Twenty Years After the Handover
Hong Kong’s Political and Social Transformation and Its Future under China’s Rule

JEAN-PIERRE CABESTAN AND ÉRIC FLORENCE

The Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) as well as its Kowloon West terminal are due to open to the end of September 2018. There is probably no saga that better encapsulates Hong Kong’s delicate situation as well as its relations with the central government just 21 years after the British colony’s return to the People’s Republic of China (PRC) in 1997. Many Hong Kong pan-democrats and opposition politicians have questioned the so-called co-location of border procedures at West Kowloon Station, which implies the ceding of part of Hong Kong’s Special Administrative Region (SAR) back to the mainland and the permanent presence of mainland China’s immigration and quarantine officers empowered to implement mainland law in the heart of Hong Kong. Some legal procedures launched by opposition politicians are still pending, but for both the Beijing and Hong Kong authorities it is a done deal. Other issues attached to the XRL, such as its high cost, construction defects, expensive ticket prices, likely unprofitability, and delays have marred its construction and completion. Nonetheless, this ambitious, long-planned, and long-awaited project has raised many questions about Hong Kong’s economic integration with the mainland, political and legal autonomy, as well as Hong Kong identity, more than 20 years after the handover. It has, to put it simply, led a growing number of Hong Kongers to ask themselves: is the SAR likely to become just another Chinese metropolis like Shanghai or Guangzhou? Can Hong Kong keep not only its promised “high degree of autonomy” but also its uniqueness?

Presented at a conference co-organised by the French Centre for Research on Contemporary China and Hong Kong Baptist University’s Department of Government and International Studies in September 2017, the five articles selected for this special issue underscore some of the crucial political and social transformations that have been taking place in Hong Kong since the handover. But none of them point in any way towards a full integration of Hong Kong into the PRC’s polity and society. These contributions, drawing from the fields of sociology, political sciences, political economy, and social sciences, are all written by Hong Kong scholars who in addition to producing outstanding scholarship all show, we feel, a particularly high degree of commitment to the future of their city.

On every front, Hong Kong has dramatically changed since its return to the motherland. The oldest and most fundamental transformation has been of an economic nature, a metamorphosis that started long before the handover, favoured by China’s reform and opening policy launched in 1979 and by the 1984 Sino-British Joint Declaration, which cemented the territory’s return to the PRC under Deng Xiaoping’s “one country, two systems” formula. Hong Kong’s growing integration into the Chinese economy has been the natural and logical outcome of not only China’s economic rise but also the rebalancing of the world economy in favour of East Asia. The Express Rail Link and the Hong Kong Macau Zhuhai Bridge project, which is also due for completion in 2018, illustrate this inevitable integration and the increasing cross-border transportation needs resulting from it. Today, while Hong Kong tycoons such as Li Ka-shing continue to occupy key positions in the Hong Kong economy while diversifying their investment destinations, many sectors remain dominated by mainland Chinese companies: 50% of the construction sector; and 50% of the firms listed on the Hong Kong Stock Exchange, to take just two examples. Launched in 2018, Beijing’s “Greater Bay Area” project will speed up the integration of Hong Kong’s (as well as Macau’s) economy into Guangdong’s most prosperous and dynamic area (GDP: US$1.5 trillion and probably $2.8 trillion by 2025). Simultaneously, Hong Kong’s weight in the Chinese economy has dramatically decreased, from 27% on the eve of the handover to less than 3% now. This steady economic integration and relative decline have already had multiple consequences, including social and political ones. Indeed, Hong Kong’s social transformation has been no less significant. For one thing, the legal settlement of 150 mainland Chinese per day in the territory since 1997 has gradually modified SAR society. Today, at least one Hong Konger out of seven (more than one million out of a population of 7.3 million) was born in the mainland and tends to speak Mandarin (or Putonghua) rather than Cantonese at home. Conversely, a growing number of Hong Kongers work and live on the mainland, including more than 500,000 in Guangdong alone. In addition, more and more Hong Kong companies are hiring mainland cadres because of their command of Mandarin and their connections across the border or in the north of the country. A growing number of rich mainland families, including members or relatives of the Chinese Communist Party (CCP) Nomenklatura have at least set a foot in Hong Kong, if not always settling there, acquiring in the process a resident’s permit and a passport allowing them convenient travel to many countries without a visa. More mainland middle class youth are coming to study in Hong Kong universities, knowing that if they complete a Master’s degree, they will be given one year to find a job locally, which they often do. And in order to acquire more financial flexibility, a growing number of public and private PRC firms have set up subsidiaries or stand-alone companies in Hong Kong, often registered in one of the Caribbean tax havens. We remember that in June 2003, in the immediate aftermath of the SARS crisis and just before the massive demonstrations against the “national security law,” the central government “offered” Hong Kong a supposedly advantageous economic and trade agreement, known as the Closer Economic Partnership Arrangement (CEPA). In retrospect, however, it seems that Hong Kongers have not benefited as much as expected from this new partnership (Lui 2014).

