



# HONG KONG'S POLITICAL FUTURE AFTER THE “UMBRELLA REVOLUTION”

Policy Report  
DECEMBER 2015

Dylan Loh Ming Hui

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## EXECUTIVE SUMMARY

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This report looks at the political future of Hong Kong after the 2014 protests. Hong Kong's political future is an important and timely issue because its stability and the Mainland's attitude towards Hong Kong will have implications for the region given Hong Kong's close economic and social proximity with regional countries. Through an examination of primary and secondary documents and through 6 personal interviews in Hong Kong, several key observations arise. First, there are increased attempts, post 2014 protests, by the Chinese government to exert greater control in the fields of academia, media, civil society and politics. These have not been completely successful due to (1) an anti-establishment and critical segment of the electorate and (2) institutionalized ideals of transparency, liberty and openness. Additionally, one can draw three key conclusions

from the report. First, Hong Kong remains an economically attractive place to do business and to work in. It will also retain its importance to mainland China despite some proclamations to the contrary. Second, while mainland China will no doubt attempt to exert greater control and influence over Hong Kong, it will face some difficulty especially in areas that are traditionally and fiercely independent. Third, there is likely to be greater divisiveness not only between locals and mainland Chinese in Hong Kong but also within Hong Kong society itself. In sum, the political future of Hong Kong looks uncertain and whilst there seem to be no real opening for any sort of compromise between the pro-establishment camp and the pro-democracy camp to be reached – the status quo will more or less remain.

## INTRODUCTION

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Photo by author : Dylan Loh Ming Hui

The 2014 “Umbrella Revolution” in Hong Kong was a mass civil disobedience campaign that reached its zenith in September that year. The September protests were preceded by a series of overlapping sit-ins, unofficial voting, protests and gatherings. The September series of protests, led mainly by - and comprising of - students, began their campaign on 22nd September after the Standing Committee of the National People’s Congress made their decision on elections in Hong Kong.<sup>1</sup> Protestors dismissed the decision as being too restrictive and as back-peddalling on promised autonomy and universal suffrage. This movement, which took place over the course of the year after the release of the white paper on Hong Kong by Beijing, culminated into what would be called the ‘Umbrella Revolution’. Estimates vary but the number of protests varied between 100,000-200,000 participants occupying several key districts in Hong Kong, such as Causeway Bay, Mongkok and Admiralty.<sup>2</sup> The name got its inspiration from the umbrellas that protestors used them to shield themselves from the police’s pepper sprays.<sup>3</sup>

Hong Kong’s political future is an important and timely issue because its stability and the Mainland’s attitude towards Hong Kong will have implications for the region given Hong Kong’s close economic and social ties with regional countries. Furthermore, it will also give some clues as to how China manages and resolve difficult domestic issues especially in ‘autonomous’ regions such as Hong Kong. This policy brief is based on information from primary government documents, secondary literature, four interviews conducted with academics, one interview with a protest participant and one interview with a former pro-establishment Legislative Council Member of Hong Kong. Three main areas in the China-Hong Kong dynamic are outlined on this brief: (1) the current political outlook of Hong Kong; (2) the attempts to increase control over Hong Kong by China; and (3) the future of Hong Kong’s political landscape.

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1 ‘Full text: Chinese State Council white paper on ‘One Country, Two Systems’ policy in Hong Kong’. <http://www.scmp.com/news/hong-kong/article/1529167/full-text-practice-one-country-two-systems-policy-hong-kong-special>

2 Mehul Srivastava, Jonathan Browning, Natasha Khan and Fion Li, *Bloomberg*, 9 October, 2014. <http://www.bloomberg.com/news/articles/2014-10-09/how-hong-kong-got-caught-off-guard-by-student-protests>

3 John Henley, “How the umbrella became a symbol of the Hong Kong democracy protests,” *The Guardian*, 29 September, 2014. <http://www.theguardian.com/world/2014/sep/29/umbrella-symbol-hong-kong-democracy-protests>

