

Investigating the relationship between hong kong and china

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In exploring the relationship between Hong Kong and its sovereign ruler, the People's Republic of China (PRC), I will proceed by first examining the history behind the 1997 union. In doing so, I will introduce the Basic Law, a constitution which guarantees certain Hong Kong rights. Next, I will explore the political and civil rights of Hong Kong as stated by the Basic Law. Moving forward, I will examine each party's economy, commenting upon the commercial interplay, and establishing each as an economic superpower. Thirdly, I will address some of the tensions that exist between the two regions by looking at one hotbed issue: the birthing of newborns in Hong Kong. Finally, I will consider what the future holds for this relationship, concluding that it is at-once troubled and promising.

Background: The Handover & Guaranteed Rights

In order to fully grasp the relationship between Hong Kong and China, one must first develop an understanding of the history. After 150 years under British control, Hong Kong was returned to Chinese rule in 1997 as a Special Administrative Region (SAR). The Hong Kong SAR was instituted under a Chinese policy or mission statement of "one country, two systems." This slogan embodies the Chinese leaders' goal of reunifying Hong Kong with mainland China, while permitting a co-existence of different political, social, and legal systems.

Autonomy was delivered to the HKSAR in the form of the Basic Law. The Basic Law laid out some pertinent rulings in regard to the Hong Kong-Chinese relationship. First, it is important to note that the Basic Law was created with a shelf-life of 50 years; meaning that its ruling power will expire

in 2047. This allows Hong Kong residents to have freedom of speech, freedom of press and publication, freedom of association, freedom of assembly, freedom of procession, of demonstration, of communication, of movement, of conscience, of religious belief, and of marriage.

Furthermore, HK citizens enjoy the right and freedom to form and join trade unions, and to strike. In addition, the laws that were previously in force in Hong Kong, such as the common law and rules of equity shall be maintained by the HKSAR under the Basic Law. Thus, the Hong Kong SAR has a high level of autonomy, enjoying many levels of independent power. This autonomy is however limited and in daily dispute, as I will address in the subsequent Politics and Tensions sections.

As I just listed in the guaranteed rights runthrough, Hong Kong citizens may speak their mind, and are even able to engage in street demonstrations - where such acts are banned in the PRC. It must be noted that there are, however, certain restrictions to these freedoms. For example, the law requires that police be informed of the demonstrations beforehand, and all protests are subject to interference or destruction on the grounds of "national security." In the sixteen years the two have been linked, this has been a nagging issue for HK people as the PRC takes the form of an overbearing ruler. For example, Hong Kong citizens have historically been unable to exercise their voice in advocating for the independence of Tibet or Taiwan. Despite these impediments to wholly free speech, this is much more than that afforded to those in the PRC.

Government Form and Political Parties

Similar to the United States and other large nation states, China utilizes its sovereign power through a federal system that distributes authority between the central government and local governments. While these local governments may institute a variety of differing policies, the “ political character” of each government is usually uniform. Hong Kong is a large exception to this norm as it has been allowed to enjoy a semblance of democracy.

Hong Kong has its own parliamentary system, or Legislative Council. Members of the Legislative Council, known as LegCo, are elected by processes of both direct election and electoral college. All Hong Kong citizens are able to vote in direct elections, on the stipulation that they have been living there for a minimum of seven years. This sounds similar to the American voting system that we are familiar with, however only one-third of LegCo is elected with this format. The other two-thirds are elected by a group known as a “ functional constituency.” The functional constituency is a group of professionals represented by fields of specialty, such as Accounting, Engineering, Legal, and Medical. It is noteworthy that this election form draws much criticism from pro-democracy supporters as it allows a minority to hold a majority of influence and power.

One of the requirements of democracy, beyond free speech guarantees that HK enjoys, is the need for a variety of political parties. Political variation allows for multiple viewpoints, allowing citizens to build fuller view and

stronger opinions on significant socio-political issues. While the PRC can be described as having just one political party, Hong Kong houses five major parties. Surprisingly, some of these even speak loudly regarding their opposition to Beijing and its policies. This extreme difference in political composition serves as a lens through which we can see the PRC and Hong Kong as a potentially uncomfortable pairing. In times of constitutional disagreement though, it is mainland China's governing power that prevails.

One Country, Two Economic Superpowers

In covering Hong Kong and China, we are dealing with two of the world's greatest economic superpowers. China surpassed Japan in 2010, becoming the second-largest economy in the world and the Chinese are now well on their way to becoming the world leader, as they are expected to surpass the United States in a matter of years (if not months). While Hong Kong and China exchange heavily with one another, they maintain separate economic systems and forms of currency.

Articles of the Basic Law dictate that Hong Kong, as a special administrative region, is able to determine its own monetary policies. As such, Hong Kong has continued to use its pre-1997 currency, the Hong Kong dollar, while the PRC uses its own currency: the Renmibi. Interestingly, the HK dollar is treated as foreign tender within the mainland, and the same goes for the Renmibi within Hong Kong.

While China and Hong Kong may treat each other's currencies as foreign, they are intricately connected and highly circulated. For example, Hong Kong

is China's number one foreign investor, as they account for over half of the country's total foreign capital. Thus, Hong Kong holds an important role for the soon-to-be largest world economy, as its premier trading partner and "foreign investor."

