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### The political development of China, Taiwan and Hong Kong since the late 1970s : problems and prospects

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THE POLITICAL DEVELOPMENT OF  
CHINA, TAIWAN AND HONG KONG  
SINCE THE LATE 1970S:  
PROBLEMS AND PROSPECTS

by

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1994

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TAIWAN AND HONG KONG SINCE THE LATE 1970S:  
PROBLEMS AND PROSPECTS

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## 1) Introduction

Since the early 1970s, Taiwan and Hong Kong have experienced rapid economic growth, becoming two of the 'four little dragons' of East Asia. China began its reform and open door policy more than ten years ago, abandoning central economic planning and introducing market elements into its economic system. Recently it has been moving towards the socialist market economy, with double-digit growth rates. At the same time there has been an increasing interpenetration of the economies of China, Taiwan and Hong Kong, building a complex relationship among the three. Hong Kong businessmen have relocated their factories into the Pearl River Delta areas, employing almost 3 million workers, whilst Taiwan and Hong Kong businessmen have directly invested billions of dollars in mainland China. Taiwan's trade with China through Hong Kong is growing strongly year by year. In view of the increasingly closer economic relations among the three entities, the notion of a "Greater China Economic Circle" has become more popular. The economic changes in the three places over the past ten years or so have been absolutely stunning.

Equally stunning, in fact, have been the changes in political development in the three places. There have been twists and turns in the reform of political system in China, with a major setback after the 1989 Tiananmen Square massacre. Taiwan, over a short period of only a few years, has changed from an authoritarian one-party political system into a party political system with two parties running for public offices peacefully. Although the basic structure of colonial rule in Hong Kong has not changed for the past hundred years and more, the last ten years has seen the constitution of the Legislative Council changing from an appointment system into a more democratic system of direct elections at an unprecedented pace.

This paper attempts to sketch in outline the key political developments in China, Taiwan and Hong Kong over the last ten years or so, and to probe into the inner dynamics behind these changes and, finally, to discuss their future direction.

## 2) Political Change in the 1980s

### 2.1 China until 1989

The Third Plenary Session of the 11th Party Congress held in December 1978 was a turning point in the history of the Chinese Communist Party (CCP). In this meeting, Deng Xiao-ping abandoned the political line of 'taking class struggle as the key link' upheld in Mao Zedong's time, and adopted a pragmatic line with economic reconstruction as the party's main task. The CCP Central Committee took up a policy 'to enliven the internal economy and to open up to the outside world'. Preparations were made at the same time to establish Special Economic Zones and the contract system has been widely practised in rural areas. However, as the Third Plenary Session of the 11th Party Congress did not put forward any concrete ideas for political reform, it only laid the foundation for political reform. (1)

When the CCP took over power in 1949, its blueprint for the political system of the future new China was imbued with idealism. In 1945, Mao Zedong put forward his plan to turn China into an independent, free, democratic, united and wealthy new country. A free and democratic China, for Mao, was one in which "all levels of governments, including the central government, are created by elections by secret ballots and accountable to the people who elect them. Mr. Sun Yat-sen's San Min Ju Yi (Three Principles), Lincoln's principles of a country of the people, by the people, for the people and Roosevelt's four main freedoms will be carried out. China will maintain national independence, cohesiveness, unity and to cooperate with democratic powers of the world." (2)

Despite the promise made by the CCP at the time, what emerged in mainland China after 1949 was, in fact, a highly centralized political system with concentration of party, government and military powers. This system of highly concentrated political power, according to Tsou Tang, an American Chinese political scientist, is a system of 'totalism', which means that there is no sphere in the society

where the political power can not intervene.(3) In other words, 'civil society' cannot exist and political power can penetrate into every area of a citizen's life.

