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Trinity College, adrian.j.lo88@gmail.com

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Foreigners from the Same Country

A senior thesis presented

By

Adrian Jonthan Lo

To

Trinity College Department of International Studies

Dean Chen Xiangming

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Asian Studies**

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Abstract

My thesis aims to dissect the confounding factors that lead to the build up of social tension between the Hong Kong and Mainland Chinese population. The three main causes of this tension are the major increase in the wealthy population within China, Hong Kong's "autonomous" political status, and Hong Kong's resource constraints. My thesis also aims to provide suitable solutions to diminish or extinguish the tension and give a logical prediction of Hong Kong's economic, political and social outlook in the upcoming years.

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Introduction

The relationship between Hong Kong and China is a difficult one to understand. The economic relationship is perhaps the cornerstone of the cooperation. Hong Kong has long been the world's economic gateway into China and the economic partnership between the two has been crucial to the economic prosperity of the region and the country. The political relationship is best defined by the innovative "one country two systems" policy after 1997. It is innovative in the sense that, under special circumstances, a city was given the privilege to maintain its own "autonomous" government. Unfortunately, the social or cultural relationship has suffered at the expense of the progression of the economic and political partnership. The reason for this is because social and cultural problems cannot be fixed by growth and policies. It is a matter of human integration and assimilation that cannot be measured by any metric and potentially the most important puzzle piece to creating a productive and efficient synergy between Hong Kong and China.

"What happens when an immovable object collides with an unstoppable force?" In such a ridiculous and outlandish scenario, would or could there be a winner? Would it end in a stalemate? Or would it end in mutual destruction? The fact of the matter is, how can an immovable object and an unstoppable force both exist on the same plain? If an object is immovable, it is therefore not possible for an unstoppable force to exist and vice versa. This scenario is known as the "Irresistible force paradox", it is a hypothetical situation that labels such as "immovable" or "unstoppable" are bogus and are merely states of mind. In the minds of "Hong Kongers", their resolve is immovable; their influence is immeasurable, and their identity is unique. In the minds of the Mainland

Chinese, their progress is unstoppable; their authority is absolute, and their reach is unlimited. Presently, there is a growing conflict between the Hong Kong and Chinese people. It is a conflict that has the potential to greatly damage the future cooperation and partnership of two economic powerhouses. The emergence of this social tension is most commonly attributed to a polarized society where a large minority group faces a majority group. In Hong Kong case, after 99 years of colonization by the British, the Hong Kong culture has created a unique, non-Chinese identity, and this social tension is perhaps caused by the post-colonization and re-integration with Hong Kong's origins, China. The social and cultural tension between the Hong Kong and Mainland Chinese people has developed due to the collective influences from China's rapidly growing economy, Hong Kong's economic integration with China and "autonomous" political status, and its territorial and resource constraints.

The Sino-Hong Kong relationship is an unavoidable and involuntary union. Hong Kong was a part of an agreement from the Treaty of Nanking at the end of the first opium war in 1842, between China and the British Empire. It was to become a colony of the British Empire for 99 years and have its sovereignty transferred back to the China at the end of the term. Prior to British rule, Hong Kong was developing port city with a population of under 8,000. Today, Hong Kong has a population of seven million and has developed into an international economic powerhouse (Horlemann).

Prior to the handover of Hong Kong, there was a lot of debate over how to handle the issue of Hong Kong sovereignty between China and England. In 1984, the Sino-British Joint Declaration was created and signed by Deng Xiaoping and Margaret Thatcher (Horlemann). The objective of the declaration was to preserve Hong Kong's

existing territorial integrity by making Hong Kong a special administrative region, giving birth to the concept and execution of One Country Two System. According to the declaration, Hong Kong's sovereignty and administrative institutions would remain intact for 50 years, starting from handover. The declaration also set the date of the handover on July 1st, 1997.

In 1997, Britain's lease on Hong Kong territory was over. Though British gained control over Hong Kong through somewhat scandalous means, many of the policies implemented by the British had done wonders for the growth of Hong Kong, not only in terms of economy, but also in terms of culture and identity. A century of English rule forged a unique dual identity. England had gained control of Hong Kong when it was still a tiny and insignificant island. They gave the island purpose; they made a miniscule dot stand out on every map. In many ways, England is solely responsible for Hong Kong's tremendous progress. The Hong Kong people had grown superficially attached to the England administration and had fallen victim to a bad case of Stockholm syndrome, which is a scenario when hostages develop empathy for their captors. They feared the transition to Chinese rule. During the time of the handover, China's communist government was still under a lot of scrutiny for what happened in Tiananmen Square. They were often criticized for their centralized government and harsh rule. And the international community feared that Hong Kong, an important international economic hub, would fall victim to China's suppression.

As 1997 drew near, many Hong Kong citizens feared the transfer of their sovereignty to the People Republic of China. They had confidence in the protection of personal liberties and rights and many people, especially civil servants and businessmen,

sought a way out. However, England realized that a mass exodus of key economic and political figures could incite turmoil within the Hong Kong economy and administration. By 1994, 3% of Hong Kong's labor force had immigrated to a foreign country. Countries, such as the United States, Canada and Australia received overwhelming numbers of immigration requests from Hong Kong. According to a China Morning Post news report from 1995, it was projected that by 1997, 1 in 10 Hong Kong people would have acquired foreign nationality (Goldammer). Local companies were even beginning to set up overseas offices, to accommodate growing immigration concerns. In order to prevent the imminent implosion within Hong Kong, the English government offered 50,000 households, up to 225,000 people, the right of abode in England without having to leave Hong Kong, making an exception for the 50,000 households by waiving the country's residency requirements (Goldammer). Prior to 1997, potential Hong Kong immigrants became highly sought after commodities. Countries viewed the opportunity as a chance to enhance their own economic standing by selling their citizenship or lowering residency requirements to attract prospective immigrants. Seychelles, an African island located in the Indian Sea, was selling their citizenship for 10,000 rupee (\$2,000 USD). Even more prominent and wealthy places, such as Taiwan, were willing to lower their required remittance and savings rate to lure these prospective immigrants (Goldammer). Canada, the recipient of highest number of Hong Kong immigrants during the period of the mid 90s, had a simple way of obtaining a Canadian passport by investing in the Royal Bank of Canada's immigration fund for 5 years. Ad-campaigns for Canadian telecom companies were targeted at Hong Kong immigrants who made many overseas calls. The Canadian Imperial Bank had a designated Asian banking center located near the

Chinatown of Calgary and various other cities (Goldammer). Currently, approximately 20% of Canada's population is made up of Chinese immigrants, with a majority of the 20% made up of Hong Kong-Chinese immigrants and the majority of them immigrating around the early to mid-90s (Goldammer).

After 15 years of maintaining the One Country Two System policy, Hong Kong appears to have managed to maintain its autonomous status and has continued to establish itself to be an economic powerhouse. Hong Kong citizens are no longer actively seeking to leave, and immigration into Hong Kong has actually increased, due to the visa-free benefits that the Hong Kong passport holds with many major countries and regions. On a macro level, Hong Kong seems to be making steady strides toward maintaining its utopia. On a micro level, turmoil and unrest are ever present. Hong Kong is presently battling a major identity crisis, one that extends to the depths of its social and cultural roots. After the handover in 1997, the Hong Kong people were incredibly resistant to assimilating with the Mainland Chinese. They believed themselves to be superior, more educated and more cultured than the Mainland Chinese, and in 1997, they may have been true. Hong Kong people were definitely exposed to and spoiled with better benefits and higher standards of living. During this time, Hong Kong was China's greatest source of foreign direct investment (FDI), which meant that China's economy was hugely dependent on Hong Kong's economy. China's economy was still not yet fully open and still running on a very limited form of capitalism. Today, China is the fastest growing and second largest economy in the world, only trailing the United States. Its economy is slowly shedding its dependence on Hong Kong's economy and the country's wealth and standard of living has improved substantially. That "superiority" that Hong Kong felt it had over the

Mainland Chinese is diminishing. The two are now on equal ground and this has created an incredible amount of tension between the two.

