Small Governing Coalition in Hong Kong and its Impact on Political Freedom
Trystanto
Faculty of Social and Political Sciences, Universitas Gadjah Mada, Indonesia, trystanto@mail.ugm.ac.id

ABSTRACT
Hong Kong has seen an upheaval in recent years. From the protests over the extradition law to the protests over the National Security Law, these protests are a response to the ever-encroaching hand of Beijing on political rights in Hong Kong. After the National Security Law was implemented, Hong Kong’s freedom was almost gone. One by one, pro-democracy protesters, opposition parliament members, and opposition media are being targeted and repressed. Despite the numerous protests and riots, the Hong Kong Special Administrative Region (SAR) government perseveres with little concession to the protesters. Why does the government of Hong Kong decided not to respect Hong Kong’s unique democratic system in China, arguably the system that has brought Hong Kong to one of the most prominent cities in the world for global interactions, and instead wish to turn it into another normal Chinese city? Why does the Hong Kong SAR government almost completely ignore the voice of the Hong Kong people? Using the framework developed by Bruce Bueno de Mesquita and Alastair Smith in The Dictator’s Handbook, I argue that the small size of Hong Kong’s governing coalition (i.e., the minimum amount of support required for the leader to stay in power) and the ease in which the Chief Executive of Hong Kong rewards her allies play a significant role in this democratic backsliding. Furthermore, while the Western World reacted in outrage over this undemocratic encroachment of Beijing on Hong Kong, I argue that their sanctions on Hong Kong leaders will not play a significant role as the Chief Executive of Hong Kong does not need their support.

Keywords: Hong Kong; democracy; protests; governing coalition; sanctions

ABSTRAK
Hong Kong telah mengalami pergolakan dalam beberapa tahun terakhir. Dari protes atas undang-undang ekstradisi hingga protes atas Undang-Undang Keamanan Nasional, protes ini merupakan tanggapan atas tangan Beijing yang terus merambah hak politik di Hong Kong. Setelah Undang-Undang Keamanan Nasional diterapkan, kebebasan Hong Kong hampir hilang. Satu demi satu, pengunjuk rasa pro-demokrasi, anggota parlemen oposisi, dan media oposisi menjadi sasaran dan represi. Terlepas dari banyaknya protes dan kerusuhan, pemerintah Daerah Administratif Khusus (SAR) Hong Kong bertahan dengan sedikit konsesi kepada para pengunjuk rasa. Mengapa pemerintah Hong Kong memutuskan untuk tidak menghormati sistem demokrasi unik Hong Kong di China, bisa dibilang sistem yang telah membawa Hong Kong ke salah satu kota paling terkemuka di dunia untuk interaksi global, dan malah ingin mengubahnya menjadi normal lainnya kota Cina? Mengapa pemerintah SAR Hong Kong hampir sepenuhnya mengabaikan suara rakyat Hong Kong? Dengan menggunakan kerangka kerja yang dikembangkan oleh Bruce Bueno de Mesquita dan Alastair Smith dalam The Dictator’s Handbook, saya berpendapat bahwa kecilnya koalisi pemerintahan Hong Kong (yaitu, jumlah minimum dukungan yang diperlukan agar pemimpin tetap berkuasa) dan kemudahan untuk Kepala Eksekutif Hong Kong memberi penghargaan kepada seikutunya memainkan peran penting dalam kemunduran demokrasi ini. Selain itu, sementara Dunia Barat bereaksi dengan marah atas perambahan Beijing yang tidak demokratis di Hong Kong, saya berpendapat bahwa sanksi mereka terhadap para pemimpin Hong Kong tidak akan memainkan peran penting karena Kepala Eksekutif Hong Kong tidak membutuhkan dukungan mereka.

Keywords: Hong Kong; demokrasi; protes; koalisi pemerintahan; sanksi
Introduction

Hong Kong, the pearl of the Orient. It has been seen as a city symbolizing Asian prosperity since its British colonial era. After the United Kingdom handed over Hong Kong to the People’s Republic of China (PRC), it was agreed upon by both parties in the Sino-British Joint Declaration of 1984 that “[t]he current social and economic systems in Hong Kong will remain unchanged, and so will the life-style” for half a century after its handover in 1997. Therefore, Hong Kong would be allowed to have a separate legal, economic, social, political, and cultural system from Mainland China. This could be the end of the story, at least until 2047.

But it is not. In recent years, attempts by Beijing to subvert the status quo have been bolder and bolder. In 2019, the Hong Kong SAR government was under fire after proposing an extradition law that allowed Hong Kong citizens to be extradited to Mainland China. A year later, Beijing’s National People’s Congress passed the ‘National Security Law’ that allows Hong Kong police to arrest people committing “secession, foreign interference, terrorism and subversion against the central government.” This led to massive protests by the people of Hong Kong and massive international condemnation.