## ALL IS NOT WELL WITHIN THE PRO-DEMOCRATIC CAMP

On 18th June, 2015, a revised election reform package, proposed by the Hong Kong government, was put to a vote before the Legislative Council. Under the proposed reforms, nominating procedures will be divided into two parts, namely the stage of “members recommendation” and the stage of “committee nomination”. Under the first ‘members recommendation’ stage, any person who gets at least 120 nominating committee’s votes (out of the 1200 nominating committee) can seek to run in the Chief Executive race. No candidate will be allowed to get more than 240 votes from the Nominating Committee thus ensuring at least 5 and at most 10 people who can seek nomination. Next, under the “committee nomination”, out of the initial pool of 5-10 candidates, the 1200 strong Nominating Committee will, through a secret ballot, select the final 2-3 candidates. The balloting process is such that each Nominating Committee member may vote for all of the candidates or/but at least two. The highest two or three persons supported by more than half of the members and with the highest votes will become official candidates for election.<sup>4</sup>

This electoral reform package requires a two-thirds majority approval – 47 out of 70 members – from the legislature to pass. However, pro-democracy legislators, who control 27 seats subsequently made good on their promise to vote against the proposed reforms, thus ending the 2017 ‘one person one vote’ election. In the

end, only 37 out of 70 votes were cast, with 28 ‘no’ votes, 8 ‘yes’ votes and 1 abstention. The low (but legitimate) voting figures was due to a failed walkout staged by pro-establishment lawmakers.

Despite the apparent ‘victory’ in successfully vetoing the above mentioned proposal reform package, all is not well within the pro-democratic faction.<sup>5</sup> Interviewees observed that the pro-democratic camp, broadly speaking, has shown that it is not as organized and united as some observers initially thought. Indeed, disagreements within the camp run deep and as a result, without the presence of an external catalytic factor one akin to the police violence seen in the September protests, the pro-democrats will find it hard to mobilize and organize another large scale social movement.

One interviewee, who participated actively in the 2014 protests, admitted that the pro-democracy camp finds it very difficult to get its act together as there are many competing views on how best to progress. Their endeavour is not helped by certain segments laying claim to be part of pro-democracy group, such as the Hong Kong Independence Party (香港獨立黨), which are agitating for independence.<sup>6</sup> It must be noted however, that these are the more radical groups and they find little traction with the majority of Hong Kongers, legislators or the pro-democracy camp more generally. The people interviewed largely noted that there is a need for greater consensus-building and dialoguing within the pro-democratic camp if they are going to push for any real political gains.

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4 See Carrie Lam, “Pan-democrat Change of Heart Critical to Passage of Universal Suffrage Blueprint”, 2017 *Make It Happen*, <http://www.2017.gov.hk/en/liberal/essays20150615.html>

5 Robert Keatly, “Divided: Hong Kong’s Pro-Democracy Movement’s Uphill Battle,” *National Interest*, 27 June, 2015. <http://nationalinterest.org/feature/divided-hong-kongs-pro-democracy-movements-uphill-battle-13201>

6 Hong Kong Independence Party, undated. <http://www.hkip.org.uk/>

7 Andrys Onsmán, “Hong Kong, Ferrets and the Future of Academic Freedom,” *Inside Higher Ed*, 2 November 2014. <https://www.insidehighered.com/blogs/world-view/hong-kong-ferrets-and-future-academic-freedom>

## FEARS OF INCREASED CONTROL IN ACADEMIA

There are signs that the Chinese government has attempted to increase control over Hong Kong although academia is one such area that has been, by and large, spared from any overt exercise of control.<sup>7</sup> That said, some fears still remain among academics that the government is slowly exerting a more subtle and indirect control. While self-censorship or governmental censorship is not present within Hong Kong, one academic revealed that there is a steady increase in the number of mainland students in Hong Kong. It remains to be seen however, how the number of mainland students have any effect on the Chinese government's control over Hong Kong's universities. Furthermore, the latest practicable available date saw a decline in the number of students enrolling in Hong Kong universities after the 'Umbrella Revolution'. Hong Kong Polytechnic University saw only 2,300 mainland candidates enrolling for the coming academic year, down from 3,500 in 2014. This trend is mirrored in other universities as well: Lingnan University saw the number of mainland undergraduate applications fall from 928 in 2014 to 556 in 2015 and Hong Kong Baptist University saw enrolments decline by 40% to 2000 from last year's 3900.<sup>8</sup> Mainland Chinese students, however, make up the highest number of non-Hong Kong students in Hong Kong universities across the board ranking from 70%-95% of the international students intake.<sup>9</sup>