M. Djilas, the former Yugoslavian dissident, pointed out more than 30 years ago that "contemporary communism is a totalitarianism with three main elements to control the people. The first element is power, the second is ownership and the third is ideology. These three are all monopolized by one political power or a new class. At the moment they are monopolized by an oligarchy of that party or class. In history there has never been a totalitarian power--except communism--which uses all three elements and control the people to such an extent."(4)

This system of highly concentrated powers for the 'party, nation and ideology' not only failed to bring the Chinese people a democratic and free new China but also often turned power struggles within the leadership of the CCP into turmoil on a national scale, resulting in endless suffering for the people. Moreover, a highly centralized system of political power will certainly bring all kinds of bureaucratic practices, which dampen the enthusiasm of the people, erode the governing authority of the ruling party, and hinder the development of productivity in society.

Deng Xiaoping had a clear recognition of the above problems. In his talk on 'Reform of Party and National Leadership System', delivered at the extended meeting of the CCP Politburo on 18 August, 1980, Deng put forward his overall treatise on real political reform. However, what he put forward in 1980 was only a reform of the leadership or cadre system, not until 1986 did he put forward proposals to reform the political system.

Hitting hard at the defects of the CCP leadership system, Deng pointed out that bureaucratism, over-centralisation of power, patriarchy, life tenure for cadres and all sorts of privileges were all manifestations of inefficiency. Deng criticised especially the phenomena of bureaucratism. (5) Deng admitted that these defects were related to the management system of the CCP, which was highly centralised in power. In the party and government organs of the CCP, there is a lack of system and administrative rules to regulate the duties of leaders. Feudalistic ideas also played a significant part. In conclusion Deng argued that there were two major problems that the reform of leadership and cadre system must resolve: the question of centralisation of power and the question of the intertwined powers of party and government officials or, in other words, the party taking over the power of the government. Therefore, a system whereby 'to practise people's democracy to the full, ensuring that through various effective forms, all the people truly enjoy the right to manage state affairs' must be set up.(6) In 1986, following the hyper-inflation and widespread government corruption, in a series of meetings with foreign dignitaries, Deng raised the notion of political reform for the first time and stressed the urgency of political reform keeping pace with economic reform.(7)

What Zhao Ziyang did in the section on political reform in his political report for the 13th Congress of the CCP in October 1987 was to put Deng Xiaoping's ideas of political reform into concrete terms. There were seven elements: 1.separation of party and government duties; 2.reform of government agencies from top down; 3.to implement a civil service system; 4.to establish a system for consultation and dialogue with societal interested groups; 5.to perfect the systems of socialist democracy; 6. to perfect the system of National People's Congress;7. to fasten the construction of the legal system. (8) Unfortunately, shortly after these measures were put forward, domestic political pressures built up to the Tiananmen Square massacre, and the CCP discarded most of the above proposed measures. Developments after 1989 will be discussed later.

The CCP found that in the years leading up to 1989 the progress in economic reform forced it to introduce a certain degree of political reform. However, the implementation of even limited political reform deepened the conflicts among factions within the party, which brought a backlash and, in most cases, reform measures had to be changed or even discarded, until new sets of equilibrium among factions emerged. During those ten years, however, the CCP was certainly not without its achievements in political reform. Some mild reform measures were carried out, for example, a Discipline Monitoring Committee was set up in the Central Committee of the CCP to check the conduct of the party members;



a retirement system and a tenure system for cadres (especially high ranking cadres) were set up; genuine election was introduced in meetings of the National People's Congress; more objective criteria were adopted for choosing successors: namely revolutionary ideals, young, professional, and knowledgeable; a lawyer system was set up, which was a breakthrough in the CCP's control of the judiciary system; and finally, the National People's Congress passed a mass of rules and laws related to foreign investments. At least in this aspect, CCP officials had to establish a tradition of law-abiding practices.

