

**THE PROMISE OF
DEMOCRATIZATION IN HONG KONG**

**THE IMPACT OF JULY'S PROTEST
DEMONSTRATIONS ON THE NOVEMBER 23
DISTRICT COUNCIL ELECTIONS
A PRE-ELECTION REPORT**

NDI Hong Kong Report #8

November 17, 2003



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Report of the NDI Survey Mission, NDI Hong Kong Report No. 1, July 13, 1997.

The New Election Framework, NDI Hong Kong Report No. 2, October 23, 1997.

Autonomy and the Rule of Law, NDI Hong Kong Report No. 3, May 1, 1998.

The May 24, 1998 Elections - A Pre-Election Report, NDI Hong Kong Report No. 4, May 15, 1998.

The May 24, 1998 Elections, NDI Hong Kong Report No. 5, July 30, 1998.

The 2002 Chief Executive Election and the Transition Five-Years after Reversion, NDI Hong Kong Report No. 6, March 11, 2002.

Accountability without Democracy? The Principal Officials Accountability System in Hong Kong, NDI and Civic Exchange, October 16, 2002.

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The Promise of Democratization in Hong Kong:

The Impact of July's Protest Demonstrations on the November 23 District Council Elections A Pre-Election Report

This report is the eighth in a series prepared by the National Democratic Institute for International Affairs (NDI) about the promise of democratization in Hong Kong. Since early 1997, NDI has monitored the status of autonomy and the prospects for democratization in the Hong Kong Special Administrative Region (HKSAR) in light of international standards and benchmarks outlined in Hong Kong's Basic Law. NDI has also organized study missions and issued periodic reports on political developments in the region. These reports have assessed the development of the Hong Kong's post-reversion election framework; the political environment on the eve of reversion to Chinese sovereignty; the status of autonomy, rule of law and civil liberties under Chinese sovereignty; the first elections in the HKSAR under Chinese sovereignty; and the prospects for democratization beyond the 10-year transition period set forth in the Basic Law. The Institute hopes that its monitoring efforts will contribute to better understanding of the ongoing transition process and provide support to those interested in promoting democratization in Hong Kong.

Christine Chung, NDI China Program Director, and Eric Bjornlund, independent consultant and former NDI Regional Director, wrote this report. Peter Manikas, NDI Regional Director for Asia Programs, made editorial contributions to the report. Eric Bjornlund and Peter Manikas joined Christine Chung in Hong Kong from September 12 to 17, 2003 for meetings with government officials, political party leaders and legislators, nongovernmental organization representatives, academics, journalists, diplomats, and others.

Kenneth D. Wollack
President
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EXECUTIVE SUMMARY

From September 12 to 17, the National Democratic Institute for International Affairs (NDI) conducted an assessment of the political environment following July 1 and subsequent events, as well as preparations for the November 23 District Council elections. While in Hong Kong, the delegation held extensive interviews with government officials, political party leaders, civil society and business representatives, and members of the international community. The following is a report on the assessment team's findings. The report, entitled *The Promise of Democratization in Hong Kong: The Impact of July's Protest Demonstrations on the November 23 District Council Elections—A Pre-election Report*, marks the eighth in NDI's ongoing series evaluating the development of democracy in Hong Kong. The delegation found that there is a renewed commitment and energy among many Hong Kong people to ensuring the development of democracy and the protection of their freedoms. However, at the same time, the assessment team witnessed skepticism and wariness regarding Hong Kong residents' ability to affect the actions of their government and Beijing's ultimate influence on the Hong Kong Special Administrative Region's (HKSAR) progress towards universal suffrage.

More than half a million people (out of a population of 6.8 million) marched on July 1 to protest the government's efforts to force passage of unpopular Article 23 national security legislation and in support of democracy. The Civil Human Rights Front formally organized the July 1 march with the support of various other groups, including those not generally known for their political activism. Before July 1, the government dismissed the significance of the planned demonstration. Even organizers had failed to anticipate the massive turn-out when they predicted some 100,000 to 300,000 likely marchers. Nevertheless, despite record numbers of marchers, no one was arrested during the day-long demonstration, and the march has been universally lauded as orderly. The Chief Executive did not respond immediately to the demonstration, and eventually after a series of resignations and more protests, withdrew the controversial legislation in early September.

Both the magnitude and suddenness of the July 1 demonstration seemed to take Beijing by surprise. Since July 1, officials from Beijing and Hong Kong have traveled back and forth in an apparent effort to improve consultations and information sharing. For the most part, Beijing has urged Hong Kong people, particularly prominent people and the press, to support Tung.

Since July 1, many in Hong Kong have characterized recent events as a demonstration of "people power." One of the key questions is whether perceptions of Hong Kong residents about their own ability to influence the actions of their government have changed. Hong Kong's political parties in general have received little credit for the successful opposition to Article 23 legislation or the mass public protest. By all accounts, many Hong Kong people remain skeptical of political parties. However, as the political

debate deepens, the role of political parties in the governance of Hong Kong has come to the surface as one of the key issues that require attention.

On November 23, 2003, Hong Kong will hold elections for its 18 District Councils. As the first formal gauge of political opinion since July 1, the District Council elections will be subject to intense scrutiny for greater turnout and changes to party preferences. The voters will elect a total of 400 of the 529 members of the District Councils. Of the 400 constituencies, candidates in 74 will run unopposed while 763 people will contest the other 326 seats. The District Councils have relatively few powers and limited budgets. However, they are Hong Kong's only training ground for aspiring politicians. Moreover, successful candidates are able to develop local networks that some have used to mobilize voters for the Legislative Council (LegCo) elections. It will be the newly elected LegCo that will determine Hong Kong's progress towards universal suffrage in 2007 and 2008.

Despite the success of the July 1 protest, few observers expect the District Council elections to be a referendum on the performance of the government or the future of democracy in Hong Kong. Many believe the political dynamics and issues that affect these local elections are too distant from the broader concerns that motivated so many people to participate in the July demonstrations and that are likely to affect future LegCo elections. At the same time, a number of civil society organizations are urging voters to look beyond a candidate's record or promises on delivering services to consider his or her political stance.

With the Article 23 controversy laid aside for now, the next major political issue simmering to the surface appears to be the constitutional review of whether Hong Kong will elect the Chief Executive and all the members of the legislature through universal suffrage. As Hong Kong begins to address this issue, the question remains: have Hong Kong's fortunes changed with the series of dynamic events in July. The events triggered by July 1 have "mainstreamed" what was formerly seen to be an activist agenda. At the same time that Hong Kong is experiencing a renewed interest in democratic governance, China is exploring its own political development. The full impact of Hong Kong's "summer of discontent" continues to unfold. One thing, though, is certain: Hong Kong's residents can no longer be characterized as "apolitical."