As a Hong Kong native, the city's wellbeing is naturally at the top of my list of major concerns. It is my duty as a Hong Kong citizen to familiarize myself with the city's economic, political and social climate. And since the 1997 handover, the developing relationship between Mainland China and Hong Kong has been the focal point of all facets of discussion. Their complex relationship not only holds the key to the future prosperity of Hong Kong but also holds the key to redefining Hong Kong as "Chinese" city.

My main goal for this thesis is to clearly dissect the growing social tension between the Hong Kong and Mainland Chinese. The reason I have chosen this particular focus, is because this social tension has created an incredible amount of resentment in both parties towards the other. If this negative sentiment from both parties continues to worsen, it will hinder the chances of forming a mutually beneficial or synergetic partnership between Hong Kong and China and put Hong Kong's future wellbeing in serious doubt. I believe the three main causes of the growing resentment are China's rapidly growing economy, Hong Kong's "autonomous" political status, and Hong Kong's resource constraints. The next step is to find suitable and effective solutions that could improve Sino-Hong Kong relations on a domestic and community level by understanding the existing Sino-Hong Kong relationship.

Chapter 1 – Money Can't Buy Happiness

The economic dependence of Hong Kong on China and economic dependence of China on Hong Kong has been an important factor in the development of China's economic and the region's development. Since Hong Kong's 1997 handover, economic integration between the Hong Kong and Chinese economy has been a much-discussed topic. However, before full economic integration can be achieved, both parties must be working toward the same objective and both parties must be completely willing and happy to cooperate. Recent social tension that has developed between the Hong Kong and Chinese people may hinder the progression of a fully integrated economy. And one of the main causes of this social tension is China's rapidly developing economy.

In recent years, China has made giant strides towards eventually becoming the largest economy in the world. In the process, China's rapid economic development has facilitated and engineered the creation of a generation of "Nouveau Riche" that has created a major divide in the social and cultural development of the nation. This new generation of wealth is very much concentrated in the southeastern part of the country particularly in the Pearl River Delta Region. In 2001, the Pearl River Delta region, which includes areas such as Guangdong and Shenzhen, was home to only 3.3% of the nation's population, but accounted for 8.7% of the nation's GDP, 24% of the nation's FDI and most impressive of all, 34.1% of the nation's exports (Chen, Xiangming). The main reason for the region's affluence is due to its proximity to Hong Kong. Due to a lack of space in Hong Kong, much of the city's manufacturing sector was moved across the border

during the 1980s and 1990s.

In the 1980s, Hong Kong's

manufacture labor force

declined from 1 million

workers down to 250,000

workers. In 1997, Hong

Kong's manufacturing

employment fell below

200,000, to account for only about 5.4% of the city's entire work force. And in 2003,

close to 10 million jobs were created by 53,000 Hong Kong-invested factories in the

Pearl River Delta region (Chen, Xiangming). While this is not the full extent of Hong

Kong's business partnership with China, it is certainly enough evidence that both

parties play a crucial role in the other's economic progression.

China's economy has made many drastic changes since the Maoist years of the Chinese Communist Party and it is important to understand the country's historical economic development in order to better comprehend its modern day economic status. In 1949, after Mao had just risen to power after defeating Chiang Kaishek and the Kuomintang in the Chinese Civil War, Mao implemented China's first Five Year Plan in 1953, which was adopted from the Soviet economic model of centralized planning and state owned sectors (Horlemann). The purpose of this first Five Year Plan was to stimulate economic growth with a strong emphasis on heavy industrials, such as iron and steel production. That first year of the Five Year Plan resulted in real GDP growth of 15.6%, which was partially due to the land reforms



Figure 1 Hong Kong's Labor migration

put in place by Mao. The next four years produced real GDP growth of 4.2%, 6.8%, 15% and 5.1% (China's GDP Growth – China Economic and Business News). As Mao's first economic initiative, the Five Year Plan was exceptionally successful in establishing a solid foundation in the industrial sector of the country's economy.

Mao's second economic initiative, perhaps the most well known and infamous, is the Great Leap Forward. It was an economic and social campaign that lasted three years from 1958 – 1961. Its aim was to shift some of the economic decision making to more provincial level, in an attempt to decentralize the authority of the central government. The campaign's target was utilize the country's massive population and labor force to create a production boom in all sectors, was particular focuses in industrial and agricultural growth. The plan was to "leap" into economic prosperity, but due to an insufficient amount of capital and resources to sustain the large amounts of investment into the rapid industrialization of the country, the country fell into deep crisis. The campaign was fundamentally flawed in the sense that its use of commune systems and collectivization took away the labor forces' incentive to work hard for the betterment of the nation. Many agricultural communities greatly exaggerated or lied about their levels of production just to please the central government; much of the nation's capital was then diverted to focus on steel production. The government took the grain that had been harvested and used it to supply towns, cities and exports, leaving miniscule amounts for the peasants. This caused the Great Chinese Famine, resulting in a death toll speculated to be as high as 30 million. The Great Leap Forward was then followed by the Cultural Revolution, which further disrupted economic development.

In the late 70s – the early 80s, when Deng Xiaoping came to power after Mao's death, this was the turning point in China's economic progress. His first order of business was to reform China's agricultural sector by abolishing Mao's commune system and establish privately owned plots of land, where farmers had to give a certain level of production to the state but were allowed to keep any surpluses, which gave farmers a great incentive to increase productivity; this was known as the Household-responsibility system. This was the answer to China's problem with food shortages and was also the beginning of strong development within the agricultural system. These reforms would reach urban industries as well. State-owned industries were also now allowed to sell surpluses above the production quota. Private business were allowed to be operate for the first time since Communist rule and the establishment of special economic zones opened the country up to foreign investment for the first time since the Kuomintang's reign.

During this time, Hong Kong's economic development was shifting. Its manufacturing sector was a crucial section of the economy but by the 1970s, much of the city's manufacturing businesses had moved across the border to China and the city was then transformed into a financial center. By the mid 1970s, Hong Kong already assumed a crucial role in China's economic development. It acted as a gateway or a nexus into China's market, where multinational businesses, resources and capital would have to go through Hong Kong in order to reach China. At the time, China's manufacturing sector was booming due to the country's excess land and cheap labor. A common business set-up at the time was that multinational businesses would set up regional headquarters in Hong Kong in order to manage

company's investments and the production process, which was entirely based in China. These products would then be packaged and shipped from Hong Kong to the world markets. This is also the reason why many of Hong Kong-invested factories are set-up in the Pearl River Delta region. The proximity of the two locations allows products to be transported easily and at cheaper costs.

This economic synergy between Hong Kong and China has been mutually beneficial for many years. In recent years, the status quo has been changing, shifting in favor of China. The economic dependence between the two is diminishing and Hong Kong will be the one that suffers. In the 1980s – 1990s, companies who outsourced China's factories for mass production would ship raw materials through Hong Kong because that was the only gateway into China. However, with the increasing "openness" of the Chinese economic and trade policies, these raw materials no longer have to go through Hong Kong. Now, these companies now have direct interaction with the Chinese production sites and a lot of these raw materials have also been increasingly sourced locally. Also, because of the increased connection between these companies and the Mainland, many companies now also have regional offices in large metropolitan Chinese cities such as Shanghai, to oversee operations in China. Due to growing economic connections with China, many of Hong Kong's former functions and advantages, can now also be found in the Mainland.

