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## WHO'S INFLUENCING WHOM? EXPLORING THE INFLUENCE OF HONG KONG ON POLITICS AND GOVERNANCE IN CHINA

### ABSTRACT

This paper explores how Hong Kong has influenced Chinese politics and governance in the constitutional, political, ideational, and intergovernmental dimensions since 1997. Despite the growing political and economic impact of the Mainland on the Hong Kong Special Administrative Region, the latter has continued to influence the Mainland, especially southern China.

**KEYWORDS:** China, governance, Hong Kong, intergovernmental relations, South China

IN THE EARLY 20TH CENTURY, Hong Kong was the source of inspiration and the political base for Sun Yat-sen in the Republican revolution that toppled the Qing Dynasty. After the Communist revolution in 1949, Hong Kong continued to exist as a British colony and became one of the newly industrializing economies by the 1970s. It would be difficult to imagine China's reform trajectory without Hong Kong's having played a key role as a trading partner, financier, and investor in the reform era after 1978. Hong Kong had served as the main reference model for Guangdong Province, which championed reform and an open door policy for the entire country.

Most studies on the relationship between the Mainland and Hong Kong since its return to Chinese sovereignty in 1997 highlight their growing integration.<sup>1</sup> Despite Hong Kong's significance as a gateway for China to the

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1. See, e.g., Peter T. Y. Cheung, "Cross-boundary State-society Interactions in South China," in *Dynamics of Local Governance in China during the Reform Era*, Tse-Kang Leng and Yun-Han Chu, eds. (New York: Rowman & Littlefield, 2010), pp. 273–306; Anthony Yeh et al., eds., *Developing a Competitive Pearl River Delta in South China under One Country Two Systems* (Hong Kong: Hong Kong University Press, 2006).

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world, the city's relative importance has declined because the entire country has opened up. While Hong Kong has largely kept its distinct legal, political, and social systems, the political and economic influence of the Mainland on the city has grown enormously after 1997.<sup>2</sup> How can Hong Kong, as a special administrative region (SAR) located on the southern periphery of China, influence politics and governance in the Mainland?<sup>3</sup> Given the difficulties of measuring such influence, absent extensive longitudinal research and surveys of key officials and stakeholders, this paper aims to develop a framework that delineates the various corridors for Hong Kong's influence on politics and governance in China (see Table 1).

Social and political interactions are mutual. Hong Kong is increasingly influenced by deepening socioeconomic integration with the Mainland and Chinese national policies. As an SAR, Hong Kong cannot easily influence high politics in China. Indeed, only in July 2003, when half a million Hong Kong people, around 7% of the total population, protested against planned national security legislation and the poor performance of the HKSAR government was Beijing compelled to accommodate their demands and edge out unpopular Chief Executive Tung Chee-hwa in early 2005.

However, as Sonny Lo has rightly argued, given Hong Kong's small size and economic dependence on the Mainland, the SAR's political influence, reflected in constitutional, participatory, institutional, and cultural dimensions, is in fact "disproportionate to its tiny location on the map of China."<sup>4</sup> While agreeing with Lo's overall orientation, this paper proposes a more elaborate scheme (see Table 1). Hong Kong's impact on politics and governance in China is dynamic, not static. Such influence changes over time and varies across sectors and locations. For instance, neighboring areas such as Guangdong Province and particularly the metropolis of Shenzhen are more likely than elsewhere to be affected by Hong Kong's sociocultural influence

2. See, e.g., Ming K. Chan, ed., *China's Hong Kong Transformed: Retrospect and Prospects beyond the First Decade* (Hong Kong: City University of Hong Kong Press, 2008); Peter T. Y. Cheung, "Intergovernmental Relations between Mainland China and the HKSAR," in *Public Administration in Southeast Asia: Thailand, Philippines, Malaysia, Hong Kong, and Macao*, Evan M. Berman, ed. (Boca Raton, Fla.: CRC Press, 2011), pp. 255–81; Sonny Shiu-Hing Lo, *The Dynamics of Beijing-Hong Kong Relations: A Model for Taiwan?* (Hong Kong: Hong Kong University Press, 2008).

3. For an earlier study, see Andrew Scobell, "Hong Kong's Influence on China: The Tail That Wags the Dog?" *Asian Survey* 28:6 (June 1988), pp. 599–612.

4. Sonny Shiu-hing Lo, *Competing Chinese Political Visions: Hong Kong vs. Beijing on Democracy* (Santa Barbara, Calif.: Praeger Security International, 2010), p. 235.

TABLE 1. Channels of Hong Kong's Influence and Possible Responses by Mainland Authorities

	<i>Hong Kong</i>	<i>Mainland Central and Local Governments</i>
<i>Constitutional Dimensions</i>		
Maintenance of "one country, two systems" (OCTS)	High degree of autonomy in both local and external dimensions as enshrined in the Basic Law	Self-restraint and delegation of power; interpretation of the Basic Law by the Standing Committee, National People's Congress (NPC)
<i>Political Dimensions</i>		
Unsanctioned	Pro-democracy movement; demands for reversal of verdict on June 4th Incident; support for pro-democracy activists and dissidents in China; participation in Mainland-related political events; activities of civil society groups	Control; resistance; penetration
Sanctioned	HKSAR government lobbying and advocacy; official deputies of Hong Kong in the Chinese political system	Accommodation; support; bargaining
<i>Ideational Dimensions</i>		
	Spreading of information and values through mass media, educational, and cultural exchanges, and personal experiences	Control (albeit not necessarily thorough); toleration
<i>Intergovernmental Dimensions</i>		
Administrative and policy arena	Training; sharing best practices; secondment and exchanges of officials; diffusion of policy ideas	Active support and learning; coordination
Institutional arena	Exerting influence and demands over the tackling of cross-boundary problems (e.g., public health)	Bargaining; cooperation; mutual compromise

SOURCE: By author.

and its spillover effect on law and politics.<sup>5</sup> Similarly, Mainland officials working in the SAR or managing cross-boundary issues are best positioned

5. Idem, "Hong Kong's Political Influence on South China," *Problems of Post-Communism* 46:4 (July-August 1999), pp. 33-41.

to appreciate Hong Kong's rule-based, transparent, and professional public service. Some Mainlanders think that Hong Kong's pluralistic society leads to indecision and policy impasses, while others admire its political pluralism, especially if they can live in the SAR for an extended period of time. This paper does not argue that Hong Kong has exerted enormous influence on Mainland politics, but even the basic evidence gathered here illustrates its substantial and continuing influence across different dimensions.

### CONSTITUTIONAL DIMENSIONS

Hong Kong's exercise of a high degree of autonomy under OCTS constitutes the most important evidence of its political influence on China's constitutional order. Wu Guoguang suggests that the OCTS policy "was a constitutional way to preserve Hong Kong's institutional advantages while China took over international legal or Westphalian sovereignty of the island." Wu argues that Hong Kong has enjoyed "institutional" or "soft" sovereignty within a sovereign China: the political institutions established during British colonialism have largely been preserved.<sup>6</sup> At the day-to-day level, Hong Kong's "informative" or "communicative" role, exercised through its social, cultural, and political influence, is changing Chinese political culture as information and values from the city permeate the Mainland.<sup>7</sup> At the political level, the demands for a faster pace of democracy in Hong Kong have made the city appealing to China's pro-democracy activists, while at the same time Hong Kong's current quasi-democratic system is attractive to Mainland officials and intellectuals who prefer a gradual approach.