A pattern can be derived from the ten years of political reform: any proposed measures that drastically reduced the CCP's control of society as a whole would meet with opposition from the conservative faction in the party and the reformists led by Hu Yaobang and Zhao Ziyang were forced to compromise. With hindsight, especially noting his action at the time of the Tiananmen Square massacre, Deng Xiaoping was in fact a reformist in economic field but a conservative in political affairs. The persistence in upholding the four cardinal principles and the persistence to reform and being open are equally important bottomline for the CCP with Deng as the paramount leader.(9)

## 2.2 Taiwan

During the same period, Taiwan's pace of political development was remarkably rapid. In the short space of only six to seven years, it had changed from a one - party dominant regime into multi-party politics. Under the rule of Chiang Kai-shek and Chiang Ching-kuo, Taiwan was a typical authoritarian state, but during the last years of Chiang Ching-kuo's rule, the Kuomintang (KMT) began to initiate a series of reform measures in politics.

When the KMT held its 12th Party Congress in March 1981 the long-upheld slogans of 'fight back to the mainland' and 'unify China with military force' were discarded. A new policy of 'unifying China with San Min Ju Yi' was brought forward. In the 7th Meeting of the 1st National Assembly, Chiang Ching-kuo was elected President and Lee Teng-hui vice-president. Thus, the succession crisis of the KMT was resolved in form and Chiang's successor was also identified and gained legitimacy. A native Taiwanese, Lee's ascendancy to power demonstrated that localisation of Taiwan politics had begun and the seeds, were sown for the end of strong man politics and the emergence of a balance of pluralistic political powers after Chiang died.

During the second half of the 1980s, the KMT introduced a series of measures of party and political reform including: lifting of the curfew, lifting of the ban on political parties and newspapers, enhancing the status of the representatives at the Central level, enhancing the power of local government, reforming of party affairs, reforming of administrative, legislative, and jurisdictional organs. Lifting of the curfew meant: 1.abandoning a number of martial law practices under extraordinary conditions; 2. reducing the power of the Taiwan police bureau set up to carry out the curfew; 3.easing restrictions on border control; 4.easing restrictions on civil rights: for instance, under the curfew law, mass demonstrations, strikes, and rallying and petitions were strictly prohibited but after the lifting of the curfew, these activities can be carried out legally under the national security law; 5.lifting the ban on newspapers and books. In January 1988, registration of new newspapers was allowed and the restriction on the number of pages printed lifted. (10)

Abandoning the curfew law was a major event in Taiwan, with a significant impact on its political development. The newly-passed 'People's Organisation Law at the Time of Turmoil' certainly turned on the green light for emerging political groups and provided an opportunity for different organisations and social classes to participate in politics. The Democratic Progressive Party(DPP), which evolved out of the major opposition group in Taiwan, was formally inaugurated in September, 1986. A week after the formation of the DPP, Chiang Ching-kuo said in the Standing Committee of the KMT that "time is changing, the situation is changing, trends are changing. To keep up with these changes, the ruling party must push forward reform programs with new ideas and new ways of doing things, and on the basis of democratic constitution. Only in this way can we keep up with time and trends, as well as staying with the people forever."(11) This speech indicated that the ruling KMT had become fully prepared psychologically for the advent of party politics.

The ban on newspapers was lifted on 1 January, 1988, marking the first step to freedom of the press in Taiwan. When new political forces begin to emerge in a society, people's sense of political participation has also to be heightened. Naturally newspapers become important vehicles to promote political ideas. Official newspapers can no longer monopolise or manipulate public opinions. Various social and political forces wanted to extend their influence, and the newspapers struggled for market share in order to survive. Political taboos were broken in Taiwan one after the other during this process. This reshuffle of the public opinion field gave political forces the conditions for direct participation, which in turn stimulated the consciousness for political participation of various strata or classes. The lifting of the ban on newspapers accelerated the coming of party politics.