With the diminishing need for Hong Kong's economic expertise, Hong Kong has merely become a tourist destination for China and the tourist numbers have been astronomical. In 2007, there were approximately 15 million Chinese tourists

who went to Hong Kong, and in 2011, there were approximately 28 million, close to a 100% increase in just 4 years (see figure 2). There are a few reasons for the increase. Firstly, the major increase in the nation's wealth has given the country much greater

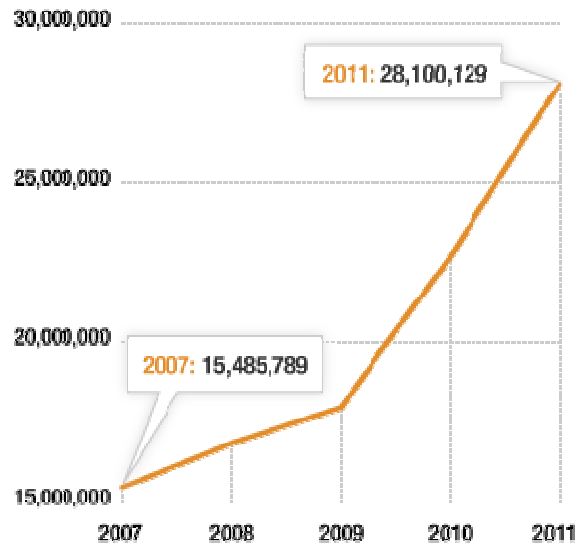


Figure 2 China tourists statistics
Source: npr.org – For Hong Kong and Mainland, Distrust only grows

spending power not only on a national level but also on a personal level.

Secondly, border regulation between Hong Kong and China has been relaxed considerably in attempt to forge a stronger connection between the two. Thirdly, Hong Kong's (lack of) tax laws give the Mainland Chinese more incentive to spend large amounts of money when on holiday in Hong Kong.

China's diminished financial dependence, or rather increased financial independence has put Hong Kong's role as an Asian business hub in jeopardy. Much of Hong Kong's growth in economic achievement and reputation in the past decades has been mainly attributed to the city's integral role in China's business model. Multinational corporations that plan to establish their business in the Mainland now no longer have to do so by setting up their regional offices in Hong Kong. These companies now elect to have their regional offices within China as well. Furthermore, since China is such a large country in terms of land, resources and capital, and is still considered a developing country, there is much more opportunity

and potential for innovation and entrepreneurship. Hong Kong, on the other hand, faces a limited supply of land and resources to satisfy the needs of their own people. It seems as if Hong Kong has reached the limit of its development potential, where industries such as real estate and manufacturing, that once dominated the Hong Kong market, almost have zero growth potential. This is evident when the many of the large Hong Kong real estate companies, such as Shui On or Sun Heung Kai, have a large portion of their business based in large Chinese cities such as Shanghai or Chongqing.

While Hong Kong is still home to many of Asia's largest companies, this growing business trend has led to increased emphasis on Hong Kong's financial and service industries. This shift could be quite problematic for Hong Kong's future. Financial industries are largely based on the volume of the market and the activity of the stock exchange. The city's stock market will only continue to grow if companies choose to list their companies there. However, cities like Shanghai and Singapore already have plans to greatly expand the magnitude of their stock exchanges, which could result in Hong Kong losing its claim on Asia's premier stock exchange. The service industry is solely based on consumption and Hong Kong's service industry is largely based on the city's tourism. Hong Kong's tourist attractions do not only include the shopping, but tourist hotspots such as Victoria Harbor, the Peak or even Disneyland draw many visitors, especially Chinese visitors each year. As a result of rapid economic growth, many large Chinese cities now have major development plans. For example, Shanghai has plans to build a Disneyland as well, but the Disneyland does not have the same land constraints as the one in Hong

Kong. The city can afford to create a theme park that is multitudes larger than the one in Hong Kong. If major Chinese cities go through extreme upgrades, wouldn't these Chinese tourists that are flocking to Hong Kong each year rather stay within the country and travel without the need for a visa? If this trend continues, everything Hong Kong has to offer will soon be offered in China as well. This is an extremely scary spectacle for the Hong Kong people who have enjoyed the spotlight for the best part of a century. It is a direct hit to the city's pride and the city's morale. It is no wonder many of the Hong Kong people resent Chinese businesses.

Despite the growing potential economical downfall of Hong Kong, the city still possesses a few unique and redeeming qualities that are of great value to China. Hong Kong functions on a completely free market economy that has a high volume international trade with all corners of the globe. As a result, many Chinese companies that seek overseas listings, often list in Hong Kong due to its status as a premier financial center. In 2011, about 43% of companies listed on the Hong Kong Stock Exchange were Chinese companies, and these companies account for about 56% of the Hong Kong Stock Exchange's market capitalization (The CIA World Factbook - China). Furthermore, Hong Kong's relatively liberal and democratic administration is perhaps the biggest appeal to China. Its service industry is incredibly advanced and established compared to that of China's. Its government benefits and standards of living are far superior to majority of the places in China, with exception to the large metropolitan cities or special economic zones, such as Shanghai, Beijing, Shenzhen or Chongqing.

Moving forward, Hong Kong must acknowledge that it no longer holds an integral position in China's economic growth, and may even face potential economic regression. It is also important to understand that Hong Kong's relationship with the Chinese extends far beyond its economic ties.

Chapter 2 – One Country One System

The political dynamic of an institution or an organization is always essential to its economic and social prosperity. For example, a well-managed company that utilizes all its resources and capital efficiently and creates a “healthy” working environment for its employees, will not only rake in high returns, but will also create a great sense of cohesiveness within the company. In colloquial terms, this is called a “well-oiled machine”, and politics is the key to creating and maintaining this “well-oiled machine”. The political dynamic of a country is perhaps the most crucial factor for its success. The politics of a country is not just about raising the GDP or satisfying everyone’s need. The politics of a country is so much more complex. History has proven that there is no black and white or right or wrong solution, when it comes to the issue of politics. Leaders and administrative bodies of nations have always cited their motivation to “do what is best for the country”, but who decides what is best for the country? Such a horribly subjective and abstract idea can “make or break” a country.

In the next 35 years, China has an incredibly difficult decision to make. This decision has to do with the political fate of the Special Administrative Region of Hong Kong. In 1842, when the Treaty of Nanking was signed, Hong Kong would become a crown colony of Great Britain until 1997, where its sovereignty would be handed back to China. In the early stages of Hong Kong role as Great Britain’s crown colony, it was only a small port with a population of under 10,000, but due to its central geographical location in Asia, Hong Kong was transformed into a prominent metropolitan financial powerhouse. Since the post-Mao era of the Chinese

administration, Hong Kong has played a key role in China's economic progress and success, acting as a gateway and an offshore management center for business that plan to enter into China. Much of Hong Kong's value and appeal lies in the fact that its government is relatively much more liberal and democratic in comparison to the Chinese government. These two key aspects of a free market economy and a comparatively liberal and democratic society is the make-up of the Special Administrative Region of Hong Kong.