INTRODUCTION

The events in Hong Kong from July 1 onwards have attracted international attention. Since 1997, Hong Kong has been adjusting to its unique “one country, two systems” framework while progressing along its prescribed transition process to a democratic system with universal suffrage for the elections of its Chief Executive and its legislature.¹ The dramatic events that were triggered by the July 1 mass demonstration have shaken the government, alarmed Beijing and have given Hong Kong’s people a new confidence in their ability to influence what they had perceived as an unresponsive political leadership. Old assumptions no longer stand. This report continues NDI’s periodic assessment of Hong Kong’s political situation and addresses these recent developments and the lead up to the District Council elections on November 23.

I. THE JULY 1 PROTEST

The Demonstration of July 1

July 1 marked the beginning of the most dynamic days in Hong Kong since reversion to Chinese sovereignty in 1997. More than half a million people (out of a population of 6.8 million) marched on July 1 in support of democracy and in opposition to the government’s efforts to force passage of unpopular national security legislation. Government officials and demonstration organizers settled on the half million estimate after they gave up efforts to tally a more accurate count, but many observers have suggested that the figure was likely considerably higher. Whatever the exact number, the July 1 protest was the largest demonstration in Hong Kong since 1989 when an estimated one million people rallied in support of Tiananmen Square demonstrators.

Article 23 of the Basic Law of the Hong Kong Special Administrative Region (HKSAR)—enacted by the National People’s Congress in China to serve as the constitution of Hong Kong—requires that Hong Kong pass laws that address treason,

¹ The 1984 Sino-British Joint Declaration laid out the principles for Hong Kong’s exceptional arrangement that allowed it to revert to Chinese sovereignty while maintaining autonomy in its executive, legislative and judicial power. This is commonly referred to as the One Country, Two Systems framework. In 1990, the National People’s Congress enacted the Basic Law of the Hong Kong Special Administrative Region (HKSAR) of the People’s Republic of China that functions as Hong Kong’s constitution. The Basic Law lays out a 10-year transition process that aims for universal suffrage for the Chief Executive and the Legislative Council (LegCo) but following the principle of “gradual and orderly progress.” The HKSAR’s first Chief Executive was elected by a “broadly representative” 400-member Selection Committee. In 2002, the Chief Executive was elected by an 800-member Election Committee. Similarly, the first post-reversion 60-member LegCo in 1998 was composed of 20 directly elected members returned by geographical constituencies, 10 selected by the Election Committee, and 30 functional constituency representatives. In 2000, the number of directly elected members was increased to 24 with a corresponding reduction in the number selected by the Election Committee. In 2004, the number of directly elected members will rise to 30. The methods for election of the Chief Executive after 2002 and election of the LegCo after 2004 are not outlined in the Basic Law.

secession, sedition, subversion and theft of state secrets.² Many Hong Kong people³ opposed the proposed legislation on the grounds that it was overly broad and would threaten traditional civil liberties in Hong Kong.⁴ Others questioned why it was necessary to pass the legislation at this point in time and without more careful deliberation.

Not only were the content of the proposed legislation and the timing of its introduction objectionable to many in Hong Kong, but the government failed to live up to its promise to conduct a genuine process of public consultation in order to consider public sentiment on this important matter. The government refused to acquiesce to demands for a “white bill” (that is, a version with draft provisions that can be amended before the actual legislative process, while the later version, known as the “blue bill,” is the actual draft legislation submitted to the legislature for passage) and instead laid out general principles in a consultation paper that most critics complained was inadequate for serious analysis and discussion. The government then compiled and categorized opinions as in favor, against or unclear, but its evaluation of public opinion submissions were widely viewed as disingenuous. The government reported that many of the most vocal opponents of the legislation, such as the Bar Association and the Hong Kong Human Rights Monitor, had submitted “unclear” opinions neither in favor nor against the Article 23 legislation.

The Civil Human Rights Front, a coalition of about 40 civil society organizations, formally organized the July 1 march with the support of various other groups, including those not generally known for their political activism. Various professional groups, including associations of doctors, lawyers, engineers and teachers, urged their members

² Article 23 of the Basic Law provides, “The Hong Kong Special Administrative Region shall enact laws on its own to prohibit any act of treason, secession, sedition, subversion against the Central People’s Government, or theft of state secrets, to prohibit foreign political organizations or bodies from conducting political activities in the Region, and to prohibit political organizations or bodies of the Region from establishing ties with foreign political organizations or bodies.”

³ The semantics of what to call the people of Hong Kong is politically charged. Essentially, there are four classes of residents: 1) citizens are Chinese nationals who have the right of abode in Hong Kong, 2) permanent residents are those persons with the right of abode in Hong Kong who may or may not also be citizens—e.g. right of abode can be obtained by some foreign nationals after seven continuous years of residency in the HKSAR—they have the right to vote in elections for the LegCo and District Councils, 3) non-permanent residents are those persons with the right to live in the HKSAR and with permission to work as well, 4) others—this includes visitors and domestic helpers. Article 24 of the Basic Law covers who has the right of abode. NDI uses the terminology “Hong Kong people,” a term widely used in Hong Kong itself, throughout this report to refer generally to the HKSAR’s population.

⁴ During the first stage of the public consultation before the government provided the actual text of the legislation, concerns were focused on the following issues: treasonous acts not being defined narrowly enough, automatic proscription of groups banned in China, no provision for public interest defense against theft of state secrets, sedition being defined as mere intent to take unlawful action, possession of state secrets being an offense, expansion of police search powers, secession and subversion not being defined narrowly enough.

⁵ “Who Can Mobilize 500,000 People to Rally? July 1 Demonstration and Political Communication in Hong Kong,” Hong Kong University Public Opinion Programme, Joseph Chan and Robert Chung, based on results of a survey of 1,154 successful respondents out of 1,323 contacted done during the demonstration.

to participate as did both the Catholic and protestant churches. Bishop Joseph Zen in particular seized the attention of the press and the ire of Beijing. The crowd was diverse in age and background and included large numbers of professionals, university graduates and students. According to a Hong Kong University poll, nearly 60 percent of demonstrators categorized themselves as middle class, more than half held higher education degrees, and about 40 percent were professional or managerial level workers.⁵

Before July 1, the government dismissed the significance of the planned demonstration. Secretary for Security Regina Ip remarked notoriously that if people participated it was because they did not have better things to do with their time on a public holiday (the anniversary of Hong Kong's reversion to Chinese sovereignty). In response, numerous protestors chanted, "Regina, we have better things to do." Also heard were variations on "Tung Chee-hwa step down," and "Down with the DAB" (referring to the pro-government political party, the Democratic Alliance for the Betterment of Hong Kong). There were placards and banners, some with caricatures of Chief Executive Tung Chee-hwa⁶ and the Secretary for Security, but on the whole the protestors could be characterized as polite.

Even protest organizers had failed to anticipate the massive turn-out when they predicted some 100,000 to 300,000 likely marchers. Nevertheless, despite record numbers of marchers, no one was arrested during the day-long demonstration, and the march has been universally lauded as orderly. Participants gathered in Victoria Park to proceed down the main street to the Central Government Offices. Most sported black garb despite the summer heat (temperatures reached up to 90 degrees Fahrenheit). Many waited hours for their turn to march with the objective of being counted as they passed under two designated bridges.