2. Titled “Twenty Years After: Hong Kong’s Changes and Future under China’s Rule,” this international conference was held at Hong Kong Baptist University on 21-22 September 2017.
This steady flow of wealthy mainland Chinese to Hong Kong has had a direct impact on property prices, pushing them up and deepening the already shocking social inequalities. The Hong Kong government, particularly the C.Y. Leung administration (2012-2017), took a number of measures to better manage these growing social tensions between mainland newcomers and local Hong Kongers: among them, we can cite the interdiction introduced in 2013 for pregnant mainland women to give birth in Hong Kong and through their babies acquire right of abode in the SAR; the introduction in 2012 of a drastic 15% stamp duty on property purchased by non-permanent residents; and the crackdown imposed in 2015 on parallel border trading of all sorts of products that mainland customers prefer to acquire in Hong Kong (such as milk powder).

However, the Hong Kong government has been much less pro-active in addressing the community’s dramatic housing problems: Tung Chee-hwa, the first Chief Executive (1997-2005), actually cut many of the social housing schemes introduced by the British. His successor, Donald Tsang (2005-2012), whose cosy relations with the rich eventually led him to jail, also did little. As a result, living conditions for the average Hong Kong family have deteriorated (Goodstadt 2013; Wong 2015). Social inequalities and polarisation have increased, pushing many retirees and also youth into poverty (Lee et al. 2014). Today, Hong Kong’s Gini coefficient is one of the highest in the world, reaching 0.539 in 2017 against 0.533 in 2006, in any event far above the 0.4 “international inequality threshold alert line.” Hong Kong’s ten top billionaires have a net worth equivalent to 35% of its GDP (Cardtle 2017: 23). Again, it was C.Y. Leung who tried to increase subsidised public housing estates, but pressured by both developers and Beijing authorities, he did not deliver much. Today, it is all but impossible for any young couple to buy a flat and settle down without their parents helping with the down-payment. The social divide between home-owners and other Hong Kongers has contributed to declining social mobility and is polarising society. According to a 2016 Hong Kong government report, there are some 210,000 subdivided flats, and about 25% of those living in these flats are students 18 years of age or younger. Wan and Wong show in their contribution that the persistent rise in asset prices, university students on the whole feel very pessimistic about the possibility of acquiring housing, and that they show a tendency to turn more politically radical. Such an insight is actually consistent with the fact that young people tend to predominantly support the locals, and in this respect unequal access to housing ownership may be conceived of as one of the socio-economic causes of the 2014 Umbrella Movement (Wan and Wong in this issue).

Nonetheless, the Umbrella Movement was triggered by other forces, more political in nature and resulting from a long stalemate between Beijing and Hong Kong’s pro-democracy camp regarding the SAR’s future institutions and full democratisation. The aforementioned Sino-British Joint Declaration, in spite of its ambiguous language, promised Hong Kongers full democracy: a parliament, the Legislative Council or Legco, and a Chief Executive (CE) elected by universal suffrage, in addition to an independent judiciary and court of final appeal. After having dismantled the Legco democratisation measures that Chris Patten, the last British governor, had introduced, the central government in Beijing procrastinated on the political reform initially planned for 2007-2008 in accordance with the Basic Law, Hong Kong’s “mini-constitution,” adopted by China’s National People’s Congress (NPC) in 1990 (Ortman 2016). The immediate cause of this decision was the July 2003 National Security Law fiasco: in the aftermath of the SARS crisis, half a million Hong Kongers demonstrated against a law that the SAR government was required to draft according to Article 23 of Hong Kong’s Basic Law, but which could, in their eyes, dangerously restrict civil liberties. The central government then decided to freeze all political reform and concentrated on deepening its “united front” strategy aimed at better reaching out to not only Hong Kong elites but also to all segments of its society. In other words, it wanted to create a pro-establishment and pro-Beijing political majority before contemplating full democratisation of the SAR. In that respect, gaining the full support of Hong Kong business elites was crucial, and it can be argued that the Beijing authorities succeeded on that front (Fong 2014a). Facilitating the establishment (as early as 1992) and expansion of a pro-Beijing local political party, namely the Democratic Alliance for the Betterment of Hong Kong (DAB), was equally important. Encouraged by the Central Government Liaison Office, the DAB in 2005 merged with the more pro-business Hong Kong Progressive Alliance to become the Democratic Alliance for the Betterment and Progress of Hong Kong. This fusion clearly helped the DAB reach out to the middle class and become, at least until the Umbrella Movement, the SAR’s major political party. The central government’s resistance to the development of a party-based government, with all of its consequences in terms of executive-legislative disconnection and government dysfunction, also played a role in the postponement of political reform (Fong 2014b; Goodstadt 2018). As a result, the political reform package and in particular the introduction of the CE election by universal suffrage were postponed until 2014. At this time the NPC-sponsored political reform package is frozen again, probably until the pro-establishment camp gains a two-thirds majority in Legco, a prospect that cannot be excluded in view of the amount of money and support that the DAB gets from the Central Government Liaison Office in Hong Kong. Any plan to abolish Legco’s professional constituencies seems to have been buried.