Hong Kong sports a very unique administration that was installed as a result of the Sino-British Joint Declaration, which was signed by Deng Xiaoping and Margaret Thatcher in 1984. The declaration basically states that after the handover of Hong Kong's sovereignty in 1997, China are required to preserve the political and economy autonomy of Hong Kong for 50 years, thus giving birth to the first-of-its-kind principle of One Country Two System (Horlemann). Soon after the signing of the declaration, the first draft of Hong Kong's Basic Law, the city's constitution. The Basic Law was drafted by a drafting committee, which consisted of important government officials from both Hong Kong and China. Its purpose was to create a fundamental blueprint for HKSAR's functionality and management. It was quickly established in the Basic Law that Hong Kong's allegiance was first and foremost, to China. Furthermore, Hong Kong autonomy is a privilege granted and approved by the National People's Congress of China. As article 1 and 2 of the Hong Kong Basic Law states:

Article 1 reads:

"The Hong Kong Special Administrative Region is an inalienable part of the People's Republic of China." (China – The Basic Law of HKSAR)

Article 2 reads:

“The National People’s Congress authorizes the Hong Kong Special Administrative Region to exercise a high degree of autonomy and enjoy executive, legislative and independent judicial power, including that of final adjudication, in accordance with the provisions of the Law.” (China – The Basic Law of HKSAR)

While the two initial articles of the Basic Law do not hold more weight than other articles do, it provides insight about the drafting process. As the drafting committee consists of members of both Hong Kong and Chinese administration, it was important for the members of the Chinese administration to establish the fact that despite Hong Kong’s autonomous privileges, it was very important to remember that Hong Kong was functioning under the umbrella of the People’s Republic of China.

The 1997 handover was met with a lot of hostility. Many people were extremely worried about what would happen to Hong Kong’s sovereignty under China, particularly due to the events that happened in Tiananmen Square in 1989. The Tiananmen Square incident was incited by death of Hu Yaobang, who served as the Chinese Communist Party’s General Secretary in 1980. Hu was an avid reformer who believed in channeling this discontent of the public as well as increased liberalization within China. During the 1980s, Deng Xiaoping, the CCP’s chairman, was the supreme leader of the CCP. He ran an incredibly rigid administration, mainly focusing on economic reforms and allowing little space for social reform. Hu’s was forced to resign in 1986 because of his open criticism of the Party’s top-ranking officials. Due to his ideas for liberalization, Hu gained a large following amongst the country’s youth and student population. His sudden death in 1989 was the main trigger for the students’ march on Tiananmen Square, a march that was

met with brute force from the CCP government. The time gap between the Tiananmen incident and Hong Kong's handover was only a short eight years. Any fear from the Hong Kong was arguably justified. By 1997, the uncertainty drove many Hong Kong citizens to actively seek one-way routes out of Hong Kong. Many of them immigrating to places such as Canada, Great Britain, America and Australia.

In retrospect, Hong Kong's mass exodus in the mid 90s was somewhat irrational. People left because they feared China's rule would spillover, reinstalling Hong Kong's identity as apart of China. To a certain extent, much of Hong Kong's pride derives from the fact that such a small city possesses so much power and influence over its own territory as well as the region. It is in a sense, Hong Kong's integrity to have the power to make its own decisions, which of course is resulted from the colonization of Great Britain. The People's Republic of China, however, did not ever allow such political or economic freedom to any region of the country. As a communist state, it is essential to have a centralized and concentrated power structure, where the central government has absolute control over all aspects of the country. In the past 20-30 years, China has started to undergo a gradual de-centralization, where some of the country's planning and decision-making authority has been diluted to a provincial level. Despite China's progressive stray from communist structure and fundamentals, its political and economic functionality is still extremely restricted as compared to Hong Kong's political and economic functionality. The creation of One Country Two System effectively eliminated the need for China to reformat Hong Kong's government and also helped avoid any major social uproar and helped preserve much of Hong Kong's intrinsic value.

The One Country Two System principle has definitely been hugely beneficial and successful for both China as well as Hong Kong, in terms of sustaining Hong Kong's role as an international financial center, which is also beneficial to China, and preserving Hong Kong's autonomy. However, there are a few major problems that have been caused by the One Country Two System principle. When examined closely, the One Country Two System is in fact just a temporary barrier that slows down the inevitable assimilation between Hong Kong and China. In this scenario where 1.3 billion people and 7 million people have to find a way to get along, who do you think holds that power and who do you think will be the one to make changes?

Despite One Country Two System and Hong Kong's Basic Law, there is a conspicuous pattern that proves that China's is slowly but surely taking charge. Firstly, the Mainland Chinese hugely influenced the drafting process of Hong Kong's Basic Law, not only due to the fact that the drafting committee consisted of Chinese members, but also due to relative bargaining power both parties had at the time. The One Country Two System was a sign of leniency and mercy granted by the Chinese government. The most important thing to understand about One Country Two System is that all of Hong Kong's liberties and rights are protected by the Chinese government, and that it is a privilege, as stated in article 1 & 2 of the Basic Law. Second and thirdly, Hong Kong's government is divided into three main branches, the Judicial Council, the Executive Council and the Legislative Council. The Chinese government has extended its influence deep into the Executive and Legislative Council. Hong Kong's "leader" is known as the Chief Executive and according to the Basic Law, the CE is to be appointed by the Central People's

Government and selected through elections, which means that the appointment of a CE can only be legitimized by the CPG. Furthermore, each CE is to serve in five-year terms and serve a maximum of two consecutive terms (*China – The Basic Law of HKSAR*). Since the 1997 handover until now, there have been a total of three CEs. And since 1997, the Chinese government has been passively nudging party-approved candidates to run for election, by “endorsing” these candidates publically. Prior to 1997, Tung Chee Hwa was identified as the “ideal” candidate for the post of Chief Executive, mainly because of his background as a businessman and his vision of helping Hong Kong become an economic center that would play an integral role in the reform and modernization of China (Horlemann). In 2005, Tung Chee Hwa stepped down due to a combination of poor performance and health problems. However, the Hong Kong media attributed Tung’s resignation to the loss of support from the PRC government. After Tung’s resignation, Donald Tsang, who was Hong Kong’s Chief Secretary of Administration (Hong Kong’s #2), received the full support of the PRC government to take over as the CE. Due to an incomplete term from Tung, Tsang had to complete the rest of Tung’s term as acting CE and run for office once again in 2007. In 2007, Tsang was reelected as Hong Kong’s CE, winning over 80% of the votes from the election committee (Chen Te-Ping, Chester Yung – online.wsj.com). In 2012, Hong Kong’s CE elections were full of conspiracy. The candidate endorsed by the PRC Government, Henry Tang, was plagued with rumors of an affair as well as allegations for violating construction laws during the construction of his home. This caused the PRC to withdraw their endorsement for this candidate. Tang would lose the election to Leung Chun Ying in a landslide

victory. While public endorsements can be effective, the most crucial aspect to Hong Kong's CE election is the election committee, which now consists of 1,200 members elected from 28 functional constituencies, such as agriculture, real estate and finance, that each gets an assigned number of seats. The National People's Congress also gets 36 seats in the committee (2011 Election Committee Subsector Elections). Many people voiced concerns about the members of the committee. Citing the reason that many of the members are Hong Kong's richest, all of who have a lot of business in China. The most prominent members of the committee include business magnet, Li Ka Shing, Hong Kong's richest man and the 9th richest in the world and Thomas Kwok, co-chairman of Hong Kong's largest real estate developer, Sun Hung Ki. With a portion of the election committee affiliated with the PRC in some form another, steering the outcome of the election would not be difficult.

Hong Kong's Legislative Council, also known as LEGCO, has perhaps encountered the largest amount of coercion from the PRC government. As a city operating under its own administration while operating within the guidelines of the PRC, the legislative process is not going to be straight forward, especially when the PRC government has been very much involved with Hong Kong's policy making process since the drafting of the Basic Law. In September of 2002, the proposal for the implementation of Article 23 of the Basic Law was submitted to LEGCO (News.gov.hk – LCQ2).