The Chief Executive did not respond immediately to the demonstration. Instead, he offered the expectant press a terse "no comment." On July 4, Tung finally spoke, but his comments were uninspiring: "I am weighing carefully the views that have been presented to me, the suggestions that have been made to me. I will let you all know immediately when a decision is made . . . I would like to reiterate that it is our duty as Chinese citizens, it is also a duty under the constitution, to legislate national security laws."⁷ To supporters and detractors alike, the administration seemed to be floundering amidst the growing political crisis.

Although the international media gave wide play to the march, there was no media coverage on the mainland for days. Nevertheless, news leaked through the porous border between the HKSAR and Guangdong province and beyond. In the days afterwards, Chinese officials continued to offer supportive statements for the beleaguered Hong Kong Chief Executive.

⁶ Chief Executive Tung Chee-hwa was re-elected to a second term on February 28, 2002 at the end of the nomination period for candidates when he emerged as the sole candidate.

⁷ Cheung, Jimmy and Ambrose Leung and Gary Cheung, "Liberals back delay in security legislation," *South China Morning Post*, July 5, 2003.

Events After July 1

July 9 had long been slated for the second reading of the national security bill, and the widespread expectation had been that Legislative Council (LegCo) would adopt the measure on that date. In the days after the July 1 rally, James Tien, Chairman of the Liberal Party and member of Tung Chee-hwa's Executive Council (ExCo), and other prominent figures flew to Beijing to consult with leaders there. Upon his return on July 4, Tien reported that he had met with Liao Hui, Director of the Hong Kong and Macau Affairs Office, and Liu Yandong, Director of the United Front Work Department of the Communist Party. According to Tien, Beijing wanted the HKSAR to pass Article 23 legislation as soon as possible, though the details of the timeline and content were matters for Hong Kong to decide on its own. Tien advised Tung to postpone the passage of Article 23 legislation until December of this year in order to give the government more time to explain the measures to the public.

Nevertheless, Tung forged ahead. While on July 5 the Chief Executive announced three major amendments to the bill, which represented important concessions, he maintained his firm intention of having the legislature act by the July 9 deadline. The amendments included the removal of the automatic proscription of groups affiliated with bodies banned on the mainland, the introduction of public interest as a defense in connection with the unlawful disclosure of certain official information, and the deletion of the provision that conferred on police the power to conduct home searches without court warrant during emergency investigations. Critics, however, argued that the amendments were not sufficient to alleviate concerns about the potential threat to civil liberties, while others called for more time to extend the public consultation. Pro-democracy parties and forces continued to denounce the Article 23 legislation while demanding universal suffrage and greater democracy.

On July 6, in a surprising move, James Tien resigned from the ExCo. Tien's resignation from the cabinet meant that the eight Liberal Party LegCo members would no longer be bound by their chairman's collective responsibility obligation to the administration. Lacking sufficient votes to guarantee passage of the bill in LegCo, the Chief Executive declared at 1:57 AM on July 7 that he would delay consideration of the bill. He provided no timetable, but most politicians expected that Tung would reintroduce the bill to LegCo after the summer recess in order to have the legislation passed before the end of the legislature's term.

On July 9, 30 to 50 thousand protestors gathered outside the LegCo building for a candlelight vigil, again organized by the Civil Human Rights Front. On July 14 the Democracy Development Network, a nongovernmental organization with a high proportion of academics and a number of Democratic Party members, organized yet another pro-democracy rally. Some 10 to 20 thousand people, many wearing the unofficial uniform of the day --organizers selected the color of orange to signify solidarity with their cause-- congregated in the Central district of Hong Kong.

On July 16 two of the most controversial ministers in Chief Executive Tung Chee-hwa's cabinet resigned. Secretary for Finance Antony Leung walked away from his office after the Independent Commission Against Corruption (ICAC) delivered to the Secretary for Justice the report of its investigation into his alleged misconduct over the purchase of a luxury car. Secretary for Security Regina Ip announced that she had submitted her resignation for personal reasons well in advance of the July 1 rally, though many observers believe she made this claim to counter the impression that popular discontent had forced her out. On August 4 the government announced that Beijing had accepted Tung's new ministers, Henry Tang as Secretary for Finance and Ambrose Lee as Secretary for Security.

On September 5, Chief Executive Tung Chee-hwa abruptly withdrew Article 23 legislation. He announced that there was no fixed timetable for the legislation and promised only that there would be future public consultation on the matter. This seemed to contradict statements by his new Secretary for Security Ambrose Lee, who had only the day before outlined plans for a second public consultation to take place later that month.

Calls for Tung Chee-hwa to step down have become more pronounced as his popularity ratings plummeted to new lows in the aftermath of the July events before recovering somewhat.⁸ The Anti-Tung Coalition, a group of individual activists including LegCo member Emily Lau, was formed to seek resignation of the Chief Executive. Frustrated legislators proposed a motion in LegCo to remove Tung but failed to garner a majority. The Basic Law provides only that the Chief Executive must resign "when he loses the ability to discharge his duties as a result of serious illness or other reasons." According to the Basic Law, if the Chief Executive resigns, the Chief Secretary assumes the position on an acting basis and a new selection process must take place within six months. It is unclear, however, whether the selection of a new Chief Executive, who could claim the confidence of the Central Government, would advance the prospects for democracy in Hong Kong.

Background to July 1 Events

A confluence of factors contributed to the eruption of political discontent this summer in Hong Kong, long described as generally apolitical. Conventional wisdom has attributed the public's disaffection to economic malaise. The economic crisis that hit the region in 1997-98 certainly affected the livelihoods and mood of Hong Kong's population. Property values have fallen some 60 to 70 percent since then, resulting in negative equity for many middle-class homeowners. Unemployment reached a record high of 8.7 percent this year, and budget cuts affecting social services have increased hardship for Hong Kong's most vulnerable residents.

In fact, the HKSAR government has focused on lifting Hong Kong's economic prospects rather than considering the political dimensions of its problems. Under the

⁸ "Four indicators on Chief Executive's popularity—combined charts," Hong Kong University Public Opinion Programme, November 11, 2003.

Closer Economic Partnership Arrangement (CEPA) between the HKSAR and Beijing announced earlier this year, the Hong Kong government claims to have gained advantaged access to the mainland while ceding little to Beijing in return. Other measures to increase economic links with the mainland include a US\$2 billion Y-shaped bridge project linking Hong Kong, Macau and Zhuhai. Beijing's liberalization of travel restrictions on individual Chinese citizens has fueled projections of increases in annual tourism revenue by HK\$20 billion to HK\$95 billion as Hong Kong anticipates the mass arrival of tourists from the mainland. At the same time, fears of rising illegal employment and increased crime rates in Hong Kong have tempered the optimism somewhat.