As is well-known, the political reform plan issued on 31 August 2014 by the NPC Standing Committee (NPCSC) and supported by C.Y. Leung, the DAB, and pro-establishment elites dissatisfied many segments of Hong Kong society, directly triggering the Umbrella Movement. The NPCSC then proposed that only two or at most three CE candidates would be allowed to run and that these candidates would first be selected by a nominating committee very similar to the existing pro-establishment and pro-Beijing dominated 1,200-member election committee, which had elected the first three CEs who had administered Hong Kong since 1997.

For an analysis of the drivers of economic inequality in Hong Kong since the 1980s, see Wong [2017: 4-10].


In addition to these 210,000 people, about 40,000 more live in “cage homes” or “cubicle homes.”


The only minor political concession made by Beijing to the pan-democrats was the addition in 2010 of five super-seats elected by elected district councils to Legco, the membership of which was expanded from 60 to 70 members. But among the 70 members, while now 40 (more than half) are elected by Hong Kong geographical constituencies, 30 remain elected by pro-establishment-dominated and undemocratic professional constituencies. See Ortman 2016.

SCMP, 3 September 2018, art. cit.
This is not the place to try re-assess the Umbrella Movement. Suffice to say that this 79-day mobilisation of large segments of Hong Kong society, particularly its youth and students, constituted a turning point in Hong Kong’s post-handover political history. Initiated by the Occupy Central movement, a group of academics who had hoped that a brief civil disobedience action would convince the government in Beijing to change its mind, the Umbrella “Revolution” was rapidly taken over by more radicalised young activists who had distanced themselves from the traditional pro-democracy parties and would later lay the foundations of the localist movement (Yuen 2015; Ma and Cheng 2018).

To be sure, the Umbrella Movement was no revolution. It collapsed not only because of Beijing’s adamant refusal to negotiate and growing opposition from other segments of Hong Kong society (the so-called blue-ribbons), but also because of divisions among its organisers (8) and the accumulation of judicial actions launched against its supporters’ prolonged illegal occupation of public space. Nonetheless, this confrontation highlighted the rigidity of both the Beijing authorities and the C.Y. Leung administration, including Carry Lam, the current CE and then major interlocutor with the Umbrella Movement’s leaders, as well as the powerlessness of the traditional pan-democrats. And rapidly, the failure of the Umbrella Movement gave the central government an opportunity to further narrow Hong Kong’s so-called “high degree of autonomy.” While the wider pan-democratic camp managed to keep most of its seats in the September 2016 Legco election, it is now deeply fragmented and has rapidly lost a number of its elected localists. Yuen and Chung document, for instance, in this special issue how the government’s reaction to the rise of localists, which combined prosecuting some for their participation in the Umbrella Movement, barring localist candidates from participating in the electoral process, and tolerating increasingly vocal counter-movement protests, resulted in the formation of a “divided structure of contestation,” allowing some—the traditional pro-democracy parties—to participate in the formal political process while pushing others—localist parties—outside of the system. Although the localist movement is itself highly fragmented (Kaeding 2017; Kwong 2016), the central government and its Liaison Office have adopted a rather heavy-handed strategy against anyone promoting Hong Kong independence, as any pro-independence public speech is less and less tolerated by the Hong Kong government, preparing the groundwork for the drafting of the long-postponed national security law.