Article 23 states:

“The Hong Kong Special Administrative Region shall enact law on its own to prevent 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.” (*China – The Basic Law of HKSAR*)

What this essentially means is that the PRC intends to implement precautionary measures against potential threats to national security within the Hong Kong government. If implemented, this policy effectively gives the city’s judicial arm much more power and authority. It would also limit many liberties that the Hong Kong people enjoy, such as their freedom of speech, protest and information. Article 23 was basically an attempt to completely reformat Hong Kong’s judicial system to operate in a similar fashion to the PRC’s judicial body. This was by far the most drastic step from the PRC to imprint its control on the Hong Kong community. The drafting process was expedited by the Central People’s Government, as they had pressure the CE then, Tung, into passing the legislation quickly. As the CE, Tung did not have authority over LEGCO but he did hold the power to authorize legislations, because part of the CE’s responsibility is drafting and approving legislations (Horlemann). There were rumors that Tung was under an abnormal amount of pressure from the CPG due to a personal debt that he owed to the CPG government. At the beginning of the 1980s, Tung’s company was saved from bankruptcy by a US\$100 million loan from a Mainland Chinese enterprise and tacitly accepted by the Chinese government. His firm is now one of the world’s largest shipping conglomerates and has a large amount trade with China (Horlemann). The proposal for the implementation of article 23 was 76 pages long with an extremely detailed description of all the terms like treason, secession, sedition and subversion. Even the penalties for any offenses that qualify as treason, secession, sedition and

subversion are clearly outlined in the document. For example, when dealing with “seditious” publications, this is the suggested response:

“Given the serious consequences that may be brought about by publications endangering national security, the existing penalties are on the low side. We suggest 7 years’ imprisonment and a fine of \$500,000 to act as an effective deterrent. The publications should be forfeited.” (News.gov.hk – LCQ2)

Despite the longevity of the document, it still fails to provide an adequate explanation of what types of material or publications qualify as treasonous or seditious, which means that any type of judgment will be interpreted by the Central People’s Government. Not only does article 23 indirectly violate many of the Basic Laws that were put in place to protect Hong Kong’s liberties, it also gives the CPG a certain amount of control over Hong Kong’s judicial and legislative process.

The initial reaction to article 23 from the Hong Kong people was absolutely disastrous (needless to say). Before article 23 was passed and within two months of its appearance in LEGCO, there were already around 65,000 thousand people protesting against the legislation. Furthermore, about 190,000 people had signed a petition against the legislation. On July 1st of 2003, a large scale protest was organized to show the Hong Kong people’s disapproval toward the Hong Kong government, the Chinese government for trying to implement article 23 of the Basic Law. According to reports, the initial protest had a predicted attendance of around 20,000 but according to the police and protestors, there was upwards of half a million people present at the protest (China Review after HK Protest – cnn.com). The implementation of article 23 has since been shelved indefinitely due to the major public uproar. The July 1st protest has now become an annual event, where

the Hong Kong people continue to voice their disapproval of the government; the attendance of the protest is also steadily rising.

It is easy to pinpoint the areas of Hong Kong's government that are influenced by the PRC government. And to a certain degree, some form of political assimilation could be beneficial. However, the changes that the Chinese government has attempted to make have caused a lot of resentment toward the PRC within the Hong Kong community. It is in Hong Kong and China's best interest to slow down the bridging of administration because democracy and communism are too fundamentally different to convert one to the other overnight. While Hong Kong's political future is still very much unrevealed, there have been signs of restriction coming from the PRC. According to article 45 of the Basic Law:

"...The method for selecting the Chief Executive shall be specified in the light of the actual situation in the Hong Kong Special Administrative Region and in accordance with the principle of gradual and orderly process. The ultimate aim is the selection of the Chief Executive by universal suffrage upon nomination by broadly representative nominating committee in accordance with democratic procedure." (China – The Basic Law of HKSAR)

The Hong Kong government had aimed to elect a CE through universal suffrage after the 2007 elections, but the CPG has blocked that possibility, stating that Hong Kong's CE will continue to be elected by its election committee and appointed by the People's Congress. There have been no other recent reports of when or if Hong Kong's election process will ever achieve universal suffrage. There might be an impending doom for Hong Kong's administration merely based on the fact that the CPG has time and time again neglected the laws from the Basic Law, which they in fact helped create, interpreting these laws in their favor, or just completely

reinterpreting them. The One Country Two System might just be a force field filled with holes.

The political relationship between Hong Kong and China is perhaps the most sensitive aspect, due to the fact that it holds the key to determining the fate of Hong Kong's future autonomous status. The few attempts the PRC government made to impose policies on Hong Kong have ended in catastrophe, as seen with Hong Kong's response to article 23 of the Basic Law. As long as the One Country Two System is in place, it provides the Hong Kong community with the necessary platform and freedoms to reject any form of Chinese imposition. This begs to question how the PRC government would handle the Hong Kong community if the One Country Two System were not in effect.

Chapter 3 – Who Needs Border Control?

The island of Hong Kong is located in the Southeastern border of China. It has a total landmass of 1,104 km² and is home to 7.2 million people. It is one of the most densely populated cities in the world with a land-per-capita of about only 6.5 m² (The CIA World Factbook – Hong Kong). As such a small and dense city, it is crucial to ensure that the population has a dependable supply of food, water, electricity and shelter. As an autonomous extension of the PRC, many of such resources are imported by the PRC, and as a prominent port city, countries in Southeast Asia can also import other resources.

A metropolitan city such as Hong Kong relies greatly on its service industry and especially with a massively increasing amount of Chinese tourists visiting each year, with 28 million from 2011, approximately a 100% increase since 2007 (Lim, Louisa – npr.com), tourism plays a major part in the city's economic growth. The increasing amounts of tourists are tremendous for the economy, but what happens when the tourists begin to compete for resources with the local people? What happens when the tourists want to stay? Hong Kong is now facing such a problem.

Chinese tourists spent a total \$14 billion, last year, a 35% increase from the year before (Lim, Louisa – npr.com). Large conglomerates, chain stores and real estate moguls who have stores or property in central business districts such as Central, Causeway Bay or Tsim Sha Tsui have been on the receiving end of a seemingly endless and increasing gold mine. Because Hong Kong has no sales tax, international luxury brands, such as Gucci, Prada, Chanel, Dolce & Gabbana have been major beneficiaries of the Chinese tourism surge. The spending prowess of the

Chinese tourists has created the preferential treatment of store customers. Store salesmen of these luxury brands, flock towards customers who speak mandarin as supposed to locals who speak Cantonese. According to the US department of Commerce, studies have shown that Chinese tourists outspend all other foreign tourists while on holiday in the US, spending an average of around \$6,200 per person (not including transportation, hotel or food), compared to the average spending of all other foreign tourists of around \$4,000 per person (not including transportation, hotel or food) (Lim, Louisa – npr.com). This extra tendency to “splurge” by Chinese tourists has caused store salesmen to completely neglect local shoppers because of their more conservative spending habits. In January of 2012, the flagship store of Dolce & Gabbana, an international luxury brand, caused a huge uproar within Hong Kong community by prohibiting any photo taking **in front** of the store. Mainland Chinese tourist were apparently exempted from this rule, where a security guard allegedly told the Hong Kong photographers to “get lost” and that only mainland Chinese tourists are allowed to take pictures of the storefront. The main concern of the public was that how can a store hold the authority to determine the photography privileges of Hong Kong’s public space, and furthermore reserving that privilege for Chinese tourists because of their spending habits. Within the week of the incident, over a thousand protestors crowded in front of the store located in the central shopping district of Tsim Sha Tsui, chanting against the discrimination of Hong Kongers. The police barricaded the store the store was forced to close early. The head offices of Dolce & Gabbana have since issued a public apology to the Hong Kong people regarding the incident. This incident was an isolated and extreme case;

however, it highlights the preferential treatment toward the free spending Chinese tourists and creates a tremendous amount of tension between the Hong Kong and the Chinese.