Another interviewee, who is also an academic, gave the example of censorship in Mainland China for books published there. Departing from standard industry practice of editing, parts of his book manuscripts which dealt with Chinese politics were edited without his knowledge and he noted that it was "sent straight to printing by the mainland publisher".<sup>10</sup> In recent years, there has been a push for one year taught Master's Programs in Hong Kong as this proved to be a lucrative source of income for universities. While this is not an initiative of the central government but the Hong Kong government, most of these students were from the Mainland, which remains the main target market, and the academic quality of the students are "mixed".<sup>11</sup> Of the 6238 mainland students enrolled at the University of Hong Kong, 62 percent were enrolled on either a taught or research postgraduate in 2015. Similarly at City University of Hong Kong, 3,248 of 4,086 students were enrolled on either a professional doctorate or a taught or research postgraduate degree in 2015.<sup>12</sup> Interviewees revealed that these students usually extend their visas to look for jobs, and while not all are successful, a "handful" of them are and would remain in Hong Kong. These students, upon satisfying the residency requirements of 7 years, would be able to vote although it should be noted that there are no empirical evidence that these new citizens would influence voting pattern in any significant way.

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8 Vicky Wong, "Hong Kong universities see 40% fall in mainland applicants," *Hong Kong Free Press*, 23 June 2015. <https://www.hongkongfp.com/2015/06/23/hong-kong-universities-see-40-fall-in-mainland-applicants/>

9 Ibid.

10 Personal interview, City University of Hong Kong, 6 July 2015.

11 Ibid.

12 University Grants Committee, "Profile of UGC-funded institutions," undated. [http://cdcf.ugc.edu.hk/cdcf/searchUniv.do?actionType=searchUniversity&mode=&lang=EN&universities=CityU&universities=HKBU&universities=LU&universities=CUHK&universities=HKIE&universities=PolyU&universities=HKUST&universities=HKU&fields=Enrol\\_Level\\_2013&fields=Enrol\\_Origin\\_2013](http://cdcf.ugc.edu.hk/cdcf/searchUniv.do?actionType=searchUniversity&mode=&lang=EN&universities=CityU&universities=HKBU&universities=LU&universities=CUHK&universities=HKIE&universities=PolyU&universities=HKUST&universities=HKU&fields=Enrol_Level_2013&fields=Enrol_Origin_2013)

Based on the interviewee's own experience, these students are largely pro-establishment individuals that are "unlikely to be socialized into the Hong Kong's culture and way of life".<sup>13</sup> This could well be a generalized characterization of mainland student's socialization and political leanings. Scholars, such as Sonny Lo, have noted that there has been some degree of social-cultural exchange: "...a certain degree of amalgamation between Hong Kong and the mainland can be seen".<sup>14</sup> He notes, however, the difficulty (and perhaps the crux of the issue) lies in translating cultural-socio influence into identification to the Chinese Communist Party (CCP)<sup>15</sup> especially when so much of mainland Chinese identity is constructed around the CCP.

To further highlight how Hong Kong people saw mainlanders as the 'other' and vice versa: a poll conducted by the University of Hong Kong (started since 1997) measures the number of Hong Kong residents who identify as Hong Kong citizens or Chinese citizens. In a 2012 survey, the number of respondents identifying themselves Hong Kong citizens was "the highest in 10 years, while the number who saw themselves primarily as Chinese dropped to a 12-year low".<sup>16</sup> More

recently in 2014, the number of people who identified themselves as 'Hong Konger' remained above 40% in the polls – the first time ever since the inception of the polls that saw this average in a single year.<sup>17</sup>

It must be noted that while there are some indications that points to China's overt and covert attempts at influencing academic institutions in Hong Kong<sup>18</sup> and, indeed, other countries,<sup>19</sup> it would be a gross simplification to associate the flux in Mainland student numbers in Hong Kong with Chinese attempts at influencing schools. Overall, most interviewees felt confident that, in the short to medium term, academia would remain largely free from interference as the idea of academic liberty and freedom is too entrenched in Hong Kong society.