The entrenchment of OCTS suggests important possibilities for China's future constitutional order. There are contending views on whether Hong Kong's constitutional status facilitates the development of federalism in China. For instance, some see Hong Kong as "an experiment in Chinese federalism" because substantial autonomy, notably, in economic and financial areas, has been delegated to the SAR.<sup>8</sup> Hong Kong's autonomies, reflected

6. Wu Guoguang, "Hong Kong's Political Influence over China: Institutional, Informative, and Interactive Dynamics of Sovereignty," *Pacific Review* 21:3 (2008), p. 286.

7. *Ibid.*, p. 296.

8. Lo, *Competing Chinese Political Visions*, p. 232.

in its fiscal and monetary policies and international economic relations, have gone beyond those enjoyed by the constituent units of a federal state. However, when tensions between Beijing and Hong Kong emerge, the central authorities have always asserted the constitutional authority of the People's Republic of China (PRC). Beijing has used its constitutional power to interpret the Basic Law regarding the right of abode of the children of Hong Kong people born in the Mainland. The Chinese government similarly has decided methods for election of Hong Kong's chief executive and the Legislative Council (LegCo) stipulated in Annexes I and II of the Basic Law. And Beijing has ruled on how to handle an unexpired term if the chief executive steps down early.<sup>9</sup> The lack of an arbitration mechanism for conflict resolution between the central and local authorities reflects the unitary character of the Chinese polity.

Federalism is based on pluralist, democratic political beliefs protecting the interests of minorities, whether territorial or community-based. Such democratic political values are not yet fully embraced in China. Hence, Hong Kong's post-1997 experience does not immediately project a federalist future for China. Aside from the potential impact on the Communist Party of China (CCP), the specter of a disintegrating China may deter consideration of federal arrangements. Nonetheless, Hong Kong's OCTS reflects various key aspects of federalism such as the separation of power between the central and local government, local authority over taxation, and other special privileges such as allowing English to be used as an official language. Hong Kong people have a separate identity and hold socioeconomic and political values radically different from those of the Mainland. These discrete values are reinforced by political symbolism and privileges, including the issuance of HKSAR passports and their associated travel privileges, as well as de facto accommodation of multiple citizenships for Hong Kong residents. Ronald Watts regards China's Hong Kong and Macao SARs as comprising a decentralized union with federal elements.<sup>10</sup>

9. Peter T. Y. Cheung, "Toward Federalism in China? The Experience of the Hong Kong Special Administrative Region," in *Federalism in Asia*, Baogang He et al., eds. (Cheltenham: Edward Elgar, 2007), pp. 253–58.

10. Ronald Watts, *Comparing Federal Systems*, 2nd. ed. (Montreal: McGill-Queen's University Press, 1999), p. 12.

The future territorial division of power in China may not fully fit any prevailing models such as federalism, even though some scholars argue that China already demonstrates de facto federalism.<sup>11</sup> Different trajectories are entirely possible. Should Beijing fulfill its promise of a more democratic polity for Hong Kong and sustain its autonomy into the longer future, the “federalist” elements of OCTS could assist the emergence of a more democratic China by accommodating institutional and ideological pluralism. However, Hong Kong’s autonomy must not harm Beijing’s core interests such as national unity and stability to achieve this end-goal.

### POLITICAL DIMENSIONS

To explore Hong Kong’s political influence on the Mainland, it is best to begin by examining the city’s active role in the 1989 pro-democracy movement, which profoundly affected the Beijing-Hong Kong relationship. Many residents continue to see Hong Kong as a base from which to democratize the authoritarian regime in the Mainland. Similarly, Beijing regards Hong Kong as a subversive base. First, the scale and impact of Hong Kong’s political organization and mobilization in 1989 showed that if Hong Kong people have the will to shape politics in the Mainland, such impact can be substantial and its potential cannot be underestimated. In the early summer of that year, waves of protest were organized by Hong Kong people to support the students protesting in the Mainland and exert pressure on the Chinese leadership. On May 21, an estimated 600,000 to one million people in Hong Kong protested against the imposition of martial law in Beijing. Hong Kong delegates to the NPC and the Chinese People’s Political Consultative Committee (CPPCC) urged their respective bodies’ Standing Committees to convene a meeting on the pro-democracy movement. On May 28, an estimated 1.5 million people protested in Hong Kong.

Celebrities in the show business community organized a concert in late May and successfully raised about US\$1.5 million for the Hong Kong Alliance in Support of Patriotic Democratic Movements of China (the Alliance).<sup>12</sup> On June 4, some 200,000 people joined a sit-in, and on June 5,

11. Zheng Yongnian, “China’s De Facto Federalism,” in *Federalism in Asia*, Baogang He et al., eds., pp. 212–41.

12. *Yazhou Zhoukan*, “Liusi Qianhou Xianggang Dashiji” [Big events around June 4 in Hong Kong], *Yazhou Zhoukan* [Asia Weekly], June 14, 2009, pp. 26–27.

tens of thousands congregated at the Xinhua News Agency office (China's representative in the colony before 1997) to commemorate the victims of the crackdown.<sup>13</sup> Hong Kong also became the conduit through which student leaders and other activists fled the Mainland. With the support of the British government, Operation Yellowbird rescued 133 activists fleeing China in 1989; the Alliance later took over the operation, and some 300 persons had been rescued by 1997.<sup>14</sup>

Second, the annual June 4 candlelight vigil organized by the Alliance, which remains the world's largest commemoration of the 1989 pro-democracy movement, continues to insert the incident into the political discourse of Greater China.<sup>15</sup> Although the number of people attending has dropped since 1989, the vigils commemorating the 20th and 21st anniversaries of the incident in 2009 and 2010 each attracted 150,000, as claimed by the organizers (or 62,800 and 113,000, respectively, as estimated by the police).<sup>16</sup> An increasing number of Mainlanders visiting Hong Kong joined such activities, although their number is hard to estimate.<sup>17</sup> Some retired cadres, students, and tourists from the Mainland consider Hong Kong, with its freedoms and degree of democracy, a source of political hope for China.<sup>18</sup> Many leaders of the Democratic Party (DP) and other pan-democratic politicians in Hong Kong serve as key leaders and supporters of the Alliance. The pan-democratic parties such as the DP and the Civic Party support democracy in China in their manifestos. They regularly introduce motions in Hong Kong's legislature demanding the rehabilitation of the June 4 Incident, although such motions, without legislative effect, have been negated ever since 1997.<sup>19</sup>

Third, Hong Kong has become a haven for individuals and organizations seeking to "democratize" the Mainland or to oppose the regime. For instance,

13. Ibid.

14. Xun Jiang, "Huangque Xingdong Beihou Gangren Shemingjiuwei Neiqing" [Insider information about the sacrifice of Hong Kong people during Operation Yellowbird], *ibid.*, pp. 24–30.

15. Lo, *Competing Chinese Political Visions*, ch. 1.

16. *Ming Pao*, June 5, 2009, p. A2; *ibid.*, June 5, 2010, p. A1.

17. *Ibid.*, June 6, 2009, p. A6.

18. *Hong Kong Economic Journal*, June 1 and 5, 2009; Xiaoyang Xie, "Minzhu Xianggang! Minzhu Zhongguo! Xianggang Liusi Qinghuai Zhongda Fengchao" [Democratic Hong Kong! Democratic China! Hong Kong's June 4 mood and Chinese University's agitation], *Yazhou Zhoukan*, June 20, 2009, pp. 14–15.