Hong Kong has superb benefits and government support. All Hong Kong citizens are entitled to twelve years of complimentary education, first class healthcare, benefits that are funded by Hong Kong taxpayers. For the past couple of years, the Mainland Chinese have attempted to “get in on the action.” Not only do they account for two thirds of all of Hong Kong’s tourists, 40% of babies born in Hong Kong in 2011 belonged to mothers from Mainland China. This staggering statistic is perhaps even more harmful than the flooding of Chinese tourists.

The birth of these babies can potentially cause many problems in the future, especially in the next twenty years. These babies with Mainland Chinese mothers whom are born in Hong Kong are now automatically eligible to become permanent Hong Kong residences and are then entitled to all the benefits that the Hong Kong government provides, which include, twelve complimentary years of education, government supported healthcare and other benefits that are unavailable in China. This effectively creates the problem of “representation without taxation.” The fact that these babies are born to non-Hong Kong parents also means that their parents do not pay Hong Kong taxes, and yet their children are entitled to the benefits funded by Hong Kong taxpayers. This poses a potential economic problem. It is also speculated that these Chinese families are determined to give birth in Hong Kong to escape the family planning restrictions of China, such as the One Child Policy, or to escape the restrictions of the Houkou, the household registration system. Since

Hong Kong is an autonomous region, it is exempted from all restrictions from the CCP government.

One of the problems that Hong Kong born Mainland Chinese babies causes is the exacerbation of a growing aging problem within Hong Kong. As of 2011, Hong Kong population age structure is as followed: the population aged 0 – 14 years of age, take up 11.6% of the city's population; the population aged 15 – 65 years of age, take up 74.8% of the city's population, and the population aged 65 years of age and above, take up 13.5% of the city's population. Hong Kong also has an exceedingly high average life expectancy of 82.12 years, the 8th highest in the world. It also has a very low fertility rate of 1.09 children born per woman, the 3rd lowest of any place in the world, only above Macau and Singapore, and a birth rate of 7.54 births per 1,000 population and a death rate of 7.23 per 1,000 population (The CIA World Factbook – Hong Kong). What do these statistics mean? With the majority of the present population within the age range of 15 – 65, it means that, presently, the majority of the population is part of the city's work force, and with such a low fertility and birth rate, the work force will only shrink in size. The high life expectancy, partnered with the low fertility rate, means that the percentage of the population aged 65 and older, will only increase. This means that an increase in government expenditure for government supported healthcare programs for the elderly is inevitable. In 2005, the Hong Kong government spent \$14 billion on elderly medical programs; this number will increase substantially under the city's current population trend. With the birth rate and death rate almost equal, it means that the population size has essentially "plateaued". How does the influx of Hong Kong born Chinese babies fit

into this population trend? Hong Kong is essentially used as a medium for these mothers to deliver their babies to bypass the restrictions of the Chinese government, but the parents of these babies do not have the right to abode in Hong Kong; therefore, these babies that are born in Hong Kong will return to China after birth. And since 40% of Hong Kong's babies from 2011, are born to Mainland Chinese mothers, it lowers the replacement rate of the city's aging work force substantially. This means that in about 15 – 20 years, Hong Kong's work force will have a sudden drop off, which could potentially be very detrimental to the city's development.

Another problem that these Hong Kong born Chinese babies poses is the cultural repercussions. Hong Kong has a very strong cultural identity. It is an identity fostered and developed from the collective influences of British colonization and Chinese roots, and it is unique to people who were born and raised in Hong Kong. This cultural identity is partially the cause of the current tension between Hong Kong and China. Since the 1997 handover, Hong Kong has been resisting and rejecting the inevitable cultural changes. These changes are in a way more powerful than government policies. These changes will be subconsciously implemented incrementally from generation to generation, until the point where a new identity is formed and completely replaces and erases the traces of the previous identity. Hong Kong is now experiencing the “de-British-ization” or the “Chinese-ification” of a new era. The former generations of British colonization distanced itself from its Chinese roots but newer generations will become more and more welcoming to Chinese culture. This process will be expedited by the influx of Hong Kong born Chinese. The

40% Hong Kong born Chinese of 2011 and the “x”% of Hong Kong born Chinese of future years will dilute this anti-China sentiment and bring Hong Kong culture closer to China.

Perhaps the most problematic issue is the matter of resources. In 2011, there were a total of 43,982 Mainland women who gave birth in Hong Kong, as compared to the 7,810 in 2001 (Hong Kong - LegCo). This major increase is can be attributed to the loosened border-crossing policies and restrictions. Another staggering statistic is the number of Mainland women who gave birth in Hong Kong with spouses who were non-Hong Kong residents. In 2011, 35,736 Mainland women who gave birth in Hong Kong had spouses who were non-Hong Kong residents, 81.3% of the total number Mainland women, as compared to the 620 in 2001, only 7.9% of that year’s total number (Hong Kong - LegCo). This means that in 2001, most of the babies born from Mainland women were because of “cross-border” relations or marriages, which makes the births more “legitimate” and suggests that those women were entitled to the access of Hong Kong’s healthcare because of their spouse. In 2011, 81.3% of the families who came to Hong Kong to give birth, only came to Hong Kong for the sole purpose of gaining access to Hong Kong’s medical resources and obtaining permanent residencies for their children. These families end up competing with local mothers for spaces in maternities wards, and while these families and local mothers pay the same amount of money for the use of maternity wards, local mothers pay Hong Kong taxes, which incites the debate of whether these local mothers should have priority access to the Hong Kong maternity wards. Maggie Wong, a 31-year-old office clerk and a lifelong Hong Kong

resident gave birth to twins eight months ago. Three and a half months into her pregnancy, she wanted to schedule an appointment with maternity wards of public hospitals because it is much cheaper than the maternity wards of private hospitals. However, all the dates around her expected due date were all booked up by pregnant women from the Mainland, forcing her to have to make an appointment at a private hospital and use her husband's life savings and borrow money from her parents. Her concern was that, as a Hong Kong taxpayer and a permanent resident, why did she not have access to benefits that she was entitled to? On top of that, she was also forced to add to her family's financial burden just to ensure the healthy and safe birth of her children (LeFraniere, Sharon - nytimes.com).

After much public outcry and protest from the Hong Kong community, the Hong Kong government has begun to issue new regulations to combat the increasing number of Mainland women giving birth in Hong Kong. Firstly, starting with the year 2012, the Hong Kong government has agreed to lower the quota for the number of pregnant Mainland women allowed to give birth in Hong Kong to 35,000, 3,400 spots in public hospitals and 31,000 spots in private hospitals, after a total of 43,982 Mainland women gave birth in Hong Kong in 2011 (Hong Kong - LegCo). On top of this, Mainland women who want to give birth in Hong Kong must have a prior appointment with a Hong Kong hospital and the correct certification obtained through scheduled prenatal checks with the hospital, in order to be granted access to Hong Kong's maternity wards, regardless of whether it is a public or private hospital. Despite such strict regulations, many Mainland women still find ways to by-pass these rules (Hong Kong - LegCo). In the year 2011, around 1,657 Mainland

women gave birth in the Accident & Emergency department of Hong Kong hospitals, the emergency room (Hong Kong - LegCo). This not only disrupts the operation of the ER of these hospitals but also endangers the mothers and babies because the ER's are not equipped with the suitable equipment and staff for delivering a baby. This is known as "gate-crashing." These Mainland mothers scheme to give birth in the ER by taking private cross-boundary vehicles, or by simply wearing baggy clothing that conceals any sign of pregnancy, because they did not have a prior appointment with a Hong Kong hospital or that they did not have the required certification (Hong Kong - LegCo). In a LEGCO meeting held in February 2012, it was agreed that tightening border control and eliminating third party intermediaries were the best ways to eliminate "gate-crashing." An increase of immigration officers and medical personnel at immigration control points would be set up to spot these Mainland women who try to enter the city without the correct documentation or certification. Cooperation with the Mainland border control is also crucial to the process. The Hong Kong Hospital Authority has also implemented higher rates for Mainland women who want to access to Hong Kong's maternity wards, where the fees are solely based on the status of the pregnant woman (Hong Kong - LegCo). It was also agreed that local women who were permanent residences of Hong Kong would get priority access to the maternity wards of all Hong Kong hospitals.

