political system—even if the two develop at quite different speeds and in different ways—though it remains to be seen if the Communist Party will ever adopt any of Hong Kong's freer political ways.

You can take all this with however many grains of salt you choose. But my main point is that Beijing has several good reasons for wanting to avoid any kind of social or political crisis in Hong Kong, and will work hard to prevent one. For example, when 500,000 people demonstrated against legislation that threatened to undermine civic freedoms back in 2003, it had the Hong Kong government withdraw the bill and in effect fired an unpopular chief executive. And last month, it offered the Hong Kong democratic camp a political concession to ensure that an election reform bill would pass in the legislature. More important may be the fact that the concession resulted from the first-ever direct negotiations between mainland officials and Hong Kong democrats, people China often has denounced as un-patriotic, working for foreigners and so forth.

This suggests that Beijing, for the sake of political peace in Hong Kong (and to avoid more radical politics there) will bend from time to time. There are limits, but China has several good reasons for wanting to avoid trouble.

As for the US interest in all this:

First, like China, we also have an economic motive. Hong Kong is an important financial and commercial center, and a base for corporate operations in China and East Asia.

For example, about 1,400 American companies have offices in Hong Kong, of which more than 900 have regional responsibilities. More than 60,000 American citizens live there. US exports to Hong Kong last year exceeded \$22 billion, and US investments in Hong Kong equal about \$40 billion. It is a free port, low tax city with a reliable legal system based, like ours, on British common law. Beyond that, the United States government has direct cooperation with the Hong Kong government on a variety of issues, such as money-laundering, counterterrorism and port security. In brief, the United States has large economic and financial interests in Hong Kong and this won't change.

Second, as a nation we believe that more democracy is better than less democracy. So we have an interest in encouraging the development of a free political system in Hong Kong for its own sake. There is also the hope that Hong Kong will set a positive example for China regarding its own political system, the free flow of information, legal standards, fighting corruption and other matters. Needless to say, the current Chinese record on that isn't particularly encouraging. But time passes and things do change, and the United States has an interest in seeing change. So there is every reason to maintain a serious interest in Hong Kong's internal developments while avoiding the kind of heavy-handed interference that could backfire.

PREPARED STATEMENT OF MICHAEL E. DEGOLYER

JULY 14, 2010

1. THE SIGNIFICANCE OF THESE REFORMS

Three questions can help us assess the importance of these Hong Kong constitutional reforms:

How often does China implement policies promoting democracy?

How often do Chinese officials change policy after officials including the vice president in charge of the portfolio announce rejection of any changes?

How often does the Chinese government change policy after negotiations with those it deems “hostile forces” and “subversive elements?”

The answers are:

Seldom

Almost never

Never, before now

Never before has the central government negotiated with the Democratic Party of Hong Kong. That party is led by Albert Ho, a member of the group that organizes the annual commemorations of the Tiananmen Massacre and which demands an accounting of the same from the Communist Party of China. He and other party members like Emily Lau have long been banned from even traveling in mainland China. But now, Beijing officials have met with them as equals across the negotiating table.

We can conclude, on the basis something has happened that is totally unprecedented, that with the recent constitutional reforms in Hong Kong something significant is up in China. The question is what is up, how will it affect the Hong Kong-China relationship, and how significant is it to China and to the rest of the world?

First in establishing the significance and meaning of these reforms, the Central government has promised that direct elections for the Chief Executive may take place in 2017. They may take place for all Legislative Council seats in 2020. The reforms just passed make the fulfillment of at least the timeframe for these direct elections more likely. Of course, the details of precisely how nominations for Chief Executive will be done remain unclear. We also do not know how all members of Legco will be directly elected, but the fact is that China's richest city will take democratic steps forward in 2012 and will likely continue onward.

Second in significance and meaning, these steps move beyond those stipulated in the Basic Law. The Basic Law was the national implementation of an international agreement, the Sino-British Declaration of 1984. So this reform vote represents the first step beyond the bounds agreed in an international process. It is a purely local and national step forward in permitting greater democracy. It was not driven by international pressures or configured according to international binding agreements. It shows China today is willing to take unprecedented political steps and willing to compromise with some social and political forces outside communist political control.