While economic problems certainly have contributed to the public's dissatisfaction with the administration, the state of the economy cannot by itself explain the depth of concern about the proposed handling of security legislation and the future of democracy in Hong Kong. The demonstrations reflect a reaction to a series of unpopular government actions—not only the government's handling of the public consultation over Article 23 but also other issues, particularly its management of the public health crisis of Severe Acute Respiratory Syndrome (SARS), the failure of the new accountability system and its refusal to appoint an independent commission to conduct an inquiry of the government's handling of SARS.

The SARS crisis from March to July brought Hong Kong's tourist economy practically to a standstill and seriously disrupted professional and social life throughout the HKSAR. Schools were closed for six weeks. Restaurants, shopping malls, theaters and other public venues remained eerily empty throughout this period. People donned surgical masks to go out in public; waiters in upscale restaurants wore rubber gloves. Pervasive fear made normal life in Hong Kong impossible. While the SARS crisis was principally a public health phenomenon, many Hong Kong people felt immense frustration with the government's slow response to the situation. On March 31, for example, the government announced an unprecedented quarantine of one of the towers of the Amoy Gardens, a vast housing complex with about 15 thousand residents, to contain a SARS outbreak there. By the time law enforcement, medical and other government officials arrived, however, some 200 of the tower's 700 residents reportedly had already fled. Similarly, many critics charged that hospital authorities were irresponsible because they failed to procure or distribute adequate protective gear for health care workers.

The government failed to address this pent-up frustration when it named an international panel, led by Secretary for Health, Welfare and Food Yeoh Eng-kiong, to investigate the HKSAR's handling of the SARS outbreak. Essentially, the government was going to investigate itself. During the early days of the SARS outbreak, Dr. Yeoh had downplayed the seriousness of the emerging crisis in daily news conferences with a series of memorable quotes that quickly came back to haunt him. Chief Executive Tung Chee-hwa said that the panel would be "targeting issues and not individuals." In contrast, the health ministers of both China and Taiwan were fired for their performance regarding the handling of SARS. Despite all the fanfare accompanying the new Principal Officials Accountability System in 2002, which was supposed to enhance accountability in the

HKSAR, the government seemed determined to ensure that no one would take any responsibility.⁹

Indeed, the public response to the committee's report has been general dissatisfaction. Many people called for a LegCo select committee to take up the inquiry. Eleven lawmakers from all major political parties, led by Democratic Party member Law Chi-kwong, were elected on October 31 to sit on the select committee to investigate the government's handling of SARS.

Before the onset the SARS outbreak in Hong Kong, residents were preoccupied with "Lexus-gate"—the scandal surrounding the Financial Secretary Antony Leung's failure to disclose his purchase of a vehicle just days before his announcement of the rise in luxury car registration tax, whereby he exempted himself from this increased fee. Controversy grew when it became known that another ExCo member had disclosed his imminent purchase of an expensive vehicle during a committee meeting which provided the opportunity for Leung to have made a similar admission. Critics called for a formal investigation and the Financial Secretary's resignation, which he actually offered. Tung rebuked the errant principal official for his "gross misconduct" but refused to accept his resignation.

Effects of July 1

Both the magnitude and suddenness of the July 1 demonstration seemed to take Beijing by surprise. Commentary on the demonstrations from Beijing evolved from early statements like that by Zou Zhekhai, deputy director of the Central Government's liaison office, warning that Hong Kong was becoming a "city of chaos" to eventual acceptance of the 500,000 demonstrators as "patriots" by officials including Liu Yangdong, director of the United Front Work Department. Since July 1, officials from Beijing and Hong Kong have traveled back and forth in an apparent effort to improve consultations and information sharing. Government officials and semi-official representatives, including pro-Beijing politicians, business leaders and leaders of professional groups, have all made visits to Beijing. Beijing, in turn, has sent various teams to assess the situation in Hong Kong. For the most part the Chinese leadership has urged Hong Kong people, particularly prominent residents and the press, to support Tung.

Since July 1, many in Hong Kong have characterized recent events as a demonstration of "people power." One of the key questions is whether perceptions of

⁹ In July 2002, the government introduced one of the most substantial structural changes to the system of governance in Hong Kong with the Principal Officials Accountability System, commonly referred to as a ministerial system. The new system established an additional class of government officials appointed by the Chief Executive with the approval of the central government to make government policy and oversee government activities. The government had argued that the new system would protect the permanent civil service, allows the Chief Executive to have a political team, gives the Chief Executive essential power to hire and fire top officials, and will improve policy-making. Not only has the new system failed to address the fundamental problem that there still is an essential absence of a democratic mandate for executive-branch policy making, it also has not delivered on its promise of greater accountability.

Hong Kong citizens about their own ability to influence the actions of their government have changed. Voter registration numbers for the upcoming District Council election have increased by about 100,000. (There were 2.9 million voters registered in Hong Kong last year.) Only two weeks of this registration drive actually took place after the significant events of July 1, but some observers have posited that this apparent new interest in local elections suggests a greater willingness of Hong Kong people to voice their opinions. The results of the District Council election are being anticipated by some for their indication of people's changed voting behavior after recent events. Others downplay their significance because the issues are too localized and the voting too personal by constituencies that comprise only a few thousand people. Nevertheless, as the first formal gauge of political opinion since July 1, the District Council elections will be subject to intense scrutiny for greater turnout and changes to party preferences.

With the Article 23 controversy laid aside for now, the next major political issue simmering to the surface appears to be the constitutional review of whether Hong Kong will elect the Chief Executive and all the members of the legislature through universal suffrage. The government has announced that it will begin public consultations in 2004 although the exact nature of the exercise and when a formal consultation document will be issued remain unclear. Meanwhile, numerous civil society organizations are mobilizing to address this issue of constitutional reform as the 2007 Chief Executive and 2008 LegCo elections loom ever closer.

Effect of the July 1 Demonstration on Political Parties

Hong Kong's political parties in general have received little credit for the successful opposition to Article 23 legislation or the mass public protest. Many observers credit civil society organizations, particularly the Article 23 Concern Group, a small group of advocates and legal scholars, and the Bar Association, for engaging on the merits of the legislation in a technical and determined way and pursuing a successful political strategy to oppose the legislation. As noted earlier, it was an umbrella organization of civil society organizations that included human rights, religious and rainbow coalition groups that actually organized the demonstrations of July 1 and 9 by applying for the permits and catalyzing the gatherings.