19. LegCo, *Voting Results: Motion on 'Releasing LIU Xiaobo'*, <<http://www.legco.gov.hk/yr09-10/english/counmtg/voting/v201001131.htm>>, accessed September 16, 2010.

the Alliance was established on May 21, 1989, eventually with three goals: (1) to support the pro-democracy movement in China; (2) after the crackdown in early June, to reverse the official verdict on the June 4 Incident and its victims; and (3) to end one-party rule. Dissidents promoting democracy and human rights in the Mainland have worked from Hong Kong as a base. The *China Labor Bulletin* was founded in Hong Kong in 1994 by Han Dongfang, a railway worker who established the Beijing Autonomous Workers' Federation in 1989.<sup>20</sup> Liu Xiaobo, a leading dissident awarded the Nobel Peace Prize in 2010, has published books and articles in Hong Kong demanding democracy and human rights in China.<sup>21</sup> On the occasion of the 60th anniversary of the U.N.'s Universal Declaration of Human Rights, Charter 08, a manifesto calling for improving China's human rights, was drafted by Liu and other dissidents and signed by 300 Chinese intellectuals and citizens, including 61 Hong Kong activists and legislators.<sup>22</sup> Liu was sentenced to prison in December 2009 for 11 years for "inciting subversion to state power"; numerous civil society and political groups in Hong Kong and elsewhere have repeatedly called for his release.<sup>23</sup> The Falun Gong quasi-religious social movement, which is banned in the Mainland, operates openly in Hong Kong.

Fourth, civil society groups and professional bodies in Hong Kong have openly campaigned for freedom and human rights or supported the development of the non-government sector in the Mainland. Hong Kong's pro-democracy politicians, legal scholars, and lawyers have set up a China Human Rights Lawyers Concern Group (CHRLCG) to champion the protection of China's human rights lawyers and other legal rights defenders.<sup>24</sup> The CHRLCG connects with Mainland lawyers and acts as a bridge between the lawyers and the outside world. In 2009, after the Mainland authorities refused to renew the licenses of human rights lawyers, the CHRLCG wrote to law societies in the U.K. and U.S. seeking their support. In 2010, the group supported Mainland human rights lawyers involved in

20. China Labor Bulletin, "Who We Are," <<http://www.china-labour.org.hk/en/node/100001>>, accessed September 12, 2010.

21. *Ming Pao*, June 26, 2009, p. A31.

22. *Ibid.*, December 24, 2009, p. A02; Edward McMillan-Scott, "Charter 08," <<http://www.charter08.eu/2.html>>, accessed September 16, 2010.

23. *Ming Pao*, January 2, 2010, p. A1 and July 2, 2009, p. A1.

24. CHRLCG, "About Us," <[http://www.chrlcg-hk.org/?page\\_id=6#3](http://www.chrlcg-hk.org/?page_id=6#3)>, accessed September 16, 2010.



the trials of Liu Xiaobo and also of Tan Zuoren, who openly criticized the corruption involved in substandard school construction. Thousands of students reportedly died as shoddy schools collapsed during the 2008 Sichuan earthquake.<sup>25</sup>

Similarly, the Support Group for Prisoners of Conscience in China (SGPCC) was formed in Hong Kong. The Hong Kong Journalists Association has long been a watchdog over freedom of speech in the Mainland. In 2010, the association and other organizations jointly signed a statement condemning the sentences of Liu Xiaobo and Tan Zuoren. The groups requested that the Chinese government comply with the International Covenant on Civil and Political Rights, to which China is a signatory, and release dissidents.<sup>26</sup> The Hong Kong-based Information Center for Human Rights and Democracy (ICHRD) provides information about human rights abuses in the Mainland, while the SGPCC collects data about prisoners of conscience. Although not strictly political by nature, Hong Kong's non-government organizations (NGOs) have operated in the Mainland and promoted civil society and the rights of the underprivileged. For instance, one-third of Oxfam Hong Kong's total program expenses are devoted to poverty alleviation in the Mainland; the organization has programs in Beijing and Guangdong as well as in less developed areas.<sup>27</sup> While their work includes emergency relief, work on AIDS (Acquired Immune Deficiency Syndrome), and basic education, they also cover advocacy and NGO development, which has aroused attention from the Party-state. In fact in February 2010, the Party core group of the Ministry of Education warned Chinese universities to boycott Oxfam Hong Kong's volunteer training because they referred undergraduates to internships in groups that defend rights.<sup>28</sup>

Lastly, political activists on both sides have begun to support each other. Given Hong Kong's freedom and access to information, activists there have worked with Mainland counterparts on various political projects. Since 2004–05, Hong Kong's Action Committee for Defending the Diaoyu Islands has joined hands with the Mainland's activist, Tong Zeng, chairman of the

25. *Hong Kong Economic Journal*, February 17, 2010, p. 10.

26. Hong Kong Journalists Association, "A Joint Statement on the Sentence of Liu Xiaobo and Tan Zuoren," <<http://www.hkja.org.hk/site/portal/Site.aspx?id=A1-841&lang=en-US>>, accessed September 16, 2010.

27. Oxfam Hong Kong, "Oxfam Hong Kong: Mainland China," <<http://www.oxfam.org.hk/en/china.aspx>>, accessed September 16, 2010.

28. *Ming Pao*, February 24, 2010.

China Federation for Defending the Diaoyu Islands.<sup>29</sup> Although their activities did not effectively influence the Chinese government, such cross-boundary political activities could become more prominent in future.

What is more interesting is that young political activists in both areas grew up in a more globalized world connected by the Internet. With the opening up of South China since 1978, Hong Kong has exerted a strong influence over neighboring cities such as Shenzhen and Guangzhou. Moreover, since 2003 Hong Kong has witnessed waves of confrontations against the HKSAR government over heritage preservation, such as the conflict over the demolition of the historic Star Ferry Pier in 2007 and Queen's Pier in 2008. A rally supporting the use of the Cantonese language in Guangzhou held on two Sundays in July and August 2010 revealed the demonstration effect of Hong Kong's civil society protests. In preparing for the Asian Games, the call by a CPPCC delegate for replacing Cantonese with the national language, Putonghua (i.e., Mandarin Chinese) on major TV channels in Guangzhou triggered protests to defend the use of Cantonese, both in Guangzhou and Hong Kong. Parallel to the rise of a new generation of young political activists in Hong Kong, hundreds of demonstrators in these demonstrations defending the use of Cantonese in Guangzhou comprised mainly of the younger generation have borrowed political slogans and symbols from the former colony. As Lang Zi, a poet, editor, and blogger in Guangzhou acknowledged, people in Guangdong were "inspired by what Hong Kong people did to save their valuable past."<sup>30</sup> Some Hong Kong citizens even joined the protest in Guangzhou, while activists from the provincial capital have visited Hong Kong to learn the skills of political organization.

There are narrow official channels for Hong Kong people to participate in Mainland affairs, mainly through their representatives at the NPC and CPPCC. There are no systematic studies on the impact of these Hong Kong deputies on Mainland politics, but their role is generally considered to be quite limited.<sup>31</sup> They can receive complaints from citizens or raise issues during meetings, but their appointments reflect recognition of their status in the

29. The Diaoyu Islands are a group of uninhabited islands in the East China Sea whose control is contested by China and Japan. See *South China Morning Post*, April 23, 2004.

30. *Ibid.*, September 19, 2010, p. 13.

31. Hualing Fu and D. W. Choy, "Of Iron or Rubber? People's Deputies of Hong Kong to the National People's Congress," in *Interpreting Hong Kong's Basic Law: The Struggle for Coherence*, Hualing Fu and Lison Harris, eds. (New York: Palgrave Macmillan, 2007), pp. 201–27.

Mainland rather than their ability to represent the Hong Kong community. By contrast, Hong Kong activists have used their freedom to organize support groups and campaigns to champion their causes such as criticizing corruption, protecting freedoms, defending legal rights, and promoting democracy. Should China's political system open up further, we can envisage that Hong Kong's activists may expand their activities on the Mainland or collaborate more broadly with their compatriots.