Hong Kong's newly elected CE, Leung Chun Ying, has already taken the first steps to tightening regulations against pregnant women from Mainland China. Leung proposed a "zero-quota" plan for Mainland Chinese pregnant women who do not have spouses who are not Hong Kong citizens. The zero-quota plan only applies

to Hong Kong's private hospitals. The 12 members of Hong Kong's Private Hospital Association agreed that, all private hospitals would only provide obstetrics services to mainland women married to Hong Kong citizens. Leung's plan also included a section that raised the possibility of not guaranteeing citizenship to all children born to mainland parent in Hong Kong. While Leung's plan is a solid first step to preserving Hong Kong's benefits, it may cause a significant increase in obstetric units in public hospitals, which could be problematic because many maternity wards in public hospitals are understaffed and underfunded (Mok, Danny – scmp.com).

It is important to understand that the reason Hong Kong is so appealing to the Mainland Chinese, is because Hong Kong has a way of life that is unattainable in China. However, the ways in which the Mainland Chinese are going about to obtain the Hong Kong benefits are causing much harm to the relationship between the Hong Kong community and Chinese. New regulations such as free trade agreements have relaxed border control between China and Hong Kong but it will be crucial to regulate Mainland China's access into China to avoid creating more unnecessary conflict between the two.

Chapter 4 – Please Mind the Gap between the Train and the Platform

With the increasing amount of interaction between the Mainland Chinese and Hong Kong, it is vital to Hong Kong's longevity and survival to find suitable and viable solutions to strengthen the hopes for brighter future under the Chinese umbrella. The increased numbers of Mainland Chinese in Hong Kong creates the feeling within the Hong Kong community that these Mainland Chinese are "invading" or "infiltrating" their territory. It has gotten to the point where the public now refers to the visiting Mainland Chinese as "locust" during protests because they see them as a harmful swarm that consume Hong Kong's valuable and limited resources and interferes with the lives of the local residence.

The Hong Kong people often complain that the Mainland Chinese people are rude and have no manners. They walk around Hong Kong as if they "own the place." They ignore the peace and order that the Hong Kong people have abided by years. The most common examples that are cited are that the Mainland Chinese spit on the streets, when Hong Kong has strict penalties and fines against littering, and that the Mainland Chinese are always cutting in line. These examples are generalized but are, for the most part, true. Hong Kong society has a much stricter sense of order that was influenced by the British, and public order is a cornerstone to being a Hong Kong citizen. However, Chinese society is radically different. It is common practice for people to spit on the streets and disregard a line, because these actions are not reprimanded or frowned upon. It is simply a matter of cultural difference. Not so long ago, Hong Kong's prosperity had fueled 7 million egos to look down upon the

struggling Mainland Chinese. Now that the roles have somewhat reversed, it creates a bitter feeling of becoming less important.

It could be argued that Mainland Chinese have been wrongfully victimized or misunderstood. Yes, they do spend tons of money on shopping in Hong Kong, mainly because products are more dependable and cheaper. They want their children to be born in Hong Kong, simply because Hong Kong's level of healthcare is world-class and also that having their children born in Hong Kong potentially promises a higher standard of living as well as prospective political freedom. The Mainland Chinese do not make these decisions with the intention of "infiltrating" or "invading" Hong Kong. It is simply an aftershock effect and the by-product of pursuing a "better life", a misinterpretation of intention by Hong Kongers.

In reality, Hong Kong has more control over the situation than it seems. The majority of the resistance and rejection of the Chinese culture is produced by the Hong Kong community not the Mainland Chinese. Their pride blinds them, and they fail to comprehend that China holds the key to their future economic, political and social prosperity. And by escalating this tension between with the Mainland Chinese, it can only damage the chances of a healthy partnership in the future.

In early 2012, a Mainland family was in Hong Kong for holiday. While they were riding the MTR, Hong Kong subway system, the daughter of the family was eating a pack of dried noodles and apparently making a mess. Eating and drinking is indeed prohibited in most forms of transportation in Hong Kong, but is never strictly enforced. A local Hong Kong man, Ken, was quick to reprimand the Mainland family for allowing their daughter to eat in the train, when it is supposedly not

permitted. The child's mother proceeded to engage Ken in a heated verbal exchange, when the easy solution would have been to ask her daughter to stop eating and maybe even apologize. This yelling match between the Mainland Chinese mother and Ken was videotaped and quick to become the next YouTube sensation in Hong Kong. After watching the video, there are a few things that become very evident. Firstly, the way the Hong Kong and Mainland bystanders quickly rallied behind each of their parties, until the confrontation became an argument between witnesses. Secondly, Ken's argument quickly escalates from "You should not be eating in the train" to "This is what the Mainland people do. This is Hong Kong. Respect the rules of Hong Kong. Get off the train now!" This begs to question whether this confrontation would have even taken place if the person eating on the train was from Hong Kong. Third and lastly, the children from the Mainland were quick to admit their own mistake and even went as far as to yell out, "My mother's the one at fault", the child's response was quickly answered by a discreet shush from her mother. This is when another Mainland Chinese woman joined in to provide the mother with reinforcements. This is the perfect embodiment of the social tension that exists between the Hong Kong and Chinese. It has become a competition of whose ego is larger, a competition of who can yell louder. The video proves that the Mainland Chinese people are not without reason, as the children involved were able to point out the party at fault, even though it was their mother. The video can also be used as an example of local Hong Kong people picking at the Mainland Chinese for miniscule things, and subsequently blowing them out of proportion.

Unfortunately, the controversy of the MTR incident does not end there. Kong Qingdong, a professor from Peking University, one of China's most prestigious universities, went on an internet talk-show in China and denounced Hong Kong in an extreme fashion. In the video, which of course became a YouTube sensation as well, Kong called the Hong Kong people dogs for not speaking the national language, mandarin. His rationale was that all Chinese people have an obligation to know how to speak mandarin. While people from the north, east, south or west have their own dialects, they should always have mandarin as a common dialect, because it is part of the Chinese identity. He continues to discredit Hong Kong by saying that they all of their strengths as a community and city are only credited to the colonization by Great Britain. He also calls the Hong Kong people bastards, because they often say they are from Hong Kong not China. Needless to say, Kong's video was well circulated in the Hong Kong community as well as the Mainland Chinese community. When asked about the incident, China's Minister of Education has this to say: "We require our teachers to adhere to the notion that the mainland and Hong Kong are one family, and people from both sides should show respect towards each other." Proposals to sanction the professor for misconduct have also been brought forth to the Ministry of Education, who has yet to produce a verdict. While Kong's rant was extremely demeaning and condescending towards Hong Kong, it was not without truth. Yes, much of Hong Kong's culture and identity can only be credited to the British, because Hong Kong was a British colony for more than a century, and before that Hong Kong was just a small fishing village. During the colonization under Britain, much of Hong Kong's identity derived from distancing itself from China, but

that is now rapidly changing. The cultural assimilation between the two is happening much faster than the economic and political assimilation, which is one reason why these social tensions are escalating at such an extreme pace. Hong Kong's new identity as Chinese is only 15 years old and still in a fledgling stage. It will certainly take more time for the cultural shift to take effect, but as new generations of Hong Kong people replace the old, the hostility between the Hong Kong and Chinese will eventually transform into the harmony of the Chinese. In the meantime, whatever can be done to facilitate the shift should be carried out swiftly.