By all accounts, many Hong Kong citizens remain skeptical of political parties. Commentators from across the political spectrum have noted that the middle class in particular, is ambivalent about parties, and no political party adequately represents the middle class. The Democratic Party and other opposition politicians are often viewed as being critical of the government while not offering constructive alternatives to the government's policies. Their contentious relationship with Beijing and with Hong Kong's Chief Executive, in the view of some political observers, has marginalized them and rendered them less effective than they might be otherwise. The Democratic Alliance for the Betterment of Hong Kong (DAB), on the other hand, consistently supported the Chief Executive in insisting that the HKSAR needed to enact Article 23 legislation as soon as possible despite indications that even some of its core supporters were disenchanted with the public consultation process. With its Chairman on Tung's ExCo

and its traditional identity as the pro-Beijing and pro-government party, the DAB's popularity ratings generally have been tied to those of the government. Following July 1 and subsequent events in Hong Kong, the DAB's image suffered along with the government's.

In the wake of the July 1 demonstration, the party politics of Hong Kong do appear to have shifted somewhat. The pro-business, pro-Beijing Liberal Party seems to have gained popular support and the Democratic Alliance for the Betterment of Hong Kong (DAB), the more broadly-based pro-Beijing party, appears to have lost some. At the same time, the pro-democracy parties, the Democratic Party and The Frontier, do not yet appear to have captured the public imagination.

As the political debate deepens, the role of political parties in the governance of Hong Kong has come to the surface as one of the key issues that require attention. Even the Secretary for Constitutional Affairs has said that party politics are important to Hong Kong's political development. While the government has stated that it will try to work with all parties to build common ground, Tung Chee-hwa actually met with both the Democratic Party and The Frontier in October in what was reported to have been a more productive conversation than the one that took place in July.

The Democratic Alliance for the Betterment of Hong Kong

Established in 1992, with over 2000 members, the DAB is Hong Kong's largest party. The DAB retains representation on the Chief Executive's ExCo and therefore serves as much as a government party as one could under a political system that does not allow for a ruling party.¹⁰ The party characterizes itself as pro-government while the press generally refer to it as "pro-Beijing." Moreover, the DAB has strong links to the mainland authorities, which many observers believe to be important for its ability to participate in policy-making and managing information flow. At the same time that the DAB maintains these relations, it claims to be committed to "gradual and orderly development of a democratic government with the ultimate aim that the Chief Executive and all members of the Legislative Council will be elected by universal suffrage."¹¹

DAB Chairman Tsang Yok-sing and various DAB LegCo members stated during the July 1 rally that the people of Hong Kong had been "mised," which led to angry denunciations of the DAB by protestors both during and after the march. Tsang issued a public apology several days later. After James Tien resigned from ExCo, Tsang also said he would not rule out the possibility of resigning from the ExCo but then decided to stay on. Many activists and some in the press criticized him for "flip-flopping." In the immediate aftermath of the July 1 protest, the DAB seemed to be seriously concerned about having lost considerable public support that could lead to devastating results at the polls in November.

¹⁰ The 2002 Chief Executive Election Ordinance requires any party member elected as Chief Executive to step down from his or her political party upon assuming office.

¹¹ DAB Manifesto, July 10, 1992.

However, it appears that the subsequent events to the July 1 demonstration and the ultimate shelving of the Article 23 legislation by the Chief Executive have led to less concern by DAB members about dire consequences in the upcoming District Council elections. A number of observers have cited the political damage to the DAB as one possible reason for the Chief Executive's ultimate decision to withdraw the Article 23 legislation indefinitely.¹² The DAB hopes to maintain its 88 District Council seats with 206 candidates contesting the elections.

The DAB's traditional supporters are generally regarded as coming from the "grassroots"—working class or housing estate residents, many of them senior citizens—for whom the types of services that are delivered by District Councils including minor social services and field trip outings are particularly important. Even some voters who are not traditional DAB supporters have remarked that the party is better able to deliver on those local services than the Democratic Party.

If the DAB performs poorly in the District Council election, the consequences could be significant. The administration might feel some pressure for more rapid political change since a poor showing by the DAB might be interpreted as a vote of "no confidence" in the government. If the survival of the Hong Kong government is threatened, Beijing might also have to re-assess the situation. The Chairman of the DAB has stated that he would consider resigning if the party loses. Without a clear successor and various unresolved tensions within the party, the future of the DAB would be highly uncertain.

The Liberal Party

James Tien and the Liberal Party gained substantially from the July 1 protest when Tien resigned from ExCo in a move to oppose the rushing through of Article 23 legislation. Because it essentially represented the decisive vote, the Liberal Party received significant political credit. New members have joined the party's 300 pre-existing members. The Liberal Party, in addition to its appointed seats, hopes to increase its elected representation on District Councils from 15 seats with 26 candidates running in the election. Ironically, although the Liberal Party was hailed as the hero of the public will, the party had withdrawn its support for a Legislative Council fully elected under universal suffrage from its 10-year old party constitution at the end of last year.

With none of its eight LegCo members having won directly elected seat in a geographic constituency, the Liberal Party leaders have argued publicly that universal suffrage would not be a good thing for Hong Kong. A senior party official recently argued that functional constituency representatives are better able to address the important issues facing Hong Kong today because they are not beholden to populist demands. He argued that employment, housing, health and education are more important than the universally recognized principle of one person, one vote.

¹² Lee, Klaudia, "A tactic to save the DAB, say analysts," *South China Morning Post*, September 6, 2003.

In September Liberal Party Vice-Chairman Selina Chow took up James Tien's former seat in the Chief Executive's Ex Co. The Liberal Party thus resumed its role in the cabinet. Whether there has been any more subtle longer term negative fallout for the Liberal Party for its Chairman's actions is a question that remains. Strained relations with Beijing seem difficult to gauge although many observers noted the fact that the Vice-President Zeng Qinghong had initially turned down the request for a meeting by the Liberal Party in September during a visit by senior members on the heels of the DAB's widely publicized meeting with him. James Tien admitted that many mediators were involved with reversing that decision, but even then observers noted that mainland officials neither provided an all-important photo opportunity nor commented publicly on the visit as they had done during the DAB delegation and visits by other groups.

The other question is whether the Liberal Party will be able to evolve from a business-friendly party to one that is able to actually earn support within the middle class. As the other important pro-Beijing party, the Liberal Party stands to play an important role in the political development of the HKSAR.

The Democratic Party and Pro-democracy Camp

According to polls and most observers, the Democratic Party (DP) does not appear to have benefited significantly in terms of increased popularity from the success of the July 1 protest. Rather, the independent, pro-democracy political and civil society leaders who have been regarded as the instrumental figures in waging the successful campaign to halt Article 23 legislation seem to have gained in public popularity.

The Democratic Party, founded in 1994, has some 600 members and holds the most seats in the legislature with 11 LegCo members. There are currently 75 District Councillors who are Democratic Party members. Although seven Democratic Party incumbents are not running for re-election, the Party is fielding 120 candidates in the November polls.

The Frontier, founded in 1996, still counts itself as a pressure group rather than a party despite successfully fielding candidates in both the LegCo and District Council elections. The Frontier is running 13 candidates in November's District Council election.