Two years before Chiang Ching-kuo died--two years of the utmost significance in the political development of Taiwan--a Taiwanese political commentator said quite rightly that: "from a historical point of view the period between 1986-1987 is a time of change for Taiwan politics and society. It is also a time when most political breakthroughs occurred since the nationalist government moved to Taiwan...With the opening up of politics and the breaking of taboos, the open policy seemed to echo the society's aspirations. The long stored forces of social movement broke out like water from a dam and formed big streams. Since 1986 there was a steady stream of mass protests, rallies, petitions, self-rescue movements and processions on the streets....Labour movement, student movement, environment protection movement, consumer movement and rural revival movement...all came onstage in this period of 'breakthrough and opening up'." (12)

With the emerging social forces, the power of government had shrunk. Once the opposing political forces were institutionalised, history could not be turned back. Chiang Ching-kuo died in January, 1988 and Lee Teng-hui succeeded him as president, thus peacefully completed the transfer within the KMT. Since the framework for democratic politics had already been built, Lee's task was to continue to work for the localisation of the KMT, the democratisation of the political system and the establishment of a freer society.

### 2.3 Hong Kong

Coincidentally, the democratisation of the political system in Hong Kong also began in the early 1980s. Hong Kong is a British colony and its Governor is appointed by Britain, with all political powers resting with him. Political scientists often describe the governor as a dictator on a small scale. The constitution governing Hong Kong consists of the Letters Patent and the Royal Instructions. These two documents define the political structure of Hong Kong, the power of the governor, the constitution and the make-up of the Executive and Legislative Councils. In the terms of these constitutional papers, the Executive and Legislative Councils are consultative bodies for the governor. In other words, the governor has veto power over decisions of the two Councils, though in reality this seldom happens.(13)

There have been few little changes in the 150 years of history of Hong Kong from the viewpoint of the political framework of the colony, and even if there were changes they were not structural in nature.(14) The Urban Council evolved from the Health Board in the 19th century (1885). The Regional Council came into existence only in 1986, with the same function as the Urban Council, but with its area of jurisdiction over the New Territories. District Boards were first set up in 1982. According to the 'White Paper on Local Administration' published by the Hong Kong government, District Boards are also consultative bodies, the function being to provide views on improving public amenities to the district Management Committee composed of government officials. In addition, Hong Kong has a team of civil servants of considerable size (amounting almost to 200,000 now). An independent civil service is the indispensable basis of the smooth functioning of Hong Kong.

However, if one looks at the way representative bodies are composed, one can see a great deal of change in the last ten years or so. The Executive Council is the most important decision-making body in Hong Kong, but its composition remains unchanged. Apart from the Chief Secretary, the Financial Secretary, the Attorney General and the Commander of the British Forces as ex-officio members, all the other unofficial members are appointed by the governor. It is the composition of the Legislative Council

which has seen the greatest and fastest changes. From an appointment system to the introduction of elections by universal franchise, the change only took six years.

The government introduced indirect elections in the Legislative Council in 1985, including elections by electoral colleges and functional constituencies. The former consists of electing a representative from District Board members to attend the Legislative Council; the latter consists of determining, by the Governor, functional constituencies which contribute to the economic and social development of Hong Kong, and Legislative Councillors are elected among these groups or individuals. There were a total of 24 councillors created by these two methods in 1985. The Legislative Council of 1988 did not change the election methods, but the number of functional seats increased and official members reduced to 10 and appointed members also reduced to 20.

The government introduced direct election by districts and abolished seats created by electoral college in 1991. The introduction of direct election as a whole was greeted by political scientists unanimously as a turning point in the history of political development of Hong Kong.(15) Of course, direct elections did not begin in the Legislative Council. They had already begun in the District Boards in 1982. But, people did not think they were significant because the function of District Boards is purely consultative. Direct elections were also used in the Urban Council after 1984.