### IDEATIONAL DIMENSIONS

The impact of the Hong Kong media on the Mainland is important, but very difficult to assess. Freedom of the press and of expression in Hong Kong not only informs the Chinese who have access to diverse views and information about China (e.g., those who study and work in Hong Kong) but also engenders a demonstration effect on the Mainland media. Many Hong Kong newspapers and TV channels carry extensive and critical coverage of the Mainland. There are many restrictions that limit the reporting of Hong Kong's journalists, but their professionalism and persistence have put them in the forefront in reporting Mainland affairs. As China opens up, Hong Kong's free and vibrant media will continue to provide an alternative model of media for the Mainland.

In 2001, the State Administration of Radio, Film, and Television (SARFT) authorized Hong Kong-based Phoenix Satellite Television (PSTV) to broadcast its Chinese Channel into the nearby Pearl River Delta (PRD) region of southern China. This was the first time that an outside broadcaster was permitted to broadcast into the Mainland. Before this, Mainlanders within range ignored the official ban on satellite dishes and gained access to PSTV and other overseas channels. While PSTV adopts a pro-Chinese government editorial line, its news and commentaries include extensive coverage of events in Hong Kong and Taiwan (and elsewhere) unavailable in the Mainland. Hong Kong's other free television programs must be broadcast through the cable network in Guangdong, and are subject to official censorship.<sup>32</sup> Whenever sensitive content is broadcast, such images are replaced with the promotional videos of the Hong Kong government by the Mainland censors. As long as Hong Kong's media can maintain its freedom to publish or

32. *Ming Pao*, June 19, 2009, p. A32.

broadcast, it will provide a window for information and commentaries not allowed in the Mainland for Chinese communities around the world.

Further, publications banned by the Mainland authorities have continued to be published in Hong Kong since 1997. The accessibility to such publications among Mainland Chinese is enhanced by the individual visitor scheme (IVS). Introduced as a liberalization measure under the Closer Economic Partnership Arrangement (CEPA) in 2003, this scheme potentially allows 270 million residents in 49 Mainland cities to visit Hong Kong individually.<sup>33</sup> By late 2009, the scheme was further relaxed, and 45 million Mainland tourists had visited Hong Kong on their own.<sup>34</sup> Newspaper stalls and bookstores in tourist spots put on display many Chinese-language books on Chinese politics because of the great demand from Mainlanders. One publisher, Bao Pu, son of Bao Tong, senior assistant to the late former General Secretary of the CCP Zhao Ziyang, established the New Century company in Hong Kong to publish sensitive books.<sup>35</sup> Bao published the Chinese edition of *Gaige Licheng* (The secret journal of Zhao Ziyang) so that Mainlanders could have access to the volume.<sup>36</sup> Indeed, 50,000 copies of the first edition were sold between late May and mid-July 2009.

Other famous political books published in Hong Kong include *Zhongguo Gaige Niandai de Zhengzhi Douzheng* (The political struggles in China during the era of reform) (2004) and *Mubei* (Tombstone) (2008) written by Yang Jisheng, a journalist previously with the Xinhua News Agency. The former work concerned elite political struggle in China from 1976–89, including Yang's three interviews with Zhao Ziyang; the latter focused on the devastating famine caused by the Great Leap Forward of the late 1950s.<sup>37</sup> Even conservative politicians such as former top propaganda official Deng Liqun published his *Deng Liqun Zishu: Shi'er ge Chunqiu (1975–1987)* (Deng Liqun's autobiography: Record of 12 years [1975–1987]) in Hong Kong, revealing contention among top CCP leaders.<sup>38</sup>

33. Tourism Commission, *Visitor Information: Individual Visit Scheme*, <[http://www.tourism.gov.hk/english/visitors/visitors\\_ind.html](http://www.tourism.gov.hk/english/visitors/visitors_ind.html)>, accessed September 13, 2010.

34. Constitutional and Mainland Affairs Bureau, <[http://www.cmab.gov.hk/tc/speech/speech\\_2308.htm](http://www.cmab.gov.hk/tc/speech/speech_2308.htm)>, accessed September 17, 2010.

35. New Century Media & Consulting Co., Ltd., "Newest Publications," <<http://www.newcenturymc.com/>>, accessed September 18, 2010.

36. *Ming Pao*, June 5, 2009, p. A6.

37. *Ibid.*, October 14, 2008, p. A32 and October 20, 2008, p. D4.

38. *Ibid.*, June 1, 2006, p. D6; Deng Liqun, *Deng Liqun Zishu: Shi'er ge Chunqiu (1975–1987)* (Hong Kong: Strong Wing Press, 2006).

Hong Kong remains the only place in China that allows the Chinese to enjoy access to materials on Chinese politics written from different perspectives. According to the activist Hu Jia, Mainlanders experienced unprecedented freedom in Hong Kong, visiting uncensored websites and bringing home a touch of freedom via the banned books and newspapers they carried back.<sup>39</sup> Such experiences might stimulate their longing for similar freedoms.<sup>40</sup> Further, there are tens of thousands of Mainland professionals working in the SAR. By March 2010, about 35,000 Mainland professionals had been admitted to work in Hong Kong.<sup>41</sup> The number of full-time Mainland students in Hong Kong's public universities has jumped eight times from 916 in 1997–98 to 8,795 in 2010–11.<sup>42</sup> Whether such exposure will influence their political values and behavior needs to be further studied, but Hong Kong clearly provides an increasing number of Chinese easy access to a variety of information and views.

## INTERGOVERNMENTAL DIMENSIONS

### **The Administrative and Policy Arena: Knowledge Transfer and Capacity Building**

Given its reputation for efficiency and international benchmarking, Hong Kong's public service has long been regarded as a model of good governance for the Mainland to emulate. A comparison of the World Bank's governance indicators shows that Hong Kong is far ahead of the Mainland and other East Asian countries, and compares favorably with Japan and the U.S. (see Table 2).

Hong Kong's influence on the Mainland in promoting good governance flows through both knowledge transfer and capacity building. Focal points include the appointment of Hong Kong advisers, the training of Chinese civil servants, and lessons to learn from Hong Kong's experience in anti-corruption and public management. Many senior civil servants and professionals from

39. Jia Hu, "Hu Jia: One Country Does Not Need Two Systems," <[http://www.bowenpress.com/cn/2007/comment/59\\_1.shtml](http://www.bowenpress.com/cn/2007/comment/59_1.shtml)>, accessed September 13, 2010.

40. Xun Jiang, "Xianggang Ziyouxing de Yiwai Xiaoying Huanhui Ziyou Zhongguo" [Unexpected effect of Individual Visit Scheme arouses freedom in China], *Yazhou Zhoukan*, September 14, 2003.

41. Immigration Department, <<http://www.legco.gov.hk/yr09-10/english/panels/mp/papers/mpsecb2-1323-1-e.pdf>>, accessed September 26, 2010.

42. University Grants Committee, <<http://cdcf.ugc.edu.hk/cdcf/searchStatisticReport.do>>, accessed July 15, 2011.

TABLE 2. Quality of Governance (Percentile Rank, 2008)

Country	Voice and Accountability	Political Stability	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
China Mainland	5.8	33.5	63.5	46.4	45.0	41.1
Hong Kong	60.6	86.1	95.3	100.0	90.9	94.2
Taiwan	68.8	71.8	79.1	81.6	73.7	72.9
South Korea	65.4	59.8	86.3	72.9	74.2	69.6
Japan	76.0	79.4	89.1	86.5	89.5	85.5
Malaysia	31.7	50.2	83.9	60.4	64.6	62.8
Philippines	41.3	10.5	55.0	51.7	39.7	26.1
Thailand	32.2	12.9	58.8	59.9	54.1	43.0
Indonesia	44.2	15.8	47.4	45.4	28.7	31.4
Brazil	61.1	38.3	54.5	58.0	46.4	58.5
India	58.7	16.7	53.6	46.9	56.5	44.4
Russia	21.6	23.9	45.0	31.4	19.6	15.5
United States	86.1	68.4	92.9	93.2	91.9	91.8

SOURCE: World Bank, *Governance Matters 2009: Governance Indicators for 1996–2008*, <<http://info.worldbank.org/governance/wgi/index.asp>>, accessed November 15, 2010.