With the transition in party leadership last December, the DP has tried to position itself as a more moderate force and has tried to engage the Central Government repeatedly. Although The Frontier has placed a priority on Tung stepping down, the DP has adopted a more pragmatic stance and continues to attempt to work with the Chief Executive. The DP's October meeting with the Chief Executive appeared to yield some results. After presenting Tung with a copy of its alternative policy address in advance of the Chief Executive's own annual speech, the DP discussed specific proposals that included abolishing appointed District Council seats and establishing an industrial zone on the Guangdong border. Tung Chee-hwa agreed to consider these proposals.

Moreover, Beijing appears to be considering allowing DP members to visit mainland China as part of an official LegCo delegation composed of all 60-members. Most democracy activists, including many DP members, have been barred from crossing into the mainland since 1989. This would be a significant meeting, one that has been endorsed by the Breakfast Group, an informal group of about dozen unaffiliated LegCo members who generally support the government. On various occasions, even the Liberal Party has encouraged Beijing to engage in dialogue with the democratic camp in Hong Kong. Although there is no official contact between central government authorities and members of the DP and other pro-democracy parties, most observers believe that informal exchanges do take place. Officials like Vice-President Zeng Qinghong have stated that he is willing to meet with “other” political parties in Hong Kong “if the need arose.”

The DP continues to focus on political reform while at the same time admitting it needs an economic strategy as well. Party officials concede that political activism is not enough and recognize they need to prove they are not just “arm-chair critics.” According to DP leaders, the party lost many middle class voters in the 2000 election. The DP intends to get those voters back. In the lead up to the 2004 LegCo elections, the democratic camp seeks to increase its representation, strengthen its political alliances and demonstrate the democracy camp’s political strength.

II. ELECTIONS AND PROSPECTS FOR POLITICAL REFORM

District Council Elections

On November 23, 2003, Hong Kong will hold elections for its 18 District Councils. This will be the first opportunity for Hong Kong’s citizens to go to the polls since the dramatic events of the summer. The voters will elect a total of 400 of the 529 members of the District Councils. As compared to the existing councils, this represents an increase from 390 to 400 elected seats because additional seats have been added in the New Territories where some new towns have seen considerably increased population. The government will appoint another 102 members, and 27 individuals serve on an *ex officio* basis on rural committees in the New Territories.

Members serve a four-year term, beginning on January 1, 2004. Candidates are elected to District Councils from geographical constituencies through a straightforward “first past the post” system. Each voter can cast a vote for only one candidate, and the candidate with the largest number of votes wins.

By the end of the nomination period on October 15, the Electoral Affairs Commission received 846 nominations; three were deemed invalid and six were withdrawn. Of the 400 constituencies, candidates in 74 will run unopposed while 763 people will contest the other 326 seats.

The District Councils have relatively few powers and limited budgets. District Councils advise the government and oversee some expenditures for environmental improvements and recreational, cultural and community activities. When it abolished the Municipal Councils, which sat in between the District Councils and the Legislative Council, in 1999, the government promised to increase the power of the District Councils, but those promises remain essentially unfulfilled.

The District Councils, however, are Hong Kong's only training ground for aspiring politicians. Moreover, successful candidates are able to develop local networks that some have used to mobilize voters for the more important LegCo elections. District Council members receive about US\$2,000 per month for their office operations. Also, District Councillors have 42 seats on the 800-member election committee that has elected the Chief Executive and six of the 60 LegCo members.

Many observers criticize the feature of appointment of one-quarter of the seats after the election. To a significant extent, the existence of appointed seats undercuts the logic of the District Councils as a means for the HKSAR government and bureaucracy to understand and respond to the concerns of people at the local level. The District Councils proved themselves to be out of touch with public opinion when 16 of the 18 councils passed motions supporting the passage of Article 23 legislation.

Despite the success of the July 1 protest, few observers expect the District Council elections to be any kind of referendum on the performance of the government or the future of democracy in Hong Kong. Many believe the political dynamics and issues that affect these local elections are too distant from the broader concerns that motivated so many people to participate in the July demonstrations and that are likely to affect future Legislative Council elections. At the same time, a number of civil society organizations are urging voters to look beyond a candidate's record or promises on delivering services to consider his or her political stance.

In September, the Electoral Affairs Commission announced a change in polling hours for the District Council election as mainly an effort to cut costs that would not unduly infringe on people's right to vote. The Democratic Party had threatened to support a lawsuit seeking a judicial review to challenge the reduced polling hours from the traditional 7:30 AM to 10:30 PM hours to closing at 7:30 PM. Civil servants and transport and service industry workers criticized the proposed shorter hours for making it extremely difficult for them to vote. The Electoral Affairs Commission then reversed its controversial move in what was hailed as an effect of the government's increased sensitivity to public opinion in the aftermath of the July 1 demonstration.

Although neither the Democratic Party nor the Democratic Alliance for the Betterment of Hong Kong expects dramatic changes in the numbers of party members elected to District Councils in November, a couple high-profile contests might provide some preview of the battles to be waged over the 2004 LegCo elections. Frontier LegCo member Cyd Ho will be challenging DAB Vice-Chair Ip Kwok-him in Central and Western District. As Chair of the LegCo committee on Article 23, Ip's high profile role

in the pro-government's camp during its efforts to push through the unpopular legislation makes this one of the more colorful contests to follow. DAB LegCo member Choy So-yuk will go against veteran democracy protestor "Long Hair" Leung Kwok-hung in the New Territories.

Legislative Elections in 2004

Elections for the next Legislative Council in 2004 figure prominently in discussions of politics or the future of democracy in Hong Kong. The next Legislative Council is important because it will decide whether the "ultimate aim" of a legislature elected entirely through universal suffrage will be realized after the end of the 10-year transition period in 2007. In other words, the 2004 elections will determine the composition of the body that will determine the future of democracy in Hong Kong.

The Basic Law provides for incremental increases in the number of directly elected seats in the Legislative Council during a transition period of 10 years, beginning with reversion to Chinese sovereignty in 1997. In the election in 2004, in accordance with the schedule established in the Basic Law, Hong Kong citizens will elect directly, based on universal suffrage, one-half of the 60 seats in the LegCo. The Basic Law declares, however, "the ultimate aim is the election of all members of the Legislative Council by universal suffrage."¹³ Likewise, during the transition, an election committee selects the Chief Executive. While the Basic Law does not specify how the Chief Executive will be selected in 2007 and thereafter, it clearly states, "the ultimate aim is the selection of the Chief Executive by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures."¹⁴ This raises the possibility that the Chief Executive could be popularly elected beginning in 2007 and the legislature could be fully elected by 2008.

Until the "ultimate aim" of universal suffrage is achieved, elections in the HKSAR, like elections that were held under British sovereignty, cannot meet international standards. The framework established by the Basic Law, reinforced by post-reversion election laws that further restrict democratic rights, maintains a system that effectively maximizes political power for economic and political elites and hinders the ability of citizens at large to influence who controls the government, the Legislative Council or government policy.

