

HONG KONG'S POLITICAL REFORM AND DILEMMA

YEW Chiew Ping

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Executive Summary

1. On 24 and 25 June 2010, more than two-thirds of Hong Kong's lawmakers passed two resolutions on the 2012 election of the Chief Executive and the Legislative Council (Legco). This is the first time a government-proposed political reform package has gained passage since Hong Kong's handover to China.
2. Beijing's about-turn in accepting the Democratic Party's proposal to allow 3.2 million voters to vote for five new district councilor seats in the Functional Constituency (FC) of the Legco prevented yet another rejection of the reform proposal.
3. On the other hand, although the Democratic Party vouched to continue to fight for double universal suffrage, its support for the 2012 reform package has resulted in a split within the Party and the pan-democrats' camp.
4. Much of the controversy and debates over the reforms center on the FCs, in particular the election method and whether/when they should be abolished. This is because the FCs promote the narrow, special interests of major businesses and professional sectors that often run contrary to wider public interests.
5. The vested interests of FCs are evident in the implementation of the minimum wage rate in Hong Kong, which has been debated for over ten years, and the construction of a high-speed rail link with Shenzhen and Guangzhou.
6. According to the United Nations' statistics, Hong Kong topped the world's advanced economies in income inequality. Soaring property prices aggravate the already severe wealth gap.
7. Hong Kong's labor unions have recommended a minimum wage rate of HK\$33 per hour, which is strongly opposed by the business sector. In contrast,

more than 70 percent of the Hongkongers supported enacting a law on the minimum wage rate.

8. In the anti-high speed rail link campaign, the opposing camp, including a group of post-80s activists, put the blame on FC members for approving the project's HK\$65.2 billion funding despite a lack of public consultation.
9. Although the 2012 reform package fails to address the thorny issue of the FCs, the election of all Legco members through universal suffrage is the ultimate aim that is written into Hong Kong's Basic Law.
10. However, any changes to the selection process of the Chief Executive and the Legco must be approved by two-thirds of the Legco and consented to by the Chief Executive. Right now, pan-democrats are still a minority in the Legco because of the FCs, whose members will continue to resist universal suffrage for their own self-interest.
11. Beijing is in a dilemma with regard to Hong Kong's democratization. Letting one of its administrative region elects its own chief through universal suffrage means setting a precedent for other Chinese provinces and cities. Yet a democratic Hong Kong will also boost Taiwan's confidence in China and bring the two systems closer politically.
12. It is evident that Hong Kong's social problems have worsened because of a government that lacks popular mandate, as well as the confrontational relationship between its executive and legislative branches. There is a pressing need for bolder and more resolute political reforms in Hong Kong, not least to prevent societal divisions from deepening.