Hong Kong have been appointed as senior advisers, especially in finance and banking. For instance, Anthony Neoh, a former chairman of the Hong Kong Securities and Futures Commission (SFC), was appointed as a chief adviser to the China Securities Regulatory Commission in 1998.<sup>43</sup> Andrew Sheng, another retired chair of the SFC (1998–2005), was appointed as a chief adviser to the China Banking Regulatory Commission (CBRC) in 2005.<sup>44</sup> Joseph Yam, former head of the Hong Kong Monetary Authority (HKMA), was made a senior adviser to the People's Bank of China (PBOC) after his retirement in 2009.

At the institutional level, the HKMA has provided extensive training to officials of the PBOC and the CBRC. The number of Chinese officials participating in the training has tripled from 272 in 2002 to 857 in 2009.<sup>45</sup> A senior director-general of the Financial Market Department of the PBOC

43. Civil Service Bureau of the HKSAR, *Biography of Mr Anthony NEOH, SC, JP*, <<http://www.csb.gov.hk/hkgcsb/doclib/Bio-Neoh-chi&eng.pdf>>, accessed September 26, 2010.

44. Andrew Sheng, "Andrew Sheng," <[www.andrewsheng.net](http://www.andrewsheng.net)>, accessed September 26, 2010.

45. HK Monetary Authority, *Annual Report 2002* (Hong Kong: Hong Kong Monetary Authority, 2009), pp. 76, 88.

was seconded to the HKMA in June 2010, enabling him to observe Hong Kong's financial operations firsthand and also smoothing the SAR's lobbying of Beijing in becoming an offshore renminbi (RMB) market in order to strengthen its status as an international financial center.<sup>46</sup> Hong Kong's significance as a window for China to the world is still acknowledged by Chinese leaders.<sup>47</sup> Many scholars and professionals have been appointed by local authorities as advisers for economic and professional development. Since 2002, an exchange program between Hong Kong and Beijing, Shanghai, Hangzhou, and Guangdong was established to allow officials from each side to work in their partner agencies for four to eight weeks.<sup>48</sup> Between 2002 and 2009, 140 Mainland officials at the division director or deputy division director level, and 110 Mainland departments/agencies, joined the program.<sup>49</sup> With relaxation of rules on travel to Hong Kong, waves of Mainland officials have come to the SAR for different kinds of training—at their own expense.

Hong Kong's influence on the Chinese legal system is limited because under OCTS, Hong Kong maintains a U.K.-style Common Law jurisdiction. Because they serve a Chinese society with a developed market economy, Hong Kong's laws are often used as a reference for the Mainland, but it is very difficult to systematically ascertain the degree of influence. In specific areas and sectors, Hong Kong's impacts can be substantial. Shenzhen's civil and commercial laws have drawn extensively from Hong Kong. For instance, laws and practices in land use, land administration, and property transfer have been incorporated in Shenzhen's property laws.<sup>50</sup>

The government and academia in Hong Kong have played a key role in training Chinese legal personnel to better understand its Common Law system and international law. By mid-2009, 128 Mainland officials sponsored by the HKSAR government had completed a master's degree in common law in Hong Kong. Since 2005, eight to 12 Mainland judicial officials have been

46. Ibid., "HKMA Appointment," <<http://www.info.gov.hk/hkma/eng/press/2010/20100607e3.htm>>, accessed September 18, 2010.

47. Duncan Alford, "The Influence of Hong Kong Banking Law on Banking Reform in the PRC," *East Asia Law Review* 3:1 (Summer 2008), pp. 35–57.

48. Civil Service Bureau, <<http://www.legco.gov.hk/yr09-10/english/panels/ps/papers/ps0118cb1-860-4-e.pdf>>, accessed September 24, 2010; idem, <<http://www.legco.gov.hk/yr09-10/english/panels/ps/papers/ps0118cb1-866-e.pdf>>, accessed September 24, 2010.

49. Ibid.

50. Liu Wei, "Hong Kong's Impact on Shenzhen Real Property Law," *Hong Kong Law Journal* 27:3 (1997), pp. 356–73.

invited for two weeks' exchange in the Department of Justice in Hong Kong annually.<sup>51</sup> In collaboration with the National Judges College of the Supreme People's Court of China and Columbia University, the City University of Hong Kong in 2009 launched a one-year master's program for about 30 Chinese judges.<sup>52</sup> Each year, two batches of 30–35 senior judges attend an intensive four-week training taught by scholars, senior judges, and lawyers in Hong Kong.<sup>53</sup> As acknowledged by the vice president of the Guangdong Provincial High Court, such exchanges have helped China's judges not only to learn from Hong Kong's legal system but also to improve and reform China's.<sup>54</sup> Hong Kong remains an important window to the outside world for China, and as the number of court cases involving Hong Kong and other foreign parties grows, the president of the Supreme People's Court has expressed confidence that Chinese juridical officials can learn much from Hong Kong's legal experience.<sup>55</sup>

The impact of Hong Kong's experience on China's efforts against corruption is well recognized by the Mainland authorities, which began learning from the Independent Commission against Corruption (ICAC) in the 1980s. The first anti-corruption unit in China was established under the Guangdong Provincial People's Procuratorate in August 1989, drawing upon the ICAC example. Guangdong in particular has borrowed extensively from Hong Kong's experience. After two former mayors of Shenzhen were arrested for corruption, China's central authorities in Fall 2009 demanded that Shenzhen officials study the ICAC's experience in corruption prevention.<sup>56</sup> Zhu Guoming, party secretary of Guangdong's Commission for Discipline Inspection, argued that Mainland authorities should learn from the ICAC's experience in combating corruption.<sup>57</sup>

51. Department of Justice, <<http://www.doj.gov.hk/justice/commonlaw/chi/index.htm>>, accessed October 1, 2010.

52. *Legal Daily* (Beijing), July 23, 2009, <[http://www.chinacourt.org/public/detail.php?id=366656&k\\_title=%CF%E3%B8%DB&k\\_content=%BD%BB%Cr%F7&k\\_author=](http://www.chinacourt.org/public/detail.php?id=366656&k_title=%CF%E3%B8%DB&k_content=%BD%BB%Cr%F7&k_author=)>, accessed October 10, 2010; *People's Court Daily* (Beijing), January 11, 2010, <<http://www.chinacourt.org/public/detail.php?id=390062>>, accessed October 10, 2010.

53. City University of Hong Kong, School of Law, "International Collaboration," <<http://www.cityu.edu.hk/slsw/eng/global/international.html>>, accessed October 10, 2010.

54. *Legal Daily*, July 23 2009, <[http://www.chinacourt.org/public/detail.php?id=366656&k\\_title=%CF%E3%B8%DB&k\\_content=%BD%BB%Cr%F7&k\\_author=](http://www.chinacourt.org/public/detail.php?id=366656&k_title=%CF%E3%B8%DB&k_content=%BD%BB%Cr%F7&k_author=)>, accessed October 10, 2010.

55. *Ibid.*

56. *Hong Kong Economic Journal*, September 25, 2009, p. 17.

57. *Lianhe Zaobao* [United Morning News] (Singapore), December 8, 2009, p. 14.