## **LIAISON OFFICE OF THE CENTRAL PEOPLE'S GOVERNMENT IN HONG KONG**

Two of the interviewees saw an enlarged role that the liaison office of the Central People's Government in the Hong Kong Special

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13 Personal interview, Hong Kong Baptist University, 6 July 2015.

14 Sonny Shiu-hing Lo, *The Dynamics of Beijing-Hong Kong Relations: A Model for Taiwan?* Hong Kong University Press: Hong Kong, pp 9.

15 Ibid.

16 Vanessa Ko, "Trouble Down South: Why Hong Kong and Mainland Chinese Aren't Getting Along," *Time*, 24 Jan, 2012. <http://world.time.com/2012/01/24/trouble-down-south-why-hong-kong-and-mainland-chinese-arent-getting-along/>

17 The University of Hong Kong Public Opinion Site, <https://www.hkupop.hku.hk/english/popexpress/ethnic/eidentity/poll/datatables.html>

18 See Michael Forsythe, "Vote at Hong Kong University Stirs Concern Over Beijing's Influence," *New York Times*, September 30, 2015. <http://www.nytimes.com/2015/10/01/world/asia/hong-kong-university-votes-against-promoting-johannes-chan.html> and 'China infiltrating Hong Kong to undermine its autonomy?' *Tibetan Review*, 23 May, 2009. <http://tibet.ca/en/library/wtn/6672>,

19 John Garnaut, "Chinese spies keep eye on leading universities," *The Sydney Morning Herald*, 21 April, 2014. <http://www.smh.com.au/national/chinese-spies-keep-eye-on-leading-universities-20140420-36yww.html>

Administrative Region led by Director Zhang Xiao Ming (张晓明) will be playing. In 2012, the liaison office successfully lobbied for pro-establishment law makers to block the re-appointment of Emily Lau – chairperson of the Democratic Party and prominent critic of the central authorities – as the chairwoman of the Legislative Council Finance Committee.<sup>20</sup> More recently, a failed walkout was staged by the pro-establishment camp during the vote for the electoral reform package in which most of the legislators left the legislative council to defeat the quorum after the council's president denied their request for a fifteen minute delay so that they could wait for another lawmaker to cast his vote. One of the first things the lawmakers did after the fiasco was to call up the liaison office to apologize and explain the incident.<sup>21</sup> The interviewees felt that this was a clear sign of the Liaison Office already expanded sphere of influence over the pro-establishment lawmakers.

Additionally, it was revealed through the interview that the Hong Kong and Macao Affairs Office (中央港澳工作协调小组办公室) of the State Council has directed that research on Hong Kong should be increased through the establishment of a research office under the State Council. The chairman of the Office is also the head of the National People's Congress, Zhang Dejiang (张德江) with Vice President Li Yuanchao (李源潮) and State Councilor Yang Jiechi (杨洁篪) as the vice chairman of the committee reflecting the emphasis placed on Hong Kong matters.<sup>22</sup>

## POTENTIAL INTERFERENCE IN THE MEDIA

Interviewees agreed that social media had a transformative effect on politics in Hong Kong. It was cited as one of the major reasons for the 2014 Umbrella Revolution and for spreading political consciousness among youths – some of which were politically apathetic before. They further said that there were signs of the central government slowly exerting control over the newspapers. The example of 'Ming Bao' (明報) and 'The Hong Kong Economic Journal' (信報財經新聞) papers were raised where the managing editor of the former and the Chief Editor of the later were changed. While still largely free from direct interference, there were concerns that the Chinese government was slowly but surely trying to gain the foothold into the Hong Kong media landscape. One interviewee noticed a change in the reporting of papers such as Ming Bao and the South China Morning Post and said that "while the papers continue to criticise the mainland government, they would refrain from doing so during 'critical junctures'".<sup>23</sup> The younger generation, in turn, has taken to social media for their news. One major implication of this is that while social media would ensure liberty of ideas, it would make the spread of sensationalist and un-journalistic 'conspiracy-type' news more readily consumed and disseminated. Student produced media has

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20 Personal interview, Heung Yee Kuk, 7 July 2015.

