

# [Chinas take over of hong kong history essay](https://assignbuster.com/chinas-take-over-of-hong-kong-history-essay/)

The people’s of Republic of china took over Hong Kong in 1997. China had promised to keep a capitalist economy in Hong Kong for 50 years. Still, many Hong Kong business people (and their families) have migrated to other nation such as Canada and Australia.

Discuss the impact of this situation on China’s Political and Social environment.

## Introduction

Hong Kong is a Special Administrative Region (SAR) of the People’s Republic of China (PRC) and maintains a high degree of autonomy except in matters of defense and foreign affairs.

It has well-established institutions that support the rule of law and a vigorous civil society. The Basic Law, the SAR’s constitution, was approved by the PRC in 1990. It provides for the protection of fundamental rights and calls for progress toward universal suffrage and further democratization after a 10-year period, starting with Hong Kong’s July 1, 1997, reversion to Chinese sovereignty. The Chief Executive is chosen by an 800-person selection committee composed of individuals who are either directly elected, indirectly elected, or appointed. The Chief Executive supervises a cabinet of principal officers whom he appoints. The power of the Legislative Council (legislature) is significantly circumscribed by the Basic Law.

The legislature is composed of 24 directly elected members representing geographic districts, 30 indirectly elected members representing functional (occupational) constituencies, and 6 members elected indirectly by an election committee.

It was the economic and social forces unleashed in 1979 in China’s open door policy and Hong Kong’s response to them that may ultimately determine their fate. Given the disparity in the level of economic development and the differences in the economic system between Hong Kong and the mainland, there are obvious benefits to greater integration and this entails making the border more permeable.

Managing the permeability of the border has to become an integral part of all economic and social policies within Hong Kong as the two matters will have implications for each other. The period prior to 1949 was one where there was perfect permeability and standards of living were similar between Hong Kong and the mainland. The period between 1949 and 1979 was one where there was essentially no or very limited permeability and standards of living were therefore permitted to diverge between the mainland and Hong Kong. In both periods the government was able to pursue a laissez faire system without any fundamental inconsistency. This is no longer the case with the opening of China.

## Summary

China Take over in a Hong Kong in 1997, there was a carnival atmosphere. In another, a somber rally and March followed by a candlelight vigil. It’s clear that one year before China takes control; the people of Hong Kong are divided in their feelings. A period of more than 150 years of British colonial rule ends at midnight on June 30, 1997 when Hong Kong and its 6, 000, 000 people will be handed over to China. Despite a warning that they will not be allowed to enter China, seven elected Hong Kong officials vowed to go ahead with a trip to Beijing. They will be carrying a 50, 000 signature petition protesting China’s plans to replace the legislature with an appointed body. “ We are afraid that our free lifestyles, the rule of law, will not be preserved after 1997”, pro democracy legislator Emily Lau told the cheering, clapping crowd. Governor Chris Patten urged Hong Kong residents to standup for their freedoms.

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Nominal GDP, Per Capita GDP and Foreign exchange rates were all on the increasing side. Due to high exports between 1994-1997 and imports their trade balance has been at a surplus causing their nominal GDP to increase through out the years. Nominal GDP million US$ 1994 130, 808, in 1995 139, 238 and in 1997 173, 045. From 1994-1997 Hong Kong’s foreign currency reserves increased exponentially from $49. 3 billion in 1994 to $92. 8 billion in 1997. The reason for this increase is primarily due to a very well managed trade balance. The interest rate environment in Hong Kong provided an excellent backdrop for the equity markets.

## MIGRATION IN HONGKONG

The people’s of Republic of china took over Hong Kong in 1997 and promised to keep a capitalist economy in Hong Kong for 50 years. However, many Hong Kong people have migrated to other countries.