Third, the reforms for 2012 in Hong Kong also build on a district representation framework which was adopted by Mainland cities starting in 2008. A number of the leading urban centers in China began to organize and hold district elections in that year, though in terms of contested, open elections these have far to go. These district elections and the powers given district councilors bear some similarity to Hong Kong's District Council system, just as Hong Kong's village elections in the New Territories, begun in 1926 and reformed in the 1950s, seem to have influenced China's rural village elections, begun in 1982 and reformed in 1998. The reforms of 2012 in Hong Kong in turn appear to have been influenced by Mainland concepts of mixing indirect and direct election systems, with controlled forms of nomination followed by direct election contests. We do not yet know how fully open the nomination processes for the added Hong Kong District Council seats to Legco will be, but in any case, the reforms represent a significant compromise of the highly constrained electorates of the existing Functional Constituency system and perhaps represent a way forward in either dramatically widening the electorates for all these seats or toward their replacement with other forms of election. The possibility of a fully directly elected legislature by 2020 cannot be simply dismissed out of hand anymore.

Fourth and most important for the significance of these reforms, district seats are directly elected with open nomination. Having a system of nomination by such directly elected members is a more open nomination system for candidates than presently exists in mainland China. Such a system of open nomination and direct election, followed by nomination by such electees for candidates to higher bodies, which are then voted on by all voters, would be a serious move forward in political reform of the Chinese system. As a Special Administrative Region Hong Kong technically comes above the provinces in the Chinese structure of government; these reforms may not have direct implications for provincial congresses. Nevertheless, odds are high Hong Kong's election of a Chief Executive involving direct vote of residents after some more limited form of nomination committee is a model that at least some factions of the Central Government are willing to try at higher levels. This model potentially removes the barrier to greater democracy on the mainland posed by the present cadres-only nomination system. The reforms for 2012 and the promise of direct elections in 2017 for Chief Executive plus the district elections in urban areas of China in 2008 indicate that the long stifled demand for political reform is being given substance and a timeframe for advancement in at least one part of China. It

is hard to imagine this step being an isolated and one-off move. It is more likely an indicator that resistance to political reform has weakened.

2. EFFECTS OF THE REFORM ON HONG KONG-MAINLAND RELATIONS

In terms of the effect of the reform compromise on Hong Kong attitudes toward the Central Government, it is quite clear that the lack of progress in changing Hong Kong's increasingly inadequately representative and accountable governance system was having a strong negative effect. In November 2009, according to Hong Kong Transition Project surveys, about two-thirds expressed satisfaction with the PRC government's general handling of Hong Kong affairs. By May 2010 satisfaction had dropped to 57 percent. By mid June two weeks before the vote on reform, it had fallen to barely a third satisfied. (See the report titled "To the Brink: rising danger of disruption in Hong Kong?" released 18 June and available at <http://www.hktp.org>.) Forty-nine percent expressed dissatisfaction when asked directly: Are you currently satisfied or dissatisfied with the performance of the Chinese government in handling Hong Kong's constitutional reform?" Only 43 percent were satisfied. Among students, three in four were dissatisfied on this issue with barely one in ten satisfied. This represented a significant danger because students had become increasingly restive since January 2010. This was also an extremely dramatic shift in attitude toward the central government from the Olympic summer of 2008 by all, especially students.

In June, 74 percent of respondents agreed with the statement: "Beijing must amend the reform proposal to make it more democratic" while just 11 percent disagreed. The focus had clearly shifted from the local government to Beijing by June. Only two amendments to the reform package would create clear majority support for a reform package that every survey but the government's indicated fell short of majority support. These two amendments involved abolishing corporate voting in the FCs (something Beijing had indicated it opposed) and Beijing's promise to abolish the FCs altogether.

Beijing officials also were assigned the highest degree of blame if the reform package failed. Nearly three in ten assigned Beijing officials a "great deal" of blame. Majorities blamed Beijing officials and the Beijing approved Chief Executive for the failure. No other party or group came close to a majority assigning it blame for failure, ranging from some blame to a great deal of blame—not even the League of Social Democrats or the Civic Party, the two groups leading the most vociferous opposition to the proposed reforms. Beijing and the local government faced a crisis of governance, with 15 percent of the population and even higher percentages of students and those under age 30 supporting strong actions in protest, such as blockading government offices and hunger strikes. Subsequent cooling of tensions and pressures on the local and national governments should reinforce belief among central government officials that one effective way to handle restive urban populations is to begin a process of political reforms. The success of reforms in Hong Kong will surely encourage reformers on the mainland. It may also stimulate conservatives to new levels of resistance, but clearly this vote in Hong Kong was a win for the reformers. It may also have some impact on the national party elections in 2012. Reformers favoring political change could gain after long conservative dominance. Conservatives certainly lost in Hong Kong.