21 Joyce Ng, Jeffie Lam and Tony Cheung, "Hong Kong lawmakers explain botched walkout that left reform plan with just 8 votes of support," *South China Morning Post*, 18 June 2015. <http://www.scmp.com/news/hong-kong/politics/article/1823428/hong-kong-lawmakers-explain-botched-walkout-left-reform-plan?page=all>

22 Personal Interview, Hong Kong Baptist University, 6 July 2015.

23 Ibid.

also come under closer scrutiny in recent years from the central authorities. For instance, a student led publication, that was pro-democracy, in the City University of Hong Kong (CUHK), 'Hok Yuen (鶴園)', had its operations and publications impeded in 2014.

The upcoming district and Legislative Council elections are key events to watch. 18 districts in Hong Kong will be up for elections on 22 November 2015 and this will be a key test on both the pro-democratic and pro-establishment parties. The district elections are distinct from the 2016 Legislative Council Elections in that voters in the District Elections do not vote legislators into the Legislative Council but rather district councillors who will take care of constituency matters. Interviewees note that the district elections are significant as it would (1) provide an idea on how voters viewed the veto by the pro-democrats and (2) give an indication on how they viewed the pro-establishment lawmakers for their walkout and their failure to vote. The outcomes of the vote could lend credence and serve as an impetus for fresh political action on either camps should results swing their way significantly.

## ATTITUDE TOWARDS HONG KONG

While the central government is trying to exert more control over Hong Kong (as it had always tried since 2013), most of those interviewed do not see them 'punishing' Hong Kong. As long as Hong Kong maintains its openness, transparency

and vitality, it will still remain economically important and relevant to China. Civil society is another area that interviewees felt the central authorities are trying to interfere with. According to interviewers, this is achieved through an adulteration of Hong Kong's civil society through the establishment of new ones and through an 'infiltration' of existing ones with new members. While there is some evidence of Chinese influence on civil society in Hong Kong,<sup>24</sup> the extent of such 'infiltration' exist and the influence it holds is unclear. Some scholars see civil society and, consequentially, civil liberties being suppressed by the mainland government<sup>25</sup> while others undertake a more circumspect view highlighting the durability of Hong Kong civil society.<sup>26</sup>

At the societal level, one interviewee stated that "since the early 2000s, a feeling of superiority and pride began to take root in Chinese society". By 2010, mainland Chinese society, felt a sense of exceptionalism and "saw the United States as their only competitor."<sup>27</sup> This has a couple of implications for the mainlanders' attitudes towards Hong Kong people. First, they do not see anything wrong with their behaviour in Hong Kong even if it alienates the Hong Kong people. Second, with an increase in power, status and money, the Chinese from the mainland do not see Hong Kong as 'special' or as the thriving economic hub it once was – it is now viewed as another tourist destination to spend their money. All the interviewees agreed that the influx of visitors from the mainland placed a stress on

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24 Personal Interview, Chinese University of Hong Kong, 7 July 2015. See also 'Beneath the glacier', *The Economist*, 12 April 2014. <http://www.economist.com/news/china/21600747-spite-political-clampdown-flourishing-civil-society-taking-hold-beneath-glacier>

25 See Li Pang-kwong, '*Political Order and Power Transition in Hong Kong*', Chinese University Press: Hong Kong, pp. 182 and Kuan, H C, Escape from politics: Hong Kong's predicament of political development? *International Journal of Public Administration* 21(10), 1423-1448.

26 Robert Ash, Peter Ferdinand, Brian Hook and Robin Porter (eds), *Hong Kong in Transition: One Country, Two System*, Routledge: London, pp 93.