I believe the first step to reconciliation between Hong Kong and Mainland Chinese has to be increased awareness and mutual understanding. When examining the economic relationship between Hong Kong and the Mainland, it is exceedingly rare to hear about disagreements or verbal spats between parties. And the reason for that is because of the professional nature of the relationship. Both parties understand that a successful relationship will be mutually beneficial. Therefore, both parties make an extra effort to accommodate the other. At the general level of community, the situation is indeed different, but still applicable. Both the Hong Kong and Chinese people must understand that under the right leadership and cooperation, the partnership between Hong Kong and China can be a long lasting and prosperous one. Much of the disagreement between the two parties stems from the lower to middle class that lack exposure to one another. Recently, the Hong Kong and Chinese online community has been engaging in an unhealthy exchange of jabs. This confrontation, which is exclusively within the internet communities, was fueled by events such as the MTR argument and the large increase of pregnant

Mainland women in Hong Kong. The “patient-zero” of this war of ad campaigns depicted a large locust sitting atop of Hong Kong’s iconic Lion Rock with the Victoria Harbor in the background, and in bold words it says: “Are you willing for Hong Kong to spend \$1,000,000 per 18 minutes to accommodate foreign born children? The Hong Kong people have had enough!” Furthermore, the ad requests



Figure 3 Hong Kong’s locust poster

that the Hong Kong government reinterpret article 24 of the Basic Law, which states the guidelines and requirements to the right to abode in Hong Kong (see figure 3).

These posters were published in all major Hong Kong newspapers, taking up an entire page and served as a sarcastic metaphor for the mainlanders’ consumption of Hong Kong’s resources. This poster sparked a mocking response from the Mainland internet community. The poster depicted a child sitting on his father’s shoulder. The ad was meant to emphasize the fact that the Chinese government (the father) pays Hong Kong (the son) over \$200 billion Yuan a year, referring to the spending of Mainland Chinese tourists each year (Chow, Vivienne – South China Morning Post). The respective internet communities would continue in the form of response→rebuttal→response. All of these campaign posters are extremely demeaning to the other party; both parties touch on the fact that they are merely

“tolerating” the other not “accepting” them. This again has to do with the lack of exposure between the two. The large amounts of Mainland tourists who come to Hong Kong for holiday are from the upper echelons of Chinese society, the 28 million tourists who come to Hong Kong, barely account for 0.02% of China’s population. While a trip to Hong Kong may not be able to be afforded by most, government sponsored initiatives, such as the Asia Society, which was a highly successful foundation founded by the Rockefellers to attempt to bridge the gap between the East and the West, between Hong Kong and China could help bridge the social gap between the people of lower to middle class. Furthermore, both governments must play a more active role in discouraging the criticism of the opposing party. A healthy and demonstrative relationship between the two governments could be a suitable role model for future generations to follow.

Another important and helpful factor that could be a defining factor in the Sino-Hong Kong relationship is the politics of language. The national language of China is mandarin and yet there are up to 250 languages spoken within China. Cantonese is one of the most commonly spoken Chinese dialects. It is the main dialect spoken by the Hong Kong people. Since its days of colonization, the teaching and learning of English was greatly endorsed for obvious reasons. However, since the 1997 handover, the emphasis has shifted and most Hong Kong schools now have required mandarin as a subject. Globalizing mandarin as a first language along with Cantonese in Hong Kong will be one of Hong Kong’s most vital steps to creating its Chinese identity. Hong Kong people are notoriously bad mandarin speakers. The canton accent mandarin is a common joke within China and Hong Kong. Therefore,

it is important for the older generations to improve on their mandarin as well. Not only will Hong Kong's learning and improving of their mandarin be a sign of good faith toward the Mainland Chinese, but will also serve as a public indication that Hong Kong is a part of China and Hong Kong people are from China.

There is definitely no guaranteed solution to resolving the current tension between the Mainland Chinese and the Hong Kongers, but the most important step for both parties is to understand and acknowledge the causes and reasons behind the conflict. Most often times, tensions that arise between cultures are caused by of clash of values and beliefs. This tension is further reinforced by ego and pride in respective cultures. Appeasing the tension should start by identifying the exact areas of conflict between the cultures. In the case of Hong Kongers and the Mainland Chinese, mutual acceptance is the most crucial step. As the largest country in the world in terms of population, China is home to many different cultures but is yet able to avoid domestic cultural conflicts. Why is that? It is because all these cultures ultimately acknowledge themselves as apart of the greater category of being from China. The Hong Kongers and the Mainland Chinese view each other as foreigners. The next step is relinquishing cultural pride. Whether Hong Kongers accept it or not, Hong Kong is now and forever will be apart of China. Becoming more "Chinese" is not betraying or surrendering the Hong Kong culture, but honoring and preserving it. It is a Hong Kong misconception that the Chinese government is actively trying to limit Hong Kong's freedoms and rights but that is not necessarily true. It is also a Hong Kong misconception that accepting the Chinese culture means that Hong Kongers will have to walk, talk or act like the Mainland Chinese, which is also not

true. It is quite the opposite. Hong Kong is most valuable to China as a cooperative political and economic haven and the chances of protecting Hong Kong's rights and liberties might actually be enhanced if the city peacefully cooperated with the Chinese government.

Conclusion – What next?

What next? This billion-dollar question does not yet have a definite answer, but educated predictions can certainly be provided. Based on the factors examined in my thesis: the social effects of China's growing economy, Hong Kong's autonomous Status and Hong Kong's resource constraints, I believe that Hong Kong's fate is determinant of one single factor; becoming "Chinese." Based on my findings, in all three cases, the Hong Kong people feel threatened by the Mainland Chinese people's money and demeanor because they view them as foreigners. The Hong Kong community must acknowledge and accept the fact that in order to preserve the city's integrity, they must embrace their new identity, by welcoming the imminent assimilation of Hong Kong and China. They must accept that they are Chinese and they are from China, and that China's progress is their progress.

The assimilation of two cultures with fundamentally different backgrounds of development and prosperity is, without a doubt, extremely difficult. When dealing with cultural assimilation, the emergence of cross-cultural conflict or tension is often times inevitable. These conflicts are most often incited by inequalities and clashes in belief systems. Therefore, attempts to adjust these conflicts have to be approached carefully and sensitively, as any irrational actions can lead to masses of disgruntled people. In Hong Kong and Mainland China's case, the cultural tension stems from the PRC government's "preferential treatment" of Hong Kong and the Mainland Chinese people's exploitation of Hong Kong resources. Currently, there are several emerging factors that could help the situation. Firstly, the new CE's zero-quota for Mainland pregnant women in private hospitals could improve the tension.

Despite the fact that it gives a feeling that the Mainland Chinese are not allowed access to Hong Kong resources, it is very important for the Hong Kong people to feel that their government is trying to protect their people and their rights. Secondly, there have been reports of Hong Kong switching its driving lane and the driver's seat to the right, in order to match China's road systems and increase direct traffic between Hong Kong and Mainland China. Policies such as these will certainly be incredibly difficult to implement not only because of the amount of cars that Hong Kong has, but also because switching lanes would potentially cause many traffic accidents. These ideas are a good starting point to establishing a healthy link between Hong Kong and China.

Hong Kong's economic stature will surely diminish with the stable and phenomenal growth from the Chinese economy. Hong Kong's autonomy may continue to be preserved by the PRC government in order to prevent any major dissent. The city's resources will have to be regulated more strictly by the Hong Kong government to prevent any negative repercussions. Expect to see the Hong Kong and PRC government work much more closely, and the PRC government's role and presence in Hong Kong progressively increase. If my predictions and analysis are accurate, the outlook for Hong Kong and China continues to look bright and promising.

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