3. GLOBAL SIGNIFICANCE OF THE REFORMS

In terms of global significance, as with economic reforms, China insists it will choose its own timing and forge its own path of political reform. The economic collapses of the US and other Anglo-American and European influenced economic model-states in 2008–09 have considerably raised confidence among Chinese cadres in their own economic model. They have also gained confidence in their process of incremental, experimental reform characterized as "crossing the river by feeling the stones" beneath one's feet. It is hard to argue that the Chinese process of economic reform has been a failure. It is also hard to argue that Russia's attempt to put political reform prior to economic reform is better than China's practice of reforming economics first, though we have yet to see the complete results of China's approach in terms of political development. Certainly there is room for improvement in democratic models and processes of democratization. The perceived sclerosis of the European models, stagnation of the Japanese model, incompetence of the Indian model, and the violence and increasing polarization of American democracy since 1963 as well as collapses of many post-colonial forms of democracy have convinced the Chinese that not only can they forge their own way forward—they must.

Hong Kong is a unique opportunity for the Chinese to build step by step on economic success and on quasi-western, but indigenously influenced and developed po-

litical forms toward their own practice of democracy. Outsiders should approve and support Chinese leaders “feeling the stones” toward political reform and their own form of democracy rather than flinging stones at them because they are going, in their opinion, either too slowly or in a direction toward a model outsiders disapprove of or misunderstand.

For those who got forecasts of China’s economic development badly incorrect, or who forecast the collapse or breakup of China back in the 1990s, or who said economic development would never and could never result in political change, the best policy might be to simply watch this space. Our current economic woes in the West give us ample grounds to be a bit more humble in our foreign advice-giving. While we can and should share our experiences with democratic forms of governance with Chinese officials and public, we must admit that no democracy has perfectly and permanently solved all its problems of representation and accountability, nor have we solved the issues of regulation or control of corruption and influence by the powerful. Liberal democracy—rule of, by and for the majority of the people with effective safeguards for the rights of minorities—appears to be a permanent goal, not a permanent accomplishment. China and Hong Kong should of course be encouraged to reform and improve their systems. It would do us well to admit that we face the same challenge. Such an atmosphere of mutual exchange of perspectives and experience with developing and reforming governance models and methods would likely be more effective than many of the means employed hitherto to encourage China to move forward with democratic reforms in Hong Kong and on the mainland.

PREPARED STATEMENT OF ELLEN BORK

JULY 14, 2010

Hong Kong’s recent changes to its system of constituting the legislature and picking the chief executive are a net negative. While the Hong Kong governments, and others, have attempted to claim a victory for “progress” with the passage of the legislation, in fact, the minor tweaks to the system reinforce the undemocratic characteristics of the system without a commitment to full democracy or even agreement on what that really means.

The changes are being presented as a modest expansion of the democratic basis for the government. However, the change in the people’s control over their governance is practically zero. There will be ten new seats, including five democratically elected ones. “Split voting” persists—a clever procedure instituted by Beijing which raises the bar for pro-democracy proposals in the legislature by forcing the chamber to vote in two halves, one of which is dominated by pro-Beijing “functional constituencies” representing mainly business and professional associations. (In other words, undemocratically selected representatives.) The so-called expansion of the franchise for choosing the chief executive is laughable. Now there will be 1200 electors up from 800, even though Hong Kong has over 3 million registered voters. The compromise over the seats that enabled legislators of the Democratic Party to sign on does not indicate a change of heart by the central government. Instead, it represents a further erosion of the barrier to Beijing’s involvement in the territory’s affairs.¹

A poll showed that opposition to the package among the Hong Kong people grew after the televised debate between Chief Executive Donald Tsang and Civic Party legislator Audrey Eu. The public was not reassured by Mr. Tsang’s performance in which he called opponents of the package irrational and was vague about how full democracy would be reached. He addressed criticisms of the legislation by saying “there are things to be ironed out but we can do so after we pass the package.” In fact, virtually every indicator of the public’s opinion indicates a strong majority would like to move to full democracy immediately.