Elections for various representative bodies since the early 1980s, include:

1982: District Board election

1985: District Board election and indirect election in the Legislative Council (election by electoral colleges and election by functional constituencies)

1986: Urban Council and Regional Council elections

1988: District Board election and indirect election in the Legislative Council (election by electoral colleges and election by functional constituencies)

Urban Council and Regional Council elections

1991: District Board election and direct election by district in the Legislative Council (and election by functional constituencies), Urban Council and Regional Council elections

The biggest political change in Hong Kong, however, has not occurred in the political system, but in the political participation of the citizens. Political participation can be defined as attempts by individuals and groups, through various kinds of open activities, to influence government decisions and even to replace some of the government's power. (16) Political participation can vary, for example, to stand for election, to lobby for others, to vote, to form political parties, to publish comments, to publicise openly, etc. The most drastic form of political participation is to overthrow a government by force. Since the early 1980s, Hong Kong people have participated in politics through institutionalised channels.

In a short period of less than 10 years, Hong Kong people (those over 21 years of age) found themselves changing from a position where they had no right to vote to one where they have three chances to vote to elect representatives. Some even have four chances to do so if they belong to the functional constituencies. The increase in the chances to vote does not only mean the increase of power merely in form, but the change in political culture involved is also enormous. When there are voters, there must be contenders, and contenders mean contention which needs money and manpower and widespread mobilization, which in turn raises the political consciousness of citizens.(17) Election politics has no doubt marked a big step forward for political democracy and the plurality of society.

### 3) The Present Political Situation

### 3.1 China Since Tiananmen

As mentioned above, there has been partial retrogression in political reform in China since the Tiananmen Square massacre. For over a year after June 1989, the CCP regarded the term political reform as a taboo. Not until 11 June, 1990 did Jiang Zemin use it in an open letter to nine Chinese students who were studying at California State University in the United States. (18) However, as compared with the terms used in the Political Report to the 13th Party's Congress delivered by Zhao Ziyang in 1987, the substance on political reform had been changed significantly. The priorities in the ten-year political reform period during the years 1979-89 had been to achieve the separation of powers between the party and the government and the devolution of power. Abandoning these, as Jiang did, meant forsaking the essence of political reform.

After the Tiananmen Square massacre the CCP saw political reform in a new light. Now, it only comprised three points: 1) a complete denial of the multi-party system and a separation of powers, as practised by Western countries; 2) perfecting the system of the National People's Congress; 3) improving the system of multiparty cooperation (19) and political consultation under the leadership of the CCP. Such measures were significantly more retrogressive than those proposed in 1987.

However, at the 14th Party Congress held in October 1992, some measures which had been in practice until 1989 were revived in the Party Report given by Jiang Zemin. Apart from affirming the improvement on the National People's Congress and the multi-party under the leadership of the CCP, he also advocated other measures such as scientific methods of decision making, reform in administrative organizations and the establishment of a civil service system as soon as possible (20). Jiang Zemin also emphasized that the reform of administrative organizations and a streamlined bureaucracy were important conditions for deepening reform, for establishing a market economic system and for speeding up China's modernization.

In the 8th National People's Congress held in March 1993, the government report made by Li Peng once again affirmed that the 'reform in administrative organizations is a condition for establishing a socialist market economic system and speeding up economic development'(21). In August 1993 the State Council promulgated the regulations for a 15-grade civil service system, which is expected to be established within three years. But the reformist scheme for streamlining the State Council which had been proposed six months earlier, fell foul of resistance from those with vested interests. In fact, the National People's Congress is still nothing but a rubber stamp. At the 8th National People's Congress, Li Peng was the only candidate for premiership, while only Rong Yiren among the leaders of the 'democratic parties' has been elected to be vice president of the PRC under the system of multi-party cooperation.

Although some measures previously in practice before the Tiananmen Square massacre have been revived since the 14th Party Congress, there has been regression as regards policies to separate powers between the party and the government. At the 8th National People's Congress only the separation of government and enterprises was mentioned.