Various practices in Hong Kong have already been adopted to reduce regulatory loopholes for corruption. For instance, in May 2004, drawing from Hong Kong's practice, Shenzhen decided that all infrastructural projects would be managed by the Bureau of Public Works, in order to achieve effective monitoring.<sup>58</sup> Exchanges between Hong Kong and the Mainland over integrity management have been frequent, and the number of Chinese officials briefed annually by the ICAC rose steadily from 3,000 in 1997 to 5,000 in 2009.<sup>59</sup> Both central and local officials for years have called for learning from Hong Kong's anti-corruption experience. Nonetheless, owing to the differences in the two politico-legal systems and the multiplicity of Party-state organs involved in anti-corruption, Chinese authorities have not fully adopted the institutional design of the ICAC model. The Party's own discipline inspection system remains the most important anti-corruption entity.

### **The Institutional Arena: Extending Hong Kong's Influence through Intergovernmental Cooperation**

With the growing socioeconomic integration between Hong Kong and South China, many intergovernmental mechanisms have been created to manage emerging cross-boundary problems. Although such networks are not dominated by Hong Kong, the HKSAR government can use them as a platform to influence its Mainland counterparts. In particular, Hong Kong has received strong support from the central government, creating an incentive for Guangdong's leadership to team up with the SAR in seeking policy support from Beijing. The following section illustrates such efforts for national and regional planning, food safety, public health, and the environment.

#### *Policy Advocacy in National and Regional Planning*

With blossoming competition among China's regions, the HKSAR and Guangdong governments have found it useful to work as partners in seeking preferential treatment from the central government. Abandoning its pre-1997 suspicions about integration with the Mainland, the HKSAR government has been active in ensuring a role for Hong Kong in regional development. Since 2004, the government has actively participated in the

58. Xinhua Net, June 15, 2004, <[http://news.xinhuanet.com/newscenter/2004-06/15/content\\_1527540.htm](http://news.xinhuanet.com/newscenter/2004-06/15/content_1527540.htm)>, accessed October 1, 2010.

59. *Hong Kong Yearbook 1997* (Hong Kong: Government Printer, 1997), p. 294; *Hong Kong Yearbook 2009* (Hong Kong: Government Printer, 2009), p. 323.

Pan PRD Regional Cooperation network for coordination and development, involving nine provinces and the two SARs. For the first time since 1997, the HKSAR government requested that central authorities incorporate Hong Kong in national development planning in 2006. Consequently, China's Eleventh Five Year Plan (FYP) supports the development of Hong Kong's financial services, logistics, tourism, and information services, and says its status as a financial, shipping, and service center shall be maintained.

In 2009, Guangdong's Party Secretary Wang Yang championed closer cooperation between Guangdong and Hong Kong in order to secure more central support and reposition the PRD as a key economic region. He lobbied various ministries and commissions in Beijing by teaming up with Hong Kong, because the central government had strongly supported Hong Kong since 2003.<sup>60</sup> The promulgation in early 2009 of *The Outline of the Plan for the Reform and Development of the PRD (2008–2020)* by the National Reform and Development Commission (NRDC) not only reaffirmed the special role played by Guangdong in reform and supported its various policy initiatives: it also endorsed a division of labor between Hong Kong and the PRD as well as Hong Kong's position as an international finance, trading, shipping, logistics, and high-value-added service center.<sup>61</sup> In April 2010, Hong Kong and Guangdong signed the *Framework Agreement on Hong Kong/Guangdong Cooperation* to turn these broad policy goals into specific items for cooperation.

Since 2009, Hong Kong has been actively lobbying the central government to endorse the Outline Plan in the Twelfth FYP.<sup>62</sup> Specifically, the HKSAR government wants continued central support for Hong Kong's status as an international financial, commercial, and shipping center (especially through enlarging its RMB business). Officials also seek to expand Hong Kong's services in the Mainland under CEPA and to reaffirm Hong Kong's role as a key driver of financial development in the PRD.<sup>63</sup> Having central endorsement enables the HKSAR government to better deal with Mainland agencies over policy coordination and implementation.

60. Interview with a Guangdong expert, Guangzhou, November 16, 2009.

61. NRDC, <<http://www.gddpc.gov.cn/zwgk/fzgh/qygh/zjsjz/200902/P020090206545000318684.doc>>, accessed September 17, 2010.

62. *Ta Kung Pao*, August 29, 2010, p. A7.

63. Constitutional and Mainland Affairs Bureau, <[http://www.cmab.gov.hk/tc/speech/speech\\_2308.htm](http://www.cmab.gov.hk/tc/speech/speech_2308.htm)>, accessed October 7, 2010.

*Coping with Health and Food-safety Issues*

With close scrutiny from a vigilant media and public over health and food-safety incidents, the HKSAR government has been obliged to work with relevant Mainland authorities to jointly address such issues. The cross-boundary notification mechanism on infectious diseases by the time of the outbreak of SARS in 2003 was problematic. Only news reports told Hong Kong it faced an epidemic, after SARS spread in South China in early February. The crisis spawned notification mechanisms on infectious diseases between the Chinese Ministry of Health and the HKSAR Department of Health by mid-year. Health authorities from Hong Kong, Macao, and the Mainland later shared information and statistics and now monitor 28 types of infectious disease. Another agreement on cooperation over emergency response was signed in 2006.<sup>64</sup>

Government agencies in the Mainland and the HKSAR have been cooperating since July 2003 to tackle rising concerns over food safety and public health problems. That November, the State General Administration of Quality Supervision, Inspection, and Quarantine (AQSIQ) and Hong Kong's Health, Welfare, and Food Bureau (HWFB) agreed to implement various food safety measures.<sup>65</sup> Although a mechanism monitoring and quarantining vegetable supplies to Hong Kong had been operating since the 1980s, the monitoring of livestock, poultry, and freshwater fish has remained an issue in recent years. Concerns have been raised about the presence of streptococcus suis, a porcine pathogen. Scientists also worry about the use of the widely banned dye compound malachite green against oömycetes, microorganisms that can infect freshwater fish.

Such concerns prompted both sides to formulate an emergency response mechanism in October 2005. The AQSIQ and Hong Kong's Environmental and Hygiene Department later agreed on new quarantine procedures for chilled ducks and geese exported to Hong Kong.<sup>66</sup> Liaison agreements between the HKSAR and Guangdong for urgent high-level meetings in case of significant incidents were reached in April 2006.<sup>67</sup> In response to growing

64. HKSAR government, *Tripartite Meeting on Infectious Diseases Held in Dongguan*, <<http://www.info.gov.hk/gia/general/200606/29/P200606290161.htm>>, accessed October 7, 2010.

65. HKSAR government, *AQSIQ and HWFB Sign Co-operation Arrangement*, <<http://www.info.gov.hk/gia/general/200311/17/1117226.htm>>, accessed October 7, 2010.

66. *Hong Kong Commercial Daily*, July 1, 2006, p. B9.

67. HKSAR government, *Framework Agreement on Exchanges and Co-operation in Food Safety Signed*, <<http://www.info.gov.hk/gia/general/200604/11/P200604110145.htm>>, accessed October 7, 2010.

food safety problems, various inspection and quarantine measures for food and agricultural products were introduced in 2007–09. Such efforts by the HKSAR government in shaping Guangdong's governance of health and food safety had helped reduce the frequency of incidents. In fact, Guangdong's advisers urged the provincial government to adopt Hong Kong's management, registration, and monitoring system to ensure better food safety in the province.<sup>68</sup>

#### *Ensuring Water Quality*

Hong Kong has played a major role in enhancing the transparency in information about water quality because it has relied mainly upon water from Guangdong since the 1960s. The latest agreement contains provisions on the quality of Dongjiang (East River) water supplied to Hong Kong. Apart from building a dedicated aqueduct to link the intake at Dongjiang and the Shenzhen Reservoir in June 2003, the Guangdong water authority operates a monitoring and control system as well as a mechanism to exchange information with Hong Kong regularly.<sup>69</sup> These efforts have greatly enhanced the transparency of information relating to water quality and water management in the Mainland. Under the mechanism, Guangdong provides water quality monitoring data on a monthly basis. Data supplied to Hong Kong are delivered on a daily and weekly basis. Hong Kong publishes some of these data through the Internet, including some data provided by the Environmental Protection Department in Guangdong.<sup>70</sup> The availability of such information has helped the Hong Kong community to monitor Dongjiang water quality and Guangdong authorities to further improve it.