Why would China violate the Sino-British Joint Declaration, and how can the Hong Kong SAR government not adhere to Hong Kong residents’ aspirations to cancel the extradition bill and the national security law? Why do international sanctions and condemnations have almost no effect in an attempt to reverse this oppression? While there are many answers to this question, I attempt to explain the dynamics of this political phenomenon by using the framework developed by Bruce Bueno de Mesquita and Alastair Smith in their book _The Dictator’s Handbook: Why Bad Behavior is Almost Always Good Politics_. They provide an analytical framework based on the size of the coalition necessary to keep a government (or state leader) in power. I believe that this analysis could be applied to the dynamics of Hong Kong–Mainland China political relations and the relationship between the Hong Kong political establishment and the Hong Kong people.

Therefore, due to the unique nature of the Hong Kong electoral system, the leader of Hong Kong does not have to have support from a majority of the Hong Kong people. Furthermore, given that the people of Hong Kong do not elect the Chief Executive of Hong Kong herself, rather appointed by a committee, the Leader of Hong Kong does not have to listen to the people as she only needs to maintain unwavering support from the members of the Chief Executive election committee. Furthermore, I also do not believe that international sanctions and condemnations on Hong Kong and Chinese leaders could have any substantial effects that could reverse the adverse actions taken by the Hong Kong and Mainland Chinese governments, as the Hong Kong SAR governments do not need their support and the appeal of Hong Kong as a business hub in Asia and as a ‘gateway’ to the Mainland Chinese market.

---

To structure my argument, I have sorted this article as follows. Firstly, I will lay out the analytical framework made by de Mesquita and Smith in *The Dictator’s Handbook*. Then, I would lay out the analysis of Hong Kong politics based on the framework laid out previously, as well as explain why international sanctions and condemnations have not worked effectively. Finally, I would conclude this article by stating the limitations of my research and my aspirations for future studies.

**Analytical Framework**

According to de Mesquita and Smith⁴ What makes a democracy and a dictatorship a dictatorship is not its leaders’ personalities or backgrounds. Instead, the differences lie in how state leaders could maintain their power. More specifically, it depends on how much support from the people is needed to stay in control. Furthermore, they theorize that “[n]o leader is monolithic” in the sense that no leader in history has ever governed alone, not even King Louis XIV of France, who proclaimed that *l'état, c'est moi*.⁵ Instead, they will always rely on a coalition, big or small, to support them or by following the leader’s instructions in return for a prize from the state leader⁶.

De Mesquita and Smith divide a leader’s coalition into three different categories from the least important to the most critical coalition⁷:

1. **The Nominal Selectorate (i.e., interchangeables)**

   The nominal selectorate is the citizens who, at least legally and theoretically, have a say on who the leader should be. For example, in Indonesia, the nominal selectorate would be all Indonesian citizens eligible to vote in the presidential election. However, even though they theoretically and legally have a voice in who the leader should be, their *actual* power could differ from country to country and even between regions inside a country. For example, in the United States, a citizen living in the so-called ‘swing states’⁸ could have more power than those living in ‘safe states.’

   It is important to emphasize that almost all countries have big interchangeable as a majority of countries in the world, even authoritarian ones, have elections that, in theory, give the citizens of that state an avenue to choose their leader. However, the elections’ realness, fairness, and competitiveness could differ. For instance, in North Korea, every citizen is eligible (even mandatory) to vote in the North Korean elections⁹. However, it is questionable whether they can alter a pre-determined outcome of the Korean Workers’ Party’s victory.

2. **The Real Selectorates (i.e., the influentials)**

   The real selectorates are the interchangeables who choose the state leader. In Indonesia, the real selectorates would be the citizens who actually voted for the President in 2019 presidential election. In the People’s Republic of China, the real selectorates would be

---

⁴ Ibid, ch.1
⁵ Ibid, 1
⁶ Due to the many different etymologies on how to call a leader of a state (e.g., President, Prime Minister, Supreme Leader, King, Queen, etc.), I decided to group all of them into the term ‘state leader’ for the sake of conservatism
⁸ Swing states are states that do not have a clear political leaning towards the Republican or Democratic Parties. Therefore, both parties have the same chance of winning. Safe states, on the other hand, are states that show a clear political leaning and have a big chance of voting Democratic or Republican.
the members of the Chinese Communist Party that chooses the Chinese President and Communist Party General Secretary. In short, the real selectorates are those who are actually influential in choosing who the state leader should be, as opposed to the interchangeables, who only have that power theoretically and legally but not necessarily in reality.

3. The Winning Coalition (i.e., the essentials)

The winning coalition is the most important of all of the three groups. It is the people whose support are absolutely critical for a state leader to remain in power. In Indonesia, the essentials would be the 50%+1 number of voters that are needed for a presidential candidate to be elected. In the People’s Republic of China, the essentials would be the members of the committee that actually elect the leader and key members of the politburo. Without their support, a state leader is finished.