Since 1998, Hong Kong has used a "largest remainder" proportional representation system with districts to choose the directly elected seats in the LegCo. This system ensures that a party with significant but not plurality support, such as the DAB, will win a significant proportion of the available seats. A majoritarian or first-past-

¹³ Basic Law, Annex II.

¹⁴ Basic Law, Annex I.

¹⁵ For some of the functional constituencies, the electors are individuals while in others they are corporate bodies. Functional constituencies include such groups as agriculture and fisheries, financial services, labor (3 seats), health services, transport, education, catering, information technology, textiles and garments and social welfare.

the-post system, given the same voting patterns, would give a greater number of seats to the party gaining the largest number of votes. Thus, in the Hong Kong Island district, for example, a party could win two of four seats with just 30 percent of the vote.

In accordance with the Basic Law, 30 of the 60 seats in the LegCo to be elected in 2004, as in the current legislature, are reserved for representatives of “functional constituencies” composed of various business and professional groups.¹⁵ The functional constituencies are a fundamentally undemocratic feature of Hong Kong’s political system. Many functional constituencies have corporate as opposed to individual voting. This includes even non-Hong Kong entities, such as U.S. companies that are members of the General Chamber of Commerce.

Nine of 30 functional constituency seats were uncontested in the last LegCo elections. There is the possibility that pro-democracy candidates could contest these and other functional constituency seats. Democrats are targeting functional constituencies that lean democratic, including engineers, accountants, doctors and surveyors. Some 22 of the 60 current LegCo members are considered pro-democracy. The DP remains modest in its goals to gain more seats and political power “inch by inch.” They hope to increase their representation, in both directly elected and functional constituency seats, to 28 seats of the 60 in the 2004 elections. They hope to build on that to increase their number to 31 seats, or a majority, in 2008. Of the six new directly elected seats, the democratic camp believes it could win four to five of them.

Nevertheless, despite the absence of full democracy in the current institutional arrangements, as NDI has pointed out in the past, the Basic Law framework also protects the rule of law and holds out the promise of fully democratic elections in the future, if Hong Kong’s government and elites allow that promise to be realized.

III. PROSPECTS FOR CONSTITUTIONAL REFORM

The July 1 demonstration and the elections in 2003 and 2004 will have long-term political implications for the debate over constitutional reform in Hong Kong. The 10-year transition process built in to the Basic Law unambiguously establishes the “ultimate aim” of direct elections based on universal suffrage for the Legislative Council and the Chief Executive, but the Basic Law neither commits Hong Kong to reaching those goals immediately at the end of the transition period nor does it answer other questions about the nature of the HKSAR’s governing institutions at that time.

Timing and Process for Consideration of Constitutional Reforms

Because of the 10-year transition period established by the Basic Law, there is a built-in need for consideration of future institutional arrangements in Hong Kong, at least as far as the method of electing the legislature and Chief Executive beginning in 2007. (The term of the next Legislative Council will run through 2008.) Thus, Hong Kong faces the fundamental question of whether and how it will change or reform its governing

institutions in 2007-08. But the question of what Hong Kong should do in 2007 is a question for the present, as the current political debate will frame the choices and consider the implications of those choices and the 2004 elections will determine the makeup of the Legislative Council that will make such fundamental, constitutional choices.

Accordingly, there has been debate for some time in Hong Kong about the timing, nature and scope of a process of the so-called “constitutional review.” The term constitutional review is used in Hong Kong to refer to the process of examining the Basic Law and determining what structural changes to governance might be made both within the constraints of the mini-constitution and outside of it. Democracy advocates have urged the government to initiate a formal review process immediately, certainly before the 2004 elections. At the time of reversion, debate seemed to revolve not around whether Hong Kong should have fully democratic elections but whether that transition could or should take place faster than the prescribed 10 years. The government suggested then that a debate about full democracy in Hong Kong was premature.¹⁶ More recently, at least since legislative elections in 2002, many in the democracy camp have urged the government to initiate the long-planned review. Some political leaders criticize the government for its failure to date to do so and suggest the government has been intentionally dragging its feet.

For its part, the government has said it will begin the formal review in 2004 but remains undecided as to exactly when. The Secretary for Constitutional Affairs has said that a timeline will be released before the end of this year.

Potential Agenda for Constitutional Reform

Whether Hong Kong will go ahead and embrace fully democratic elections is the first and perhaps the most important question on the HKSAR’s political agenda. Although this is certainly within the ambit of what Hong Kong political leaders and observers mean when they refer to “constitutional reform,” the election of the Chief Executive and Legislative Council through universal suffrage is fully consistent with the Basic Law as it currently exists and, therefore, is not, strictly speaking, a question of constitutional reform. No amendment to the Basic Law would be required for Hong Kong to adopt fully democratic elections. The Basic Law provides that Hong Kong can decide to hold fully democratic elections for the Legislative Council by a vote of two-thirds of the LegCo and the consent of the Chief Executive after 2007. The Basic Law provides that this decision need only be “reported to” the Standing Committee of the National People’s Congress in Beijing.¹⁷ The establishment of a direct election for the Chief Executive requires the same two-thirds vote of the LegCo and the consent of the Chief Executive, as well as the “approval” of the Standing Committee.¹⁸ In short, a decision to adopt fully democratic elections using universal suffrage would not require constitutional amendment, although it does require the support of a supermajority in the

¹⁶ See *Report of the NDI Survey Mission*, NDI Hong Kong Report No. 1, July 13, 1997.

¹⁷ Basic Law, Annex II.

¹⁸ Basic Law, Annex I.

legislature, the Chief Executive and—at least in the case of the method for electing the Chief Executive—the Standing Committee.

At the heart of the first debate is Article 45, which states that “the ultimate aim is the selection of the Chief Executive by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures.” How the nominating committee would be constituted and how it would operate are key questions. The nominating process could either act as a “filtering” mechanism that would prevent certain people from running or serve as part of a genuinely open democratic election procedure. The Article 45 Concern Group (recently morphed from the Article 23 Concern Group) has suggested that two possible starting points for nominating committees could be the LegCo or the current Election Committee.

According to sources with close ties to Beijing, the central government now may be willing to contemplate universal suffrage for the Chief Executive before it would allow universal suffrage for the election of the entirety of the LegCo. Since Beijing remains preoccupied with maintaining stability in Hong Kong, it is willing to consider some political reforms that, it believes, further this objective. The July 1 demonstration called into question not only the government’s reading of public sentiment in Hong Kong but also the effectiveness of the current system in guaranteeing political and social stability.

Closely related to the question of whether Hong Kong will adopt a fully democratically elected Legislative Council is the issue of the future of functional constituencies. A decision to hold direct popular elections for the entire legislature, of course, would mean by definition the elimination of functional constituencies in the Legislative Council. At the same time, a bicameral legislature might still provide for some representation of functional constituencies in some kind of second house, although this, unlike a decision for direct elections of the chief executive and the entire Legislative Council, would require a fundamental amendment of the current constitutional arrangements.