From 1984 to 1997, due to the uncertainty of the transition back to China, thousands of well-educated and wealthy Hong Kong citizens moved to countries such as Australia, Canada, and the United States, where they obtained permanent residency status or citizenship. 1

## CAUSE OF MIGRATION

## . Difference in economy system in china and hong kong

China is a communist country where socialist economy system holds while the people of hong kong followed capitalist economy .

## Fear in the stability of government

People of Hong kong where worried regarding stability of government so they migrated to other nations.

## Competition in market

Due to the implementation of capitalist economy in Hong kong many big and reputed companies headed towards hong kong and thus the competition of the market became tough. Thus it was very difficult for some business people to continue their business effectively.

Corruption is a major problem:- Corruption in Chinese government was one of the major cause that people of hong kong was afraid of. They were not satisfied with the policy of Chinese government where corruption exists.

## Unsecure future

The business people thought that their future was not secure as the government had implemented the law for only for 50 years and so it might happened that their next generation might have to struggle and face the socialist economy. The working class worried that 1997 might usher in chaos and the middle class fears the loss of property and freedom.

## Freedom of migration

Hong Kong residents being free to move in and out of the territory, and they do not have to declare the purpose of their movements to the authorities. This freedom of movement, much valued by the local population, has been enshrined in the Sino-British Joint Declaration about the future of Hong Kong beyond 1997. There was no rule of giving any reasons for the migration to any authority

## PEST Analysis:

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## 1. POLITICAL ANALYSIS

Prior to July 1, 1997, Hong Kong was a British dependent territory. A British-appointed governor, representing the British crown, headed the Hong Kong government and exercised authority over civil and military matters. An Executive Council advised the governor on all important matters and a 60-member Legislative Council (known as Legco) enacted laws and oversaw the budget. With the territory’s transfer to China in 1997, leadership passed from the last British governor, Chris Patten, to a Chinese chief executive, Tung Chee-hwa A

The British control of Hong Kong began in 1842, when China was forced to cede Hong Kong Island to Britain after the First Opium War. In 1984 Britain and China signed the Sino-British Joint Declaration, which stipulated that Hong Kong return to Chinese rule in 1997 as the Hong Kong Special Administrative Region (SAR) of China . China is in a state of transition now. Being a socialist country, it has carefully

changed its political system in recent years, while dramatic changes have taken place in its economic system. In 1979, China started its open policy and economic reform. The Chinese government persisted on carrying out the political guideline of developing economy and enriching Chinese

The Joint Declaration and a Chinese law called the Basic Law, which followed in 1990, provide for the SAR to operate with a high degree of economic autonomy for 50 years beyond 1997 B

people.

Legal System

The government’s efforts to promote rule of law are significant and ongoing. After the Cultural Revolution, China’s leaders aimed to develop a legal system to restrain abuses of official authority and revolutionary excesses. In 1982, the National People’s Congress adopted a new state constitution that emphasized the rule of law under which even party leaders are theoretically held accountable C.

2. ECONOMICAL ANALYSIS

Hong Kong’s prosperous economy is reflected in the lifestyle of its people. They have one of the highest standards of living in all of Asia, and it is more than 30 times higher than China’s average standard of living. In 2006 Hong Kong’s per capita gross domestic product (GDP) was $27, 679. 20, although much of the wealth is concentrated into relatively few hands D.

Foreign Investment

China’s investment climate has changed dramatically in a quarter-century of reform. In the early 1980s, China restricted foreign investments to

export-oriented operations and required foreign investors to form joint-venture partnerships with Chinese firms. Foreign direct investment (FDI) grew quickly during the 1980s, but slowed in late 1989 in the aftermath of Tiananmen. However, the Chinese Government’s emphasis on guiding FDI into manufacturing has led to market saturation in some industries, while leaving China’s services sectors underdeveloped. China is now one of the leading FDI recipients in the world, receiving over $80 billion in 2007 according to the Chinese Ministry of Commerce E.