### 3.2 Taiwan under Lee Teng-hui

In fact, the CCP's 14th Party Congress in 1992 was a congress which actually increased party power. Given the impact of China's burgeoning market economy, the CCP dreaded losing its overall control over society. By way of contrast, at the 14th Kuomintang Congress held in Taipei in August 1993, its centralized party power was weakened. Firstly, democratic elections were emphasized as it was the first time the KMT had ever adopted voting for electing a chairman. Secondly, there were more dissident voices than previously. Before the congress was held, some groups of middle-aged party members left the party to form a new one. This probably was the price the KMT had to pay for party politics. In the county and city mayoral elections in November 1993, the KMT was further weakened. We have to wait and see whether the KMT will continue to be the party in office in future.

Before Chiang Ching-kuo died in 1988, the bans on political parties and newspapers had begun to be loosened. The first opposition party had been formed and basic party politics had been established. Since Lee Teng-hui became the president, democratic politics have continued to be practised. From the 13th Congress in 1988 to the 14th Congress in 1993, apart from consolidating his personal power base, Lee introduced reforms within the KMT, the most important policy being the reform for the so called 'ten-thousand-year' parliament and the amendment of the ROC constitution.

The ROC National Assembly had been established in Nanking in March 1948. In April the same year, the KMT used the threat from the CCP as an excuse to pass the 'Temporary Provisions', freezing the constitution and turning the Assembly into a voting machine. After the KMT moved to Taiwan in 1949, owing to the enforcement of martial law and the Temporary Provisions, the Assembly was given its representative status without term limits, becoming an organization whose only function was to elect the president of the ROC. From early 1970s, there were partial elections introduced for the central representative Yuans, but the basic structure of the government remained unchanged. The KMT leadership was not challenged.

Not until Lee Teng-hui became president did Taiwan come up with comprehensive re-election procedures. Lee formulated new provisions to force the voluntary retirement of the central representative Yuan members elected in Mainland China before 1949 and revised the methods for increasing the membership of the central representative Yuans. Later he dropped the Temporary Provisions, making the whole society far more open. In 1989 Taiwan had its first elections for three kinds of public offices, namely county and city mayors, Legislative Yuan, and Provincial Assembly after the cancellation of martial law. These elections returned 21 county and city mayors, 101 Legislative Yuan members and 171 Provincial Assembly members. In the results, the KMT suffered its greatest setback since moving to Taiwan. Amongst the 293 people elected, the KMT only secured 205 seats comprising about 70% (72 in Legislative Yuan, 119 in Provincial Assembly and 14 in counties and cities), while the Democratic Progressive Party secured 65 seats comprising about 22% (21 in Legislative Yuan, 38 in Provincial Assembly and 8 in counties and cities compared with 12, 25 and 1 respectively for previous elections), and the Labour Party secured 1 seat in Provincial Assembly. The remaining 22 seats were held by non-party independents(22).

These elections show that the period of Kuomintang- dominated politics was over in Taiwan. The Democratic Progressive Party emerged as the largest opposition party and became an important political force in Taiwan. In the elections for the Legislative Yuan in Noember 1992, the DDP secured 50 seats ( one third of the whole Yuan), thereby beginning to threaten the KMT's ruling status. Under the existing ROC constitution the chairman of the Executive Yuan is to be nominated by the president and appointed by Legislative Yuan. As long as a majority of seats in Legislative Yuan were secured, there would be power over the appointment of the premier. Next, the role of the National Assembly is to elect the president. In the election for National Assembly representatives, the KMT could still hold a majority of seats. If the president were to be elected by popular election, in view of the declining voting rate for the KMT (for the first time in history, the KMT only secured 47.5% in the county and city mayoral election in 1993), it is doubtful whether the KMT would secure a majority of votes in the presidential election. Once the office of president were lost, the KMT would no long be the party in power. In fact, according to the provision number 12 of the amended ROC constitution, the elections for the 9th president and vice president will be held in 1996. They are to be `elected by free regions in ROC` (23). The gretest test for the Kuomintang is yet to come.