27 Personal Interview, Chinese University of Hong Kong, 7 July 2015.

Hong Kong society. One interviewee noted that the prices of daily necessities such as shampoos and instant noodles have risen dramatically. Indeed, the trade of Hong Kong goods have flourished so much that Hunan and Hubei have developed a niche economy dedicated to selling Hong Kong products.<sup>28</sup>

From the interviews, one noticed that there is a sense of unhappiness directed towards the Mainland Chinese. This is exacerbated by certain policies of the Hong Kong government towards Mainland visitors. One interviewer gave the example of a prevalent practise of parents both of whom are non-Hong Kongers (called ‘双非’) “opting to have their children born in Hong Kong as this would grant them automatic citizenship”. This created a spill-over effect on the healthcare sector in general as there was a shortage of places for pregnant mothers to deliver their babies in both public and private hospitals.<sup>29</sup> It was noted that people living closest to the border with China, Sheung Shui (上水) for example, felt the strongest against the Mainland Chinese. In those areas, young parents find it extremely difficult to place their children in kindergarten and pre-schools due to the influx of mainland students and have to travel much further inland to receive their education.<sup>30</sup>

In 2014, the number of visitors Hong Kong welcomed was 60.8 million. Out of this figure, Mainland China accounted for 77.7% of this figure or 47.2 million visitors.<sup>31</sup> Despite the

massive numbers, interviewees felt that their positive economic impact was small as they are usually single day visitors and do not spend money on the hospitality sectors such as hotels, taxi transportation and food. The protest however, has taken its toll on tourists’ figures from the Mainland. March 2015’s numbers saw a drop of 45% compared to March 2014.<sup>32</sup> That said, the latest available figures show an increase of 1% and 5% in April and May 2015<sup>33</sup> respectively; it remains to be seen if the 2015’s visitor numbers’ fall would be as drastic as some predicted.

## POLITICAL FUTURE OF HONG KONG SOCIETY

‘Uncertainty’ is the key word here as interviewees shared their thoughts on the future of Hong Kong society. Most of the interviewees felt a sense of pessimism in the next few years. This is largely due to the diametrically opposing views of the pro-democrats and the pro-establishment camps both within the Legislative Council and those outside of it. Interviewees agreed that the chances of democratization in Hong Kong society look bleak and that would not happen unless democratization happens in China first. Interviewees felt that the regime was very concerned about domestic issues and their behaviour towards Hong Kong would be, in part, contingent on what happens in mainland China. One interviewee, more circumspect, he

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28 Ibid.

29 “Hong Kong protests: What else is driving mainland tensions?” *BBC*, 1 October 2014. <http://www.bbc.com/news/world-asia-china-29421740>

30 Shirley Zhao, “Hong Kong and mainland parents feel pressure of kindergarten chaos,” *South China Morning Post*, 28 October 2013. <http://www.scmp.com/news/hong-kong/article/1342176/hong-kong-and-mainland-parents-feel-pressure-kindergarten-chaos>

31 Tourism Commission, “Tourism Performance in 2014”, [http://www.tourism.gov.hk/english/statistics/statistics\\_perform.html](http://www.tourism.gov.hk/english/statistics/statistics_perform.html)

32 Partner Net Research and Statistics. [http://partnet.hk/en/research\\_statistics/index.html](http://partnet.hk/en/research_statistics/index.html)

33 Ibid



Photo by author : Dylan Loh Ming Hui

expressed cautious optimism but said that the status quo would most likely remain.<sup>34</sup>

Looking even further ahead, 2047 is another date that will be closely watched. This is because that is the date that Deng Xiao Ping's (邓小平)'50 years without change' principle supposedly 'expires'. Interviewees were not optimistic about the future post 2047 and stressed that it is urgent, some opined even more important than the 2015 and 2016 elections, to start debating and talking about what happens after 2047. One opined that there is only three likely scenarios post-2047. The first scenario is a Hong Kong that "has more or less integrated with the Mainland and would be similar to mainland China".<sup>35</sup> The second one would be "more sinicization but with key sectors and institutions – such as the media, education and law – protected and left largely as they are today". The third and most unlikely scenario would be a Hong Kong with greater autonomy and less interference from the central authorities.

Many felt that there it is unlikely for any compromise to be reached and that the status quo of not having the 'one man one vote' system is the most plausible outcome for the 2016 Chief Executive elections. The only way for Hong Kong to achieve more autonomy would be for China to do so first – which is a tall order in the short to medium term. In the short term though, with a sapped pro-democracy camp, the status quo is likely to remain. It is also worth noting that while there had been attempts at socializing and mutual learning through the 'Umbrella Revolution' by people from Taiwan and even the mainland,<sup>36</sup> fears of an Umbrella Revolution 2.0 are largely unfounded. One of the main reason is the restraint shown by the mainland government and it's largely 'hands off' approach.<sup>37</sup> That is not to say the mainland government is flexible in its positions vis-à-vis autonomous/contest regions but it does hint at its flexibility in dealing with protest situations in such regions.