FOREIGN RELATIONS

Since its establishment, the People’s Republic has worked vigorously to win international support for its position that it is the sole legitimate government of all China, including Hong Kong, Macau, and Taiwan. In the early 1970s, Beijing was recognized diplomatically by most world powers. Beijing assumed the China seat in the United Nations in 1971 and has since become increasingly active in multilateral organizations. Japan established diplomatic relations with China in 1972, and the United States did so in 1979. As of March 2008, the number of countries that had diplomatic relations with Beijing had risen to 171, while 23 maintained diplomatic relations with Taiwan F.

Hong Kong’s greatest growth and development occurred after the Communist takeover of China in 1949, when the commercial and shipping functions of Guangzhou and Shanghai shifted to Hong Kong.. Hong Kong served as China’s window to the world during the Chinese administration of Mao Zedong. After Mao’s death in 1976, Hong Kong’s role as a banker to China, and as its supplier of information, technology, and capital, intensified G.

The Impact of China’s Entry into WTO on Car Industry

China is successful in attracting foreign investment. of income tax. On the other hand, the Chinese car industry has been protected by special policies that limit foreign investment. According to the current Chinese policy on motor industry, Ford will establish a joint venture with 50% share with Chang An Automobile Company in Sichuan Province. Chang An Automobile Company is the 3rd largest car manufacturer in China, which has the experience of car-making for more than 20 years.

## 3. SOCIAL & CULTURAL – ANALYSIS

China is a multinational country, with a population composed of a large number of ethnic and linguistic groups. The Han (Chinese), the largest group, outnumber the minority groups or minority nationalities in every province or autonomous region except Tibet and Xinjiang. The Han, therefore, form the great homogeneous mass of the Chinese people, sharing the same culture, the same traditions, and the same written language. For this reason, the general basis for classifying the country’s population is largely linguistic rather than ethnic. Some 55 minority groups are spread over approximately three-fifths of the country’s total area.

Where these minority groups are found in large numbers, they have been given some semblance of autonomy and self-government; autonomous regions of several types have been established on the basis of the geographic distribution of nationalities. H

Education is free and compulsory for all children from the age of 6 to 15, and adult literacy is over 90 percent.. The Hong Kong Academy of Performing Arts offers courses in dance, music, theater, and technical arts. There are also more than a dozen technical institutes, technical colleges, and teacher-training colleges, which have large numbers of part-time students I.

## RECOMMENDATIONS

China has experienced a stable political system (which is considered totalitarian) with rapid economic growth for more than 10 years, but some political risks still exist. The Chinese government is still insisting on its communist and totalitarian policy, there is no guarantee that China will continue to its open policy and maintain the rapid GNP increase.

China also has an unsatisfied human right record; corruption exists in some economical activities in China, all these will be obstacles to foreign investment. Although the legal system of China is adequate to protect foreign investment, the violation of laws by some local authorities will be a potential risk to our investment.

## Entry Time and procedure

Although the car industry is declining in the US and Europe, it is still a suitable time for Ford Motor Company to invest in China. As the 2nd largest car manufacturer in the world, Ford had been waiting patiently to enter the Chinese Market for more than 20 year. Some other world-famous car manufacturers (such as Volkswagen, General Motor, Toyota, etc.) had already started their business years ago, but we do not consider that it is too late to enter the Chinese family car market.

Ford has been producing its Transit van in China for many years. The productivity and sales are not as good as expected because of the high cost (price) and limited production.

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## CONCLUSION

It’s my first pleasure to do something special kind of project related to Business Environment. With the help of this project I able to learn few special things that was really fantastic and completely unknowing before completion of this project. This experience was really outstanding

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This essay applies a historical-institution approach to assess the impact of this situation on China’s legal and political institutions. In each case historical and institutional trends are described, and the effects of legality on these trends are examined. The topics include changes in economic structure and the rate of growth of GDP, formal legal institutions and legal behavior of the Chinese people, and the forces toward the development of democratic political institutions.