### 3.3 The Patten Proposals

While party politics are heading towards maturity and election procedures are becoming more systematic in Taiwan, the party politics emerging in Hong Kong, are, however, less mature. There are several factors accounting for this. First, living in a colony, Hong Kong citizens have been apathetic towards politics, and mobilizational political elections did not come into practice until the early 1980s. Next, the political framework of a colony does not allow challenges from opposing powers. In other words, political parties cannot be in power. Finally, the Basic Law passed by the National People's

Congress of the PRC in 1990 stipulated that existing political structure under the rule of colonial administration would basically remain unchanged while election politics could only apply to the constitution of Legislative Council (24).

The Basic Law provides that upon the constitution of the Legislative Council in 1997, thirty of the sixty members are to be elected from functional constituencies, ten by the Election Committee and twenty by direct elections. The terms begun in 1995 will straddle beyond the handover in 1997. If arrangements for the 'through-train' could be implemented, the elections in 1995 will carry out the provisions of the Basic Law. Such electoral arrangement, however, will never meet the democratic aspirations of the people of Hong Kong. (25)

Governor Chris Patten, who assumed office in July 1992, delivered his first Policy Speech in October 1992, in which recommendations for democratization of the political system in Hong Kong were made. The proposals comprise several points: 1) a complete separation of the Executive Council from the Legislative Council (this has been carried out; in other words no member should hold seats of both Councils at a time); 2) the election of its chairman among members of Legislative Council (already implemented); 3) report and consultation by the Governor made to the Legislative Council after paying important visits to other countries (already implemented); 4) the voting age to be dropped from 21 to 18; 5) the Election Committee to be constituted by directly-elected District Board members. (26)

Chris Patten's package on political reform did not violate the provisions of the Basic Law, but he did take advantages of some grey areas. Moreover, the reform proposals simply concentrated on the constitution of the Legislative Council. He left the basic constitutional structure of Hong Kong untouched. However, China's response was very strong, lashing out at the scheme and reducing Sino-British relations to the sourest level ever witnessed over the years. From February to November, 1993 17 sessions of Sino-British negotiations on the arrangements for the elections in 1994/95 were held, but no progress was made. While visiting China in July 1993, British foreign minister Douglas Hurd noted that the Sino-British negotiations on the Hong Kong political system focused on three issues: 1) the definition of new functional constituencies; 2) the constitution of the Election Committee; 3) the objective criteria for the through-train arrangement (27). In December 1993, in the absence of positive progress, Governor Patten decided to submit a partial bill on the electoral arrangements in 1994/95 to the Legislative Council. Several days later, China formally announced that the electoral talks had broken down.

#### 4) The Dynamics of Political Change

The political development of China, Taiwan and Hong Kong in the last ten years has been deep and far-reaching. From the point of view of political democratisation, the three places are, to varying degrees, striving towards this basic objective, although the substance and pace are different. The reform of the political system in China has been erratic; all the measures have been a patchwork under the framework of a one-party governance. The monopoly of political power by the CCP (the most important of the four cardinal principles) is the golden rule; this inevitably sets limits on the political reform of the CCP. On the one hand, the CCP's political reform is a reaction against the age of lawlessness during the Cultural Revolution. Deng Xiaoping clearly sees that national disorder and a cult of person alike would ruin the CCP and bring disaster to the Chinese people. But on the other hand, the CCP's economic reforms, such as setting up special economic zones, absorbing foreign investments, introducing management techniques, etc. have not been accompanied by a corresponding reform in the political system. In the documents of the 14th Congress of the CCP, a socialist market economy was promulgated. The market economy presupposes a free flow of information, which must have an impact on the existing closed system of the press. Moreover, investments by foreign businessmen need the protection of the law, which requires a certain level of a rule of law. The market economy also presupposes that people are able to make choices, and to have choices means to have freedom. (28)

Moreover, the market economy requires that the state --or the government-- acts as an objective arbitrator, sets up fair and just rules and intervenes quickly and decisively when the market is not