Although first introduced in 1985 as a means of strengthening Hong Kong’s economic power and protecting its autonomy, functional constituencies are an essentially undemocratic phenomenon. First, they exist to provide direct representation and special political influence for designated special interests. Second, they allow members of such favored special interest groups to have more than one vote—one for representatives from geographical constituencies and a second one for representatives from functional constituencies. Third, because of the peculiar rules governing LegCo, which allow functional constituency representatives acting separately from the directly elected legislators to block private member bills, functional constituencies have considerable power as a block. While functional constituencies were previously defended as an appropriate compromise or transition measure, many among Hong Kong’s political and business elite are increasingly open in arguing that Hong Kong should retain functional constituencies after 2007.

Even though fully democratic elections would not require a constitutional amendment, the Chief Executive and at least some of those representing functional constituencies, by definition, would have to agree to change the method of elections in order to implement this “ultimate aim” because of the Basic Law’s requirement for a two-thirds vote and the support of the Chief Executive for such a move. In other words, even if all 30 democratically elected representatives in the LegCo after 2004 (those representing “geographical constituencies”) support fully democratic elections, in order to reach the necessary 40 votes, at least 10 functional constituency representatives would have to agree, in effect, to put themselves out of office. Many of them seem increasingly disinclined to do so. However, as the Secretary for Constitutional Affairs himself has pointed out, all LegCo members swear allegiance to the Basic Law, including its “ultimate aim” of a directly elected Chief Executive and Legislative Council.

Similarly, if the method for electing the Chief Executive is not changed until after selection of the next Chief Executive in 2007, the incumbent Chief Executive at that time would also have to agree to face the voters to serve a second term. The Basic Law refers to possibility of changing the method of electing the Chief Executive “subsequent to 2007”¹⁹—which, the government has verified finally could include the choice of the Chief Executive in 2007.

The government reports that it plans a comprehensive review of Hong Kong’s experience with elections to date as well as of the composition of the legislature. Such a review will address practical electoral arrangements, including such questions as demarcation of constituencies, voter registration and appropriateness of proportional representation. As part of its broad review, the government is considering a new political party law and seeking ways to strengthen political parties. To support the electoral campaigns of parties, for example, the government has introduced a scheme to reimburse parties that reach a threshold of 5 percent of vote for up to 50 percent of qualified election expenses at a rate of \$10 per vote.

In addition to fully democratic legislative elections, the popular election of the Chief Executive and the future of functional constituencies, the Hong Kong government, political leaders and other observers have suggested a number of other fundamental issues that should be part of any serious constitutional review. These include the closely related questions of the role and responsibilities of the legislature, the role of political parties, the ministerial system and executive-legislative relations. Not all changes to existing institutional arrangements in these areas, like the question of fully democratic elections for Chief Executive and the legislature, would require formal amendment of the Basic Law either, but all are fundamental questions about the governance of Hong Kong. These issues also promise to be part of the process of considering and debating constitutional reforms.

For example, the Secretary for Constitutional Affairs has noted that universal suffrage is not required for the Principal Officials Accountability System (introduced in 2002) to work. Rather, he argued, because Hong Kong is an “open society,” the LegCo,

¹⁹ Annex I, sec. 7.

press and civil society can hold government to account even in the absence of universal suffrage. At the same time, one party leader claimed Chief Executive Tung remains more beholden to the civil service than to Beijing. In this view, the civil service's continued domination of the government means that the government operates with authority but not responsibility.

The process of constitutional review certainly will lead to further discussion and consideration of Beijing's proper role in Hong Kong's governance under the One Country, Two Systems formula. The debate over Article 23 and any future proposed security legislation also raises fundamental constitutional issues about the protection of civil liberties in the Special Administrative Region and the relationship between the central government and local authorities regarding perceived threats to security.

IV. CONCLUSION

The question remains: have Hong Kong's fortunes changed with the series of dynamic events in July. Civil society is maturing with the establishment of new groups, the expansion in scope and breadth of those that existed before July 1, and growing public awareness of the powerful role that this sector can play. Political parties are busy campaigning for the November District Council elections and perhaps have not had sufficient time to fully reflect upon the implications of July 1 on their future strategies. Observers are pointing out the increase in people's confidence, not only in themselves in their ability to influence their government but also in their right to do so.

The events triggered by July 1 have "mainstreamed" what was formerly seen to be an activist agenda. Democracy, and more specifically universal suffrage in 2007 and 2008, has become an almost mundane demand. Business persons who formerly were on record as dismissive of universal suffrage as appropriate for Hong Kong have made pronouncements that discussion on the subject would be appropriate. In September, Gordon Wu, Chairman of Hopewell Holdings, suggested, "The Constitutional Affairs Bureau should step up communication with people to look at the advantages and disadvantages of direct elections. There is a lot of work to be done and 2007 is not that far – the earlier it is begun, the better."²⁰

Beijing's attention has also been captured. So far, that has seemed to mean closer scrutiny of the range of public opinion in the HKSAR. In any case, Chinese officials have consistently supported Tung and have urged business people and media to do likewise, while at the same time acknowledging the Chief Executive's shortcomings. On September 29 President Hu Jintao was quoted in the People's Daily as saying, "The central authorities fully approve of his work, have complete trust in him, and believe he will certainly do his work even better."

²⁰ Shamsandi, Ravina, "Start talking on direct polls, says Gordon Wu," *South China Morning Post*, September 16, 2003.

Beijing has conferred a number of economic benefits to the HKSAR in the form of trade concessions and other preferential arrangements including the loosening of tourist traffic and various regional agreements. On October 9, Premier Wen Jiabao, said: "I am very happy to see that the situation in Hong Kong has become stable and the economic recovery is under way. This is what all Chinese - including Hong Kong people want to see....We should firmly stick by the policy of 'one country, two systems.' We must believe that Hong Kong people can govern Hong Kong well....Through economic development, we can improve Hong Kong people's livelihood....We should, through the gradual development of democracy, safeguard the various rights and freedoms that are guaranteed under the Basic Law....As long as we stay united and work hand in hand, I say this again: Hong Kong has a bright future."

Whether the added attention will translate into greater political interference remains a concern. At the same time that Hong Kong is experiencing a renewed interest in democratic governance, China is exploring its own political development. Whether China continues to develop more transparent and responsive political institutions or whether the reform process on the mainland falters, will undoubtedly affect relations with the HKSAR.

Hong Kong people hold positive views of the Central Government with polls consistently showing higher popularity ratings for the mainland's leaders than the beleaguered Chief Executive or his cabinet members. There is an interesting paradigm of patriotic sentiment in Hong Kong that belies most outsiders' understanding of the deep desire to retain traditional civil liberties while embracing the heritage of the motherland. The One Country, Two Systems construct is an experiment that holds important implications for the future of Taiwan's relations with the mainland. The full impact of Hong Kong's "summer of discontent" continues to unfold. One thing, though, is certain: Hong Kong's population can no longer be characterized as "apolitical."