The pro-democracy members of the Legco who accepted this argument fell into a trap. In future, it won’t matter what tiny changes were made to the functional constituencies or the selection process for the chief executive. Democrats will have voted for the continuation of functional constituencies and for a system of a chief executive appointed by Beijing and rubber stamped by 1200 people. It will be exceedingly difficult from here on to move to full democracy. Beijing’s role is con-

¹ A more positive interpretation of one aspect of the package is that the small change in the way the functional constituencies are constituted could lead to the seating of more pro-democracy representatives in the Legco, that is, in the half of the chamber that usually obstructs democracy legislation. While that is theoretically possible, it is not likely. It is simply impossible to imagine that this maneuver—billed as a compromise on the part of Beijing—represents a sincere effort to expand democracy in Hong Kong.

firmed, the democratic camp is split and the undemocratic features of the system are being entrenched.

While the effects of the legislation for expanded democracy are virtually nil, there are other important, and negative, effects. One is that now those who to move to real democracy and to have a firm commitment for doing so are being depicted as “hardliners” and “extremists.” This is the brilliant achievement of Beijing. The system, which is Beijing’s creation, is engineered to deny the possibility of real, institutional changes. The democracy camp was criticized for the “referendum movement” in which five pro-democracy members of the legislature resigned their seats and ran again, in by-elections, in order to get a mandate for democracy. In fact, they got the mandate. True, the turn-out was low in percentage terms, but 500,000 voters chose the pro-democracy position by returning the pro-democracy candidates in those elections. If the government had not boycotted the elections, the turn-out would have been more and the tally for the pro-democracy candidates, and their position, would have been even higher.

The second bad outcome is that the maneuvering over the legislative package and in particular confidential dealings between the Democratic Party and Beijing representatives has normalized Beijing’s role in controlling Hong Kong’s democratic development. Margaret Ng, a Legislative Councilor, said it very well in her speech to the legislature on June 23.

“[T]he final deal is closed behind closed doors, and ostensibly between the Democratic Party and the representatives of the Central Authorities. No one who is not already in the know is allowed time to digest these developments. By his lack of action, the Chief Executive [Donald Tsang] has made clear that he no longer represents [the] people of Hong Kong, and ‘one country, two systems’ is no longer a sustainable illusion.”

There was always a high degree of fiction involved in the “one country, two systems” arrangement. We know that the Chinese communist government, for its part, never took it seriously. As Steve Tsang wrote

“the idea of Hong Kong people administering Hong Kong within the framework of ‘one country, two systems’ may imply that after 1997 Hong Kong will be free to run its own domestic affairs with no interference from Beijing as long as PRC sovereignty is acknowledged. Such an interpretation is totally unacceptable to Beijing.”

And on the matter of elections within Hong Kong, it was clear that Beijing never contemplated real democracy. Before the handover, Deng Xiaoping asked rhetorically, “those who can be entrusted to administer Hong Kong must be local residents who love mother China and Hong Kong. Can popular elections ensure the selection of such people?” For him, and other communist leaders, the answer was no, and Beijing set about to control the levers of power in Hong Kong.

However, Hong Kong’s people took this promise seriously, and the United Kingdom and the United States purported to do so as well. Washington made autonomy and the ability of Hong Kong people to develop full democracy there the cornerstone of U.S. policy.

The “one country, two systems” fiction gave the United States and other democracies something to hide behind. The curtain has now been drawn, and reality can be dealt with. That is the only good thing to come from this episode. It would have been better, which is to say, principled, for the United States, to show that it knows the difference between real and phony democratic reform and to tell the truth about the defects in the reform package. By approving of last month’s developments in the Legco, as Ambassador Jon Huntsman did, Washington acquiesced to Beijing’s direct involvement in Hong Kong affairs and its ultimate control, which is to say, obstruction, of democracy there. It will only become harder to change course, but it is possible and essential not only for U.S. policy toward Hong Kong, but also the People’s Republic of China.