

ISSUE BRIEF

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The U.S. Must Fulfill Its Responsibility and Support Democracy in Hong Kong

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Hong Kong is the world's freest economy and has been for many years.¹ With almost zero tariffs, the city is completely open to international trade, has a small and efficient government with a professional civil service, and a light regulatory regime. Consequently, Hong Kong's gross domestic product (GDP) per capita of \$36,796 is one of the highest in the world, four times higher than China's.²

Beijing's continued excessive interferences in Hong Kong's political sphere and uncertainty over the promise of universal suffrage in selection of Hong Kong's next chief executive, however, cast doubt on the bedrock of Hong Kong's economic success—the rule of law.³

The U.S. has reason to speak out. In 1992, Congress passed the U.S.–Hong Kong Policy Act to establish U.S. policy for Hong Kong following its return to China in 1997. Among the act's declarations are the following key statements:

Support for democratization is a fundamental principle of United States foreign policy. As such, it naturally applies to United States policy toward Hong Kong.... The human rights of the people of Hong Kong are of great importance to the United States and are directly relevant to United States interests in Hong Kong. A fully successful tran-

sition in the exercise of sovereignty over Hong Kong must safeguard human rights in and of themselves. Human rights also serve as a basis for Hong Kong's continued economic prosperity.

A Miracle in the South China Sea

The area that is today's Hong Kong became a British territory in 1842. The city that emerged became an economic miracle, the fortuitous result of British rule of law, Chinese industry, and the foresight of enlightened colonial administrators who hewed to free-market principles even as Britain itself turned socialist. On July 1, 1997, London handed sovereignty of Hong Kong and its 7.1 million inhabitants, the vast majority ethnic Chinese, to China, which promised “one country, two systems.” While 1.3 billion mainland Chinese continued to be ruled by the Chinese Communist Party and have their personal freedoms restricted, Beijing promised Hong Kong's residents most of the same rights as liberal democracies. By 2017, Beijing claimed, both the city's leader and its mini-legislature may be elected through “universal suffrage.”⁴

China Reneges on Promises

In 2013, however, China suddenly announced that only candidates who toed the Communist Party line would be admissible to run for office,⁵ effectively ruling out members of Hong Kong's most popular political parties.

China has also tried to silence independent publications,⁶ breaching obligations it undertook in an international treaty registered with the U.N., in which China pledged to respect “[r]ights and freedoms, including those of the person, of speech, of the

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press, of assembly, of association, of travel, of movement, of correspondence, of strike, of choice of occupation, of academic research and of religious belief, as well as private property.”⁷

These ham-fisted steps have given renewed life to Hong Kong’s already strong pro-democracy movement, and thousands have demonstrated in the streets this year. An unofficial referendum calling for outright universal suffrage, which Beijing has bitterly denounced as “illegal,” garnered the signatures of more than a fifth of voters.⁸

The sight of China’s Communists grappling with a city as complex as Hong Kong has left many with the impression that they are witnessing a classic case of the “gorilla with the Stradivarius” syndrome. Today’s China is no longer Maoist China, however. There are many reform-oriented, sophisticated technocrats in China who understand that an urbane and educated people will not be content with political crumbs, and that a financial center depends on the free flow of information.

The case, often made by Hong Kong’s pro-China businessmen, that popular democracy will lead to the redistribution of wealth and the goring of Hong Kong’s capitalist goose is also wrong (not to mention deliciously ironic when made on behalf of Communists). Democracy, when paired with checks and balances that protect minority rights, need not devolve into two wolves and one sheep voting on what to have for lunch.

The U.S. Role

The U.S.–Hong Kong Policy Act declares that the U.S. “should play an active role” in maintaining Hong Kong’s prosperity, its status as an independent financial center, and mutually beneficial ties with the U.S. It makes clear that the U.S. “should treat Hong Kong as a territory which is fully autonomous from the People’s Republic of China with respect to economic and trade matters.”