34 Personal interview, Heung Yee Kuk, 7 July 2015.

35 Personal interview, Chinese University of Hong Kong, 6 July 2015.

36 Cindy Sui, Why Taiwan is watching Hong Kong protests, *BBC*, 30 September 2014. <http://www.bbc.co.uk/news/world-asia-29422233>

37 Richard Bush, 'Hong Kong: Examining the Impact of the "Umbrella Movement"', *Testimony before the Subcommittee on East Asian and Pacific Affairs of the Senate Committee on Foreign Relations*, 3 December 2014. <http://www.brookings.edu/research/testimony/2014/12/03-hong-kong-umbrella-movement-bush>

## IMPLICATIONS

There are three key observations arising from this study. First, business confidence and stability will remain stable in Hong Kong in the near to medium term. It is necessary to talk about the economic prospects because much ink has been split about how the Umbrella Revolution would be the harbinger of economic malaise. Hong Kong's fundamentals are still strong - Hong Kong's economy expanded by 2.4% year-on-year in real terms in the first quarter of 2015. For 2015 as a whole, the economy is forecast to grow by 1-3%.<sup>38</sup> Given the disruptive effects of the protests in 2014, the growth rate is creditable and puts to bed questions raised about Hong Kong's position of a hub for finance, services and investments. The Hong Kong economy also grew faster at a rate of 2.8% up from 2.4% in the first quarter of 2015 with domestic demand exhibiting resilience.<sup>39</sup> As long as Hong Kong maintains its high levels of transparency, accountability and governance, it will continue to be an important economic centre for mainland China despite the Chinese media downplaying Hong Kong's economic importance.

Second, while mainland China will no doubt attempt to exert greater control and influence over Hong Kong, it will not be a walk in the park especially in areas that are traditionally and fiercely independent. These include domains such as academia, law, civil society and media. China is still grappling towards an acceptable *modus vivendi* that allows it to exercise some

(indirect) control but not meddle directly into affairs of these fields. This will require time and patience – something that China has in abundance. As indicated throughout my interviews, these purported attempts will face resistance on the macro and micro level.

Third, the simmering antagonism between Hong Kongers and mainlanders may intensify. This has worrying implications for an already divisive Hong Kong society. As noted earlier in the report, the fact that interviewees – prominent academics – have such negative feelings about mainlanders (many of whom are their own students) points to a deeper underlying problem of mistrust and suspicion. This is also not simply an antagonism between the mainlanders and Hong Kongers but also between pro-democracy Hong Kongers and 'status quo' Hong Kongers'.<sup>40</sup> It is also important to point out here that most people (this includes the pro-democracy lawmakers and protestors in general) in Hong Kong accepts the 'One Country, Two Systems' principle. Save for a few minor groups, the current contestations have been formed around acceptance of this principle and this 'baseline' principle is unlikely to face a serious challenge. That said, Hong Kong society will see greater contestation as people take sides and while protests will most certainly take place especially in the build up to the 2015 and 2016 elections, absent any catalytic event such as blatant police violence seen in the 2014 protests, it is unlikely that it will be on the scale of the 'Umbrella Revolution'.

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38 Louis Chan, 'Economic and Trade Information on Hong Kong', *HKTDC Research*, 28 July 2015. <http://hong-kong-economy-research.hktdc.com/business-news/article/Market-Environment/Economic-and-Trade-Information-on-Hong-Kong/etihk/en/1/1X000000/1X09OVUL.htm>

39 Government of Hong Kong Special Administrative Region, *Half-Yearly Economic Report 2015*. [http://www.hkeconomy.gov.hk/en/pdf/er\\_15q2.pdf](http://www.hkeconomy.gov.hk/en/pdf/er_15q2.pdf)

40 "Hong Kong's Counter-Protesters," *The Diplomat*, 8 October 2014. <http://thediplomat.com/2014/10/hong-kongs-counter-protesters/>

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