#### *Improving Regional Air Quality*

With rapid industrialization in the PRD since 1978, deteriorating air quality in the region became a serious public concern in Hong Kong. A breakthrough was achieved in 2002 when the HKSAR government secured Guangdong's consent to reduce emissions by 2010 of four major air pollutants: sulphur dioxide, nitrogen oxides, respirable suspended particulates

68. Guangdongshen Remin Zhenfu Canshi Shi, eds., *Canshi Jian Yan* [Suggestions from advisers] (Hong Kong: China Review Academic Publishers, 2009), pp. 294–99.

69. Water Supplies Department, *Dongjiang Raw Water*, <[http://www.wsd.gov.hk/en/water\\_resources/raw\\_water\\_sources/dongjiang\\_raw\\_water/index.html](http://www.wsd.gov.hk/en/water_resources/raw_water_sources/dongjiang_raw_water/index.html)>, accessed September 27, 2010.

70. *Ibid.*, para. 32.

(RSP), and volatile organic compounds (VOC).<sup>71</sup> Although environmental groups criticized these efforts as insufficient, it was the first time Hong Kong got Guangdong to commit to specific targets and enhance the transparency of information disclosure. In December 2003, both sides formulated the PRD Regional Air Quality Management Plan.<sup>72</sup> A PRD Regional Air Quality Monitoring Network with 16 monitoring stations was jointly established in mid-2005. Since late that year, an index of daily air quality information for various parts of the PRD region has been released online; a report is jointly submitted every half year. A set of standard operating procedures for monitoring has been jointly developed. These cooperative efforts have spurred greater objectivity in data collection and transparency of air quality information in Guangdong.

### The Case of Shenzhen

Shenzhen merits special treatment because it has been borrowing so systematically from Hong Kong that it may well become an extension of a quasi-Hong Kong development model. The latest impetus by Shenzhen stems from its economic transformation from a manufacturing base to a more diversified economy with a growing service sector. Because the land resources are almost all developed, the Special Economic Zone (SEZ) looks to move up the value chain and seek closer economic integration with Hong Kong in order to build a modern service economy using the latter's management and regulatory expertise. Xu Zongheng, the former mayor of Shenzhen (2005–09), publicly argued that despite the differences between the two areas, Shenzhen should not only “serve Hong Kong” but also “learn from Hong Kong” in areas such as social management, urban construction, public service, government operation, and democracy and law (*minzhu fazhi*).<sup>73</sup> Although Xu was arrested for corruption in 2009, his successor has not deviated from his path. In 2010, Shenzhen's Party chief Wang Rong regarded Singapore, Hong Kong, and Seoul as the benchmarks for further development.<sup>74</sup> The following analysis

71. HKSAR government, *Joint Statement on Improving Air Quality in the Pearl River Delta Region*, <<http://www.info.gov.hk/gia/general/200204/29/0429128.htm>>, accessed October 7, 2010.

72. Environmental Protection Department, *Reducing Emissions to Improve Regional Air Quality*, <[http://www.epd.gov.hk/epd/english/news\\_events/legco/files/EAPanel\\_Paper\\_29Sept05.pdf](http://www.epd.gov.hk/epd/english/news_events/legco/files/EAPanel_Paper_29Sept05.pdf)>, accessed October 7, 2010.

73. *Shenzhen Economic Daily*, April 22, 2008.

74. *Qiusbi* [Seeking Truth], September 1, 2010, <[http://www.qstheory.cn/zxdk/2010/201017/201008/t20100830\\_45028.htm](http://www.qstheory.cn/zxdk/2010/201017/201008/t20100830_45028.htm)>, accessed September 15, 2010.

focuses on Hong Kong's influence on Shenzhen's administrative and political reforms and the planning of Qianhai District.

*Hong Kong as a Reference for Administrative Reform*

In November 2001, the State Commission Office for Public Sector Reform approved Shenzhen as a test site for deepening administrative reform; delegations were sent to study the administrative systems in Hong Kong, Singapore, and the U.K. in January 2002.<sup>75</sup> Shenzhen's reform proposal aimed to differentiate administrative powers into three areas: policy formulation, execution, and supervision (*juece, zhixing, jiandu*). Former Mayor Yu Youjun argued that decision-making bodies should focus on policy making but not implementation, executive agencies should mainly be doing policy implementation but not formulation, and supervisory and auditing bodies should jointly conduct supervision.<sup>76</sup> Huang Weiping, a professor at Shenzhen University and a major drafter of the blueprint, confirmed that the reform had drawn various lessons from Hong Kong.<sup>77</sup>

Shenzhen endorsed the plan for administrative reform in March 2006, but it was not fully implemented.<sup>78</sup> The actual launch did not come until after December 2008, when the *Outline of the Plan for the Reform and Development of the PRD* finally supported this initiative. In May 2009, the State Council further approved the *Master Plan to Pilot Comprehensive Reform in Shenzhen* and indicated that the city should learn from Hong Kong's regulations and operating mechanisms and seek closer cooperation.<sup>79</sup> By August 2010, seven policy-making commissions were set up in Shenzhen to shoulder policy-making, planning, and supervisory functions. Under them were 18 policy execution bureaus.<sup>80</sup>

Hong Kong's emphasis on "small government, big society" provides a model for recasting the relations between the state and society in Shenzhen.<sup>81</sup> In Hong Kong, professional bodies of law, accounting, and medicine regulate

75. *21st Century Business Herald*, April 1, 2004, p. 6.

76. *Xin Jing Bao* [Beijing News], May 25, 2009, p. A1.

77. *Ming Pao*, March 28, 2004, p. B06; *Wen Wei Po*, September 28, 2002, p. A5.

78. *Southern Metropolis Daily*, March 11, 2008, p. A37; *Xin Jing Bao*, May 25, 2009, p. A1.

79. *Shenzhen News*, May 27, 2009, <[http://www.sznews.com/zhuantil/content/2009-05/27/content\\_3796662.htm](http://www.sznews.com/zhuantil/content/2009-05/27/content_3796662.htm)>, accessed September 15, 2010.

80. Xinhuanet, August 10, 2010, <[http://www.gd.xinhuanet.com/newscenter/ztbd/2010-08/10/content\\_20582845.htm](http://www.gd.xinhuanet.com/newscenter/ztbd/2010-08/10/content_20582845.htm)>, accessed September 14, 2010.

