

A couple in their junk in a typhoon shelter in Hong Kong's Kowloon peninsula. Good jobs, better social benefits, more affordable housing, and an assurance to protect the existing lifestyle will help preserve the "one country, two systems" framework without major changes, says the writer.
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'One country, two systems' and HK's next 30 years

It is 20 years since Hong Kong was handed back to China. Given societal divisions, how will it fare in the remaining years of the framework?

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For *The Straits Times*

Hong Kong will celebrate the 20th anniversary of its return to China on July 1. The "one country, two systems" (OCTS), which will expire in 2047, has 30 years left to run. What will be the challenges ahead for Hong Kong?

Developments during the two decades since the handover have not all been smooth and satisfactory. Many unsettled issues, such as universal suffrage and inadequate public housing, have led to protests and divisiveness, which hinder effective governance by the Hong Kong government.

The protests can be traced to political, social and age differences.

First, Hong Kong residents had lived under the British colonial rule

and were accustomed to free speech and non-governmental intervention. Some of the older generation fled to Hong Kong from the mainland in 1949 and are suspicious of any moves by China.

Younger people, who are educated in Western curricula and culture, tend to be supporters of the democratic camp.

Besides, there is a large expatriate community consisting of retired civil servants and Western journalists who are not friendly towards the Hong Kong government and Beijing.

Although the vocal challengers are a minority, they call the tune, while the majority remain silent as they just want to keep a stable job and live peacefully.

Second, businessmen and entrepreneurs have benefited from economic growth during the last two decades. They largely support the establishment and the central government.

On the other hand, the working-class people, who encounter problems such as rising costs of living and inadequate affordable housing, have become agitated and are against the government and establishment.

Third, young people – including students, school-leavers, undergraduates, fresh graduates and young employees – are mostly idealistic and impatient with slow changes in social conditions and their personal well-being.

Mature people, who are more aware of their family obligation and social responsibility, are more realistic and they support a stable social and political setting.

These people, young and old, fall into two large groups – the pro-democracy, and pro-establishment groups. The Pan-Democratic camp has been confrontational and against the local and central government in many instances. The

pro-establishment camp supports Beijing and Hong Kong government in general except for certain unpopular government policies.

The divide has hampered legislative process and policy implementation. It has also affected Beijing's confidence and trust in Hong Kong, which can be seen from its recent warning that "Hong Kong would lose everything should the OCTS fail".

Mr Zhang Dejiang, China's official who oversees Hong Kong affairs, reminded Hong Kong recently that the high degree of autonomy is a delegation of power by the central government, not power sharing between the two. It cannot be used to confront Beijing.

How will Hong Kong fare in the remaining 30 years of the OCTS framework? With an annual GDP growth rate of 6 to 7 per cent, China may outrank the United States as

the largest economy of the world in a decade or two. Riding on China's high growth, Hong Kong will benefit economically.

Two scenarios may emerge. First, Beijing may become more assertive with its high growth and will not tolerate disturbances caused by the pro-democracy group. A confrontation may ensue and the OCTS may be modified to be more restrictive, such as enacting a security law similar to the long-shelved anti-subversion law, Article 23. Article 23 says Hong Kong shall enact laws on its own to prohibit any act of treason, secession, sedition or subversion against the central government.

Second, Hong Kong's income inequality has further worsened as the Gini coefficient increased from 0.537 in 2011 to 0.539 last year. (On the Gini scale, zero denotes perfect equality and one, worst inequality, in terms of income.)

If economic gains in Hong Kong can be spread more evenly to the public, the divide can hopefully be moderated and social cohesion strengthened.

Good jobs, better social benefits, more affordable housing, and an assurance to protect the existing lifestyle will help preserve the OCTS without major changes.

For this to happen, the challenges would be, first, how to convince local residents that they share the same destiny with the mainland Chinese, and persuade them to support the central government, and second, how to improve the livelihood of people, particularly the working class, to some acceptable standards.

These are tall orders which are unlikely to be delivered by Hong Kong's political leaders within a few years.

Given the current situation, the first scenario of a more assertive Beijing and a restrictive OCTS is likely to prevail. In response, there will be more agitations and protests.

But a skilful chief executive may be able to soften the impact by co-opting some moderate democrats into the government team. The appointment of Mr Law Chi Kwong, a former Democratic member, as Secretary for Labour and Welfare, and Mr Tong Ka Wah, a former Civic Party founder, as Executive Council member will help close the political divide.

Beijing will still grumble from time to time, but it will not take drastic action as long as the democrats identify themselves as Chinese citizens, not separatists.

The OCTS will likely evolve along a bumpy path but it will not be scrapped prematurely. Mrs Carrie Lam, the incoming Chief Executive, has revealed her willingness to listen to the pro-democratic opposition. Conflicts could be less violent, and the OCTS will not be derailed, if she succeeds.

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