There have been other signs of Hong Kong’s narrowing civil freedoms, such as the deteriorating situation of press freedom over the years (see Lee in this issue). Moreover, while it remains possible to publish books and periodicals critical of the PRC regime, it is getting harder and harder to have them distributed: more than half of Hong Kong’s bookstores are now controlled by Sino United Publishing, a company directly controlled by Beijing’s Liaison Office in Hong Kong. (9) This concentration strategy has had a much more negative impact on publication freedom and diversity than the secret abductions in 2015 by PRC public security officials in both Hong Kong and Thailand, and the prosecution on the mainland, of a handful of Hong Kong publishers who specialised in writing and selling political gossip books across the border as a way to make a living.

In other words, Hong Kongers will have to accept living in a political system that is still basically “hybrid” or “semi-democratic,” but risks moving towards semi-authoritarianism (i.e., the Singaporean model) if civil liberties are further restrained (for instance if Article 23 legislation is introduced). Finally, there have been many questions asked about the independence of Hong Kong’s judiciary in the aftermath of the trial in 2017 of a number of Hong Kong activists and localists. By and large, Hong Kong courts and judges are likely to remain independent. But Hong Kong’s political environment, especially the Beijing Liaison Office’s frequent interference and the NPC Standing Committee’s power of final interpretation, have put stronger pressure on Hong Kong judges, including foreign judges who are invited to adjudicate cases (Davis 2015; Chan 2018).

What are Hong Kong’s options now?

For one thing, economically, Hong Kong will have to accept a gradual integration into Guangdong’s “Greater Bay Area,” even though it will remain uneven and incomplete because of the many legal and practical hurdles to full integration. Simultaneously, its weight in the Chinese economy will probably continue to decrease, even if mainland China’s growth rate falls to 4 or 5%. Likewise, its expensive sea port activities are likely to move even farther north, be it inside the Pearl River Delta or to the Shanghai area. Nonetheless, as long as the renminbi, the PRC’s currency, remains non-convertible and Beijing keeps tight control on capital flows, Hong Kong’s financial centre will continue to prosper by occupying a very specific and useful role, including for mainland Chinese elites. Some of its other economic sectors, such as its airport and its cargo business, have a good chance of carrying on as well.

For another thing, since Hong Kong is likely to remain, if not a safe haven, at least a freer place for rich Chinese, its social fabric will remain highly unequal and polarised. Future CEs may do more for the poor in terms of cheap housing and social benefits. However, by and large Hong Kong has a good chance of remaining one of the world’s most expensive and unequal cities.

But does that mean that Hong Kong might at some point lose its uniqueness and become fully integrated into the mainland? Actually, as alluded above, all the parties involved in Hong Kong’s future have a vested interest in keeping Hong Kong distinct and separate from the mainland, arguably even after 2047 (Bland 2017). In other words, the Hong Kong SAR’s special status is likely to remain in place for a long time, even if its political autonomy is likely to continue to shrink. And as Chan and Fung document below, Hong Kong identity keeps changing in opposite directions. On the one hand, since the Umbrella Movement, a growing portion of Hong Kongers oppose identifying with any kind of Chineseness; on the other hand, Hong Kong’s economic and social “mainlandisation” has already contributed to keeping Hong Kongers’ dual identity (as both Hongkongese and Chinese) dominant. The final result of this “struggle” will depend upon Beijing’s policies towards the SAR as well as the ability of the Hong Kong government to better bridge the social gap between the rich and the poor.

The five contributions in this special issue offer unique insights into the major patterns of change and continuity in the political, social, and economic spheres since the handover of Hong Kong to China more than two decades ago. In the first paper Francis Lee provides a balanced assessment of the worsening situation of press freedom in Hong Kong as well as the counterbalancing forces within the political economic structure of the

8. Kwok and Chan (2017) show, for instance, that pressure from student organisations and from protesters contributed to delegitimising the leadership of the Umbrella Movement and thereby weakened its effectiveness.

media such as market forces, journalistic professionalism, and persisting diversity in media outlets. Lee first highlights that while during the so-called “transition period” (1984 to 1997), Hong Kong enjoyed an “unprecedented degree” of press freedom, the transformations in economic ownership were already underway before 1997. Significantly, he describes a general pattern of Hong Kong media ownership that by the mid-2000s had become increasingly embedded in the mainland’s state and business interests. This pattern is then followed, Lee shows, by Hong Kong business people increasingly leaving the field of media ownership and conversely Chinese capital entering the field. Eventually, this opening contribution also depicts how the development of digital media impacts the political economy of the media and press freedom in Hong Kong, with the conventional media’s business model being deeply disrupted by the surge in revenue from digital advertising and by the development of the digital media sphere itself.