81. *Wen Wei Po*, July 20, 2009, p. A13.

their own professions, and the government only focuses on monitoring their practices in accordance with the law. In June 2004, a Bureau of Professional Associations was established under the Shenzhen government. In 2006, the bureau was combined with the Office of Civic Associations under the Bureau of Civil Affairs to form the Bureau of Civic Associations. Since 2008, business, social welfare, and charity bodies no longer had to attach themselves to “supervisors” (*yewu zhuquan danwei*) after formal registration.<sup>82</sup> In order to build a “harmonious society,” Shenzhen promoted the profession of social work and the outsourcing of social services through competitive bidding to service providers, copying from Hong Kong’s experience. In 2008, Shenzhen’s Civil Affairs Bureau introduced a major program so that its social workers would be trained and supervised by Hong Kong’s non-profit professionals.<sup>83</sup> Shenzhen’s civil service reform also followed Hong Kong’s experience by introducing non-civil service contracts in June 2000.<sup>84</sup> Starting from 2010, all civil servants would be employed on a contractual basis, renewable every three years.<sup>85</sup> Under Mayor Xu Qin, who has a doctorate in business administration from Hong Kong Polytechnic University, Shenzhen will send promising officials to Hong Kong for short-term training in subjects ranging from urban management to social development, in order to build a service-oriented government.<sup>86</sup>

#### *Engaging Hong Kong to Build the Qianhai District*

After intense lobbying from Shenzhen, the State Council in August 2010 approved its plan to develop the Qianhai District into a demonstration zone for modern services by learning from Hong Kong. Various advisers proposed turning Qianhai into “a Special Zone within a Special Zone.”<sup>87</sup> Shenzhen’s Party Secretary Wang Rong maintained that Shenzhen would learn from

82. *Shenzhen Special Zone Daily*, February 23, 2010, p. A1.

83. Institute of Social Service Development, ed., *Xianxing Xianshi: Shenzhen Shegong Zhuanye Shanliangdian* [Move first, try first: Shenzhen social work professional double spotlights] (Hong Kong: Chung Hwa Book Co., 2010).

84. *Chengdu Daily*, August 24, 2010, p. 8.

85. *Wen Wei Po*, June 12, 2010, p. A20.

86. Human Resources and Social Security Administration of Shenzhen Municipality, *2009 Nian Shenzhen Shi Xingzheng Jiguan Gongwuyuan Peixun Gongzuo Jihua* [Training plan for civil servants in Shenzhen’s administrative organizations 2009], <[http://www.sz.gov.cn/cn/xxgk/rsxx/jypx/200911/120091113\\_1227087.htm](http://www.sz.gov.cn/cn/xxgk/rsxx/jypx/200911/120091113_1227087.htm)>, accessed September 21, 2010.

87. *Wen Wei Po*, August 30, 2010, p. A6.

Hong Kong in managing Qianhai.<sup>88</sup> Unlike Pudong, Shanghai's rapidly developed industrial and service district, Qianhai did not adopt a management committee system but set up the Qianhai Management Bureau. This resembled the Airport Authority in Hong Kong, established by the government but run as a public corporation.

In September 2010, the Qianhai bureau suggested that it would follow Hong Kong practices in three areas: (1) lowering the tax rates for companies and salary taxpayers to a level closer to that of Hong Kong; (2) allowing the establishment of offshore finance and arbitration companies from Hong Kong; and (3) introducing a pilot proposal for the convertibility of the RMB in order to develop Shenzhen's function as a financial market.<sup>89</sup> Whether this bold experiment will be fully implemented remains to be seen, but its planning already reflects knowledge transfer from Hong Kong and the reference value of its financial, administrative, and legal systems.

#### *Shenzhen as a Special Political Zone?*

Because Hong Kong's political system differs from the Mainland's, it is impossible for China's localities to draw directly from the former colony's experience. However, officials and scholars in Guangdong who have knowledge of Hong Kong affairs understand the merits of a more open society, transparent government, and the rule of law. They are at the forefront advocating more reform, including political reform, in South China. Since 2000, there have been various attempts by the Shenzhen government to introduce political reform, but these proposals, including a comprehensive package suggested in 2008, failed because of lack of central support.<sup>90</sup>

Nonetheless, Hong Kong is often used as an example. For instance, a leading adviser in Shenzhen argued that the SEZ should take one step forward in political reform, adding that it made more sense to learn from Hong Kong and Singapore, rather than the U.S., U.K., or other developed Western countries.<sup>91</sup> The Guangdong Reform Studies Association, comprising mainly retired provincial officials and scholars from Shenzhen and Guangzhou, in

88. *Shenzhen Special Zone Daily*, September 1, 2010, p. A2.

89. *South China Morning Post*, November 8, 2010, p. A3; *Wen Wei Po*, September 10, 2010, p. A30.

90. Huang Weiping and Hu Xueliang, "2008 Nian Shenzhen 'Zhenggai Caoan' Jiedu" [An interpretation and reading of the 2008 Political Reform Draft], *Shehui Kexue Yanjiu* [Social Sciences Studies], no. 1 (March 2010), pp. 62–67.

91. *Guangdong Gaige* [Guangdong Reform], no. 2, August 2010, p. 34.



mid-2010 completed a government-sponsored consultancy to explore Shenzhen's future trajectory.<sup>92</sup> One retired senior official with extensive knowledge of Hong Kong advocated various political reform measures for Guangdong, with Shenzhen serving as the test site.<sup>93</sup> He proposed the direct elections of officials at the town and county levels in the countryside and street and urban district levels in the cities; strengthening the power of the people's congresses, especially over public finance and government appointments; and allowing community and business organizations to nominate candidates for people's deputies.

Other proposals included allowing campaigning by candidates and reducing state intervention in economic and social affairs. It is no coincidence that the more-daring advocates of political reform have working experience in Hong Kong affairs. Besides scholars and officials, some business persons such as the founder of Vanke, Wang Shi, a leading Shenzhen-based real estate developer, have suggested that Shenzhen should learn from Hong Kong by promoting democratic elections, citizen rights, and civil society.<sup>94</sup> Although President Hu Jintao's speech commemorating Shenzhen's 30th anniversary in October 2010 did not designate Shenzhen as a "special political zone," Premier Wen Jiabao has reiterated that without the safeguard of political reform, the fruits of economic reform will be lost and the goal of modernization cannot be achieved.<sup>95</sup> Divergent views among China's top leaders and their overriding concern with stability have thwarted political experiments in Shenzhen. However, attempts to introduce political reform have never ceased there: should China expedite political reform again, Shenzhen may likely become a test site.

## CONCLUSION

As China globalizes, Hong Kong will no longer remain the sole model for reference. The political and economic influence of the Mainland in Hong Kong has also increased significantly since 2003. Nonetheless, Hong Kong's values, practices, and experiences have already been selectively incorporated

92. See the website of this association at <<http://www.gser.cn/>>, accessed on October 31, 2010.

93. *Guangdong Gaige*, no. 2 (August 2010).

94. *Hong Kong Economic Journal*, September 13, 2010, p. 36.

95. *China Daily*, August 23, 2010, p. 2; *Yazhou Zhoukan*, "Zhongguo Zhenggai zhi Zheng: Nangfang Ribao vs. Guangming Ribao" [Debate over China's Political Reform: Nanfang Daily vs. Guangming Daily], *Yazhou Zhoukan*, September 19, 2010, pp. 26–31.

in different sectors in the Mainland, most notably in South China. Constitutionally, Hong Kong's entrenchment of OCTS demonstrates the value of institutional diversity and suggests multiple possibilities for China's evolving constitutional order. Politically, aside from offering support to dissidents, lawyers defending human rights, or other pro-democracy forces in China, Hong Kong's pursuit of democracy will have major implications if China embarks upon political reform.<sup>96</sup> With the commitment for universal suffrage to elect the chief executive in 2017 and the LegCo in 2010, China has proposed a democratic road map for Hong Kong. Although the exact details for these elections are not finalized, the importance of this democratic experiment within the Chinese body politic should not be discounted. At the intergovernmental level, the Mainland authorities in South China have selectively utilized Hong Kong's experiences in improving their governance. With the growing integration between the two areas, Hong Kong's informal influence will expand even further. While being embraced by a rising China, Hong Kong has continued to play a unique role in influencing its governance and politics.

96. Lo, *Competing Chinese Political Visions*.