Hong Kong: Model of Wealth but Lacking Complete Representation

To explore the power and ever-increasing potential of the Hong Kong economy, I am shining light on the Economic Freedom of the World index (analysis performed by the Fraser institute, a Canadian think tank).

According to this institute's study, Hong Kong's economy ranks as the freest in the world (and has held this #1 ranking since 1970). The institute's Economic Freedom of the World index bases this assessed freedom on three primary elements: government size, regulation of economic activity, and openness to international trade.

The smallness of Hong Kong government is evidenced by government spending as a percentage of GDP, which rests at 19.2%. Compare this to the United States, which is over double that figure, at 38.9%. Furthermore, Hong Kong citizens enjoy a flat income tax rate of 15% while businesses pay a corporate tax rate of 16.5%. If that was not economically appealing enough, take into consideration that there is no sales tax nor taxation of dividends or capital gains.

The second Economic Freedom of the World index element reveals Hong Kong as possessing a flexible and efficient regulation of economic activity. In assessing this aspect, the Fraser Institute defers judgment to the World Bank

and its Doing Business project which produces a report measuring the cost of business regulation for companies each year. The results place Hong Kong as the second easiest place to do conduct business in the world. This high ranking is based on HK's flexible labor market and the view of the Hong Kong dollar as a stable form of currency.

The final element in the Fraser Institute's model of assessing economic freedom is an economy's openness to international trade. Hong Kong does not impose quotas nor does it charge customs duties. In addition, there are no Hong Kong restrictions to the inflow of investment capital. These factors make HK very friendly to international business and greatly contribute to the region's standing as third-ranked world-wide in terms of inflow of foreign investment. Furthermore, Hong Kong ranks as fourth overall in terms of investment outflow - only behind the United States, Japan, and mainland China.

Considering its worldwide economic power and attractiveness, it may seem odd that HK lacks true international representation. For example, Hong Kong is not directly represented in the United Nations. However, because of its economic weight, HK does have its own representation in trade and commerce bodies, such as the World Trade Organization. Interestingly, Hong Kong is even represented by the International Olympic Committee, a sporting body. It follows that the PRC has direct representation in all of these. This overview of representation shows the level of Hong Kong's autonomy, which is covered in most areas except for "high politics," where the PRC serves as the authority.

Tensions: Birthing Trouble

A survey conducted by the University of Hong Kong in 2011 found that twice the number of responders referred to themselves as Hong Kongers versus identifying themselves as Chinese. There are a number of factors leading to feelings of “us versus them.” It is difficult for Hong Kong citizens to see themselves as being the same as the mainland Chinese because of their years under British rule. While there were downsides to the years under foreign control, it was this exposure that has led to their current attractions, in terms of common law and personal freedoms.

The disparity between mainlanders and Hong Kongers is seemingly growing. The aforementioned number of survey respondents identifying as Hong Kongers hit a 10 year high. This may be attributed to the fact that some HK citizens loudly voiced a fear of “becoming just one more city in China.”

We can examine one instance of this relationship’s unrest by looking at the process of birthing in Hong Kong, and how the PRC is involved. Great numbers of mainland pregnant women enter Hong Kong to birth their babies. This is politically-heavy for two reasons. Firstly, these HK women are evading the mainland policy which limits the number of children a family may have. Second, babies born in Hong Kong are automatically granted residency.

With residency comes access to the SAR’s high-grade healthcare and free schooling. With 37% of the Hong Kong babies born in 2010 belonging to mainland families (where neither parent is a HK resident), the resources are heavily constrained. Beyond the implications of supply and demand for

future healthcare and schooling, HK residents are having to fight to simply reserve maternity ward hospital beds.

The people of Hong Kong are not taking such strains lying down. HK residents are exercising every freedom of speech right that they have in order to let their voices be heard and to advocate for change. In the case of mainland mothers overtaking HK maternity wards, Hong Kong citizens took protested in great numbers. Dozens of pregnant women, along with their husbands and hundreds of other supporters, marched in streets in demand of resource protection. The people are demanding that the legislative powers disallow citizenship through local birth. This serves as just one example of the clash between Hong Kong and mainland citizens.

Evidence of Hong Kong's Influence on China & An Uncertain Future

While the "one country, two systems" policy was created to allow the territory of Hong Kong to continue in its prosperous ways of capitalism while the keeping the rest of China socialist, it has not exactly remained that way. Since the 1997 handover, China has created dozens of zones that are designated as free-trade zones, industrial high-tech development zones, and "Special Economic Zones." For example, two major Chinese cities that fall into this categorization are Shanghai and Shenzhen.

This case of zone example serves as an indicator of mainland China's eyes being opened to the possibilities of capitalism and other aspects of Westernculture. Despite how slow China is to make changes, it is evident that the PRC's adoption of these practices is directly connected to their

involvement with Hong Kong. Thus, HK is serving as somewhat of a blueprint for the PRC's progress.

The futures of China and Hong Kong remain very much uncertain, however one thing is clear: they will remain intricately entwined for decades to come. Evidence of Hong Kong's influence on the People's Republic of China begs the question of " what is next for China as a whole?" If one of the world's longtime socialist superpowers has begun a shift toward capitalism, what is stopping them from expanding consideration to human rights and rule of law? It is with such a jump that China could carry not only the banner for national worldwide GDP (as they certainly will), but also finally provide the first-world living conditions that are expected from a worldwide economic superpower.