In the second contribution of this special issue, Samson Yuen and Sanho Chung provide a vivid and rich account of the ebbs and flows of a far-from-unified localist movement and its dialectical relationship with a variety of measures implemented by the Hong Kong government to tame the rise of localists. The two authors argue that the initial success of localism, its current features, and its decline in mobilisation power ought to be accounted for by relying not only on socio-political and economic structural factors, but also through a framework that encompasses a wide range of public discourse and the role of various actors such as activists, protesters, public opinion, pro-establishment and pro-democratic actors, state agents, etc. They highlight a number of features of the localist protests compared to traditional earlier pro-democratisation movements, i.e. their more confrontational nature, focusing chiefly on material or livelihood problems instead of issues of democracy and civic liberties, being initiated and organised predominantly on online platforms by politically inexperienced netizens, as well as the xenophobic and anti-mainland Chinese character of some of them.

In the following contribution, Kin Man Wan and Stan Wong shed light on the redistributive and electoral consequences of the housing boom that started from the mid-2000s. Their contribution adds to this special issue and to the scientific literature on Hong Kong localism by providing a political-economic glimpse as a complement to studies that focus chiefly on cultural and social explanations for the rise of localist parties and electorates. The authors show that the rise in asset prices invariably favours homeowners while those without assets fare considerably worse, and that this translates into specific voting preferences. Based on data from a newly available electoral survey of the 2016 Legislative Council election, they provide evidence to support their argument that not owning one’s own home can be considered a strong predictor of electoral preference for localist parties, while the level of income cannot be considered a significant predictor of voting preferences.

Drawing from findings of the Hong Kong identity surveys from 2010 to 2016, Chan Chi Kit and Anthony Fung then delve into the complicate relationship between state nationalism in Hong Kong and Hong Kongers’ identification with civic values of freedom and democratisation, as well as ethnic and cultural pride. They highlight the shortcomings of a Chinese state-sponsored nation building that hinges chiefly on ethnic and cultural appeal while playing down civil liberties. Chan and Fung write of a “disarticulation” of Chinese state nationalism from the values of civic rights adamantly cherished by Hong Kongers. While findings of the surveys for the period from 2010 to 2016 show a strong degree of identification of Hong Kong people with press freedom, freedom of speech, equal opportunity, and privacy, identification with these values and with the cultural icons of Hong Kong show no correlation to either strengthening or weakening support of the mainland regime. This insight actually stands in contrast to the narrative of Hong Kong localism that tends to put Hong Kong identity in strict opposition to Chinese mainlanders in Hong Kong and the Chinese regime. On the whole, the authors provide a sophisticated picture of a socially contingent Hong Kong identity.

In the last contribution of this special issue, anthropologist Gordon Mathews documents an understudied facet of Hong Kong, i.e., the situation of asylum seekers in Hong Kong, as well as the policies dealing with them and how they are perceived by some Hong Kong youth. Drawing from the author’s 12 years of weekly interactions with asylum seekers, he documents a defining feature of the situation of asylum seekers in Hong Kong, i.e., their having virtually zero chance of being granted refugee status, and hence their being stuck in Hong Kong in a liminal and rather precarious status for many years. We see here the institutional and bureaucratic production of “illegality” in that while these asylum seekers are not allowed to work, they are compelled to do so in order to survive in Hong Kong. Mathews suggests that there may be a tacit acceptance of this situation by the Hong Kong authorities so as to “enable a flexible irregular labour force.” If the institutional and legal process through which this takes place is specific to Hong Kong, this institutional production of illegality and of various forms of statuses of labourers somehow serves the working of the political economies of global capitalism and is a common pattern found in other major global cities around the world. Moreover, contrary to the increasing economic integration and consequent blurring of borders between Hong Kong and the mainland pointed to at the outset of this editorial, this final contribution somehow hints at the maintenance of an attribute of sovereignty for Hong Kong, as the government took over from the United National High Commissioner for Refugees in evaluating the status of asylum seekers from 2014 onward. But the key argument Mathews makes in his article is that in a context of increasing alienation of Hong Kong youth from their government and from the Chinese regime, asylum seekers have become symbols of Hong Kong’s non-Chineseness to those youth who are acquainted with them, and the result, the author suggests, is a more welcoming Hong Kong.
References


GOODSTADT, Leo F. 2018. A City Mismanaged. Hong Kong’s Struggle for Survival. Hong Kong: Hong Kong University Press.


WONG, Yuen C. Richard. 2015. Hong Kong Land For Hong Kong People: Fixing The Failures Of Our Housing Policy. Hong Kong: Hong Kong University Press.

WONG, Yuen C. Richard. 2017. Fixing Inequality In Hong Kong. Hong Kong: Hong Kong University Press.