This beneficial status gives Hong Kong companies access to sensitive technology that the U.S. denies mainland China in order to prevent proliferation, as long as Hong Kong protects such technology by maintaining an open and transparent export control system.⁹ The U.S. trade surplus with Hong Kong was the largest of any American trade surpluses in 2012, owing largely to high-tech products. Some 1,400 U.S. firms have offices in Hong Kong, close to 900 of these are regional headquarters or offices, reflecting the benefit that the city draws from being an oasis of stability and prosperity in Asia. As many as 60,000 Americans live in Hong Kong.¹⁰

As demonstrators gather in Hong Kong, President Barack Obama and Secretary of State John Kerry can:

- **Make clear to China that the world is watching.** They should make such statements publicly but also in private. Reticence regarding China has backfired in the past. In 1989, the U.S. refrained from making private representations to Beijing

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1. Terry Miller, Anthony B. Kim, and Kim R. Holmes, *2014 Index of Economic Freedom: Promoting Economic Opportunity and Prosperity* (Washington, DC: The Heritage Foundation and Dow Jones & Company, Inc., 2014).
 2. The World Bank, search for “Hong Kong GDP per capita,” <http://search.worldbank.org/data?qterm=Hong+Kong+GDP+per+capita&language=&format> (accessed July 2, 2014).
 3. Stuart Lau, Austin Chiu, and Brian Yap, “Hong Kong Lawyers March to Defend Judiciary in Wake of Beijing’s White Paper,” *South China Morning Post*, June 28, 2014, <http://www.scmp.com/news/hong-kong/article/1541814/hong-kong-lawyers-stage-silent-march-oppose-beijings-white-paper> (accessed July 2, 2014).
 4. Decision of the Standing Committee of the National People’s Congress, which became an amendment to China’s mini-constitution for Hong Kong, the Basic Law.
 5. Te-Ping Chen, “Hong Kong’s Future Leader ‘Must Love China,’” *The Wall Street Journal*, China Real Time, March 26, 2013.
 6. Gordon Crovitz, “Big Banks Kowtow to Beijing,” *The Wall Street Journal*, June 23, 2014.
 7. Hong Kong Joint Declaration of 1984.
 8. “Hong Kong Marches in Protest of Chinese Control,” *The Washington Post*, July 2, 2014.
 9. Harvey Feldman, “Hong Kong Needs U.S. Support,” *Heritage Foundation Commentary*, September 9, 2004, <http://www.heritage.org/research/commentary/2004/09/hong-kong-needs-us-support>.
 10. U.S. State Department, “Fact Sheet: U.S. Relations with Hong Kong,” August 16, 2013, <http://www.state.gov/r/pa/ei/bgn/2747.htm> (accessed July 2, 2014).
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in the run-up to the Tiananmen Square massacre of thousands, due to sensitivities stemming from false equivalency, with one senior U.S. official recently comparing the situation to the National Guard shooting at Kent State in 1970.¹¹

- **Substantiate public warnings by resuming the annual reports on Hong Kong** that the Secretary of State sent to Congress every year from passage of the act in 1992 to 2007.

The U.S. Congress can:

- **Formally condemn Chinese behavior and highlight the prospects that Beijing intends to renege on its promises** to Hong Kong and the international community to fully honor “one country, two systems.”

Conclusion

The U.S. government has long-term strategic reasons to speak up for Hong Kong. U.S. foreign policy would be easier to conduct if China became a normal, status-quo country with elections, free markets, and checks and balances. By allowing the people of Hong Kong to practice democracy, authorities in Beijing might acquire for themselves the frame of mind needed to introduce universal suffrage on the mainland itself. Just as China has begun to experiment with capitalism and free markets, learning some of those best practices from Hong Kong, Beijing could adopt from its newly acquired territory the political culture it needs to complete its latest revolution.

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11. Brent Scowcroft, Nicholas Kristof, and Richard N. Haass, “In the U.S. Response to Tiananmen, a Delicate Balance Between Geopolitics and Human Rights,” Council on Foreign Relations panel discussion, June 2, 2014, video, <http://www.cfr.org/united-states/us-response-tiananmen-delicate-balance-between-geopolitics-human-rights/p33041> (accessed July 2, 2014).