This is where democracies and dictatorships differ. De Mesquita and Smith emphasizes that a democracy is a state that has a large number of essentials while a dictatorship is a state that has a small number of essentials. While they concede that no two countries are exactly the same in their governance system, they could be differentiated or put together by looking at the size of the winning coalitions of their respective governments.

To simplify the understanding of where each group’s position lies in a country, I decided to make the following diagram to simplify the analytical framework of de Mesquita and Smith:

**Diagram 1.** A diagram of each position of interchangeables, influentials, and essentials in relation to each other

![Diagram 1](image)

*Source: de Mesquita and Smith, 2012*

A leader’s actions toward their citizens could also be analyzed in this way. As a leader needs support from the essentials, the essentials would need to be incentivized to protect the leader (in other

---

words, there is no free lunch). Therefore, a leader’s actions toward their citizens could also be analyzed by looking at the size of the essential coalition.

Why would a leader build public infrastructure, and why would a leader shower their cronies with expensive bags, contracts, and money? If an essential coalition is small, then it would be effortless for a leader to reward them\(^\text{11}\). A leader could shower them with cash, contracts, expensive bags, and expedited clearance if they want permission to do something. The aspirations of the rest of the common masses are not worthy of attention as the support of the common groups is not needed.

When the essential coalition is significant, as in a democracy, it would be more efficient for a leader to build public infrastructure and listen to the people's needs and wants to reward them for their support\(^\text{12}\). It would be difficult for a state leader to individually reward the winning coalition members as they are so huge (for example, it would be very difficult to individually reward 60,000,000 voters that voted for a state leader). Thus, building public infrastructure would be more efficient as many people can enjoy one infrastructure and it could also potentially sway other voters to the state leader’s side.

In the case of the latter, state leaders could also play on which regions to give reward to. When a region’s support is essential, or when the leader and the region’s population support the leader, then the state leader may give preferential treatment to the region in question. A state leader could also threaten to withdraw central government aid to regions whose leaders or population do not support the leader unless they do otherwise. For example, in the height of the COVID-19 pandemic in the United States, President Trump uses partisan arguments in asking “[w]hy should the people and taxpayers of America be bailing out poorly run states (like Illinois, as example) and cities, in all cases Democrat run and managed, when most of the other states are not looking for bailout help?”\(^\text{13}\)

Given that the bigger the size of the winning coalition the greater the number of efforts that have to be made, many leaders would attempt to have a smaller winning coalition to avoid any dissent, avoid giving a voice to potential rivals, and to make it easier for the state leader to reward the winning coalition. In the United Kingdom, for example, a Prime Minister only needs the support of 25% of the British population\(^\text{14}\).

The theory is less convincing in determining the reason autocracies are more volatile and violent than democracies. According to de Mesquita and Smith, the reason is that the real selectorates would stand to lose more in autocracies and, therefore, would make international disputes more personalized. On the other hand, the real selectorates in democracies have less to lose given that the nominal value of the dispute is distributed among a large swath of people. Additionally, given that a democratic leader is beholden to a large swath of people, they would be less likely to start a war unless they are 100% confident that they are going to emerge victorious. According to this theory, the reason that the United States and the Soviet Union did not fight a large-scale war was due to the US and USSR’s incertitude and whether they would emerge victorious.\(^\text{15}\)

\(^\text{11}\) Ibid, p.11
\(^\text{12}\) Ibid.
\(^\text{14}\) A Prime Minister would need to have at least half of the total number of Members of Parliaments from his or her party and each Member of Parliament would need to have the support of half of the population in their respective constituencies.
\(^\text{15}\) De Mesquita and Smith, ch.9
This explanation is not really convincing as it assumes that all autocracies worldwide have a uniform view of how they view the world. In reality, some historical and cultural backgrounds can have sway.\textsuperscript{16} As an example, China sees the world through the lens of a harmonious hierarchical world within which China sits at the top of the hierarchy.\textsuperscript{17} China’s goal is to slowly change the international system and gain legitimacy inside it as a primus inter pares. Consequently, China is less penchant to carry out militarily adventurist policies (at least not in an all-out fashion) and would prefer to play the long game of currying favor with neighboring countries. In this fashion, China is much more focused on rules, than power. Russia, however, is the exact opposite. It is willing to disregard international laws, such as in Ukraine, and rely on power as it believes more in the ‘might makes right’ adage.\textsuperscript{18} Both the Russian and the Chinese people would probably agree that being the primus inter pares among the world’s nations would be preferable. However, what led to the differences in preferences could better be explained through history or culture, especially China and Russia’s historical role in their regions. Consequently, when analyzing the behavior of different autocracies, the selectorate theory is not convincing.

Additionally, there is also the issue of foreign interference in domestic affairs. Even though it is legally banned in the UN Charter, superpowers regularly interfere in the domestic affairs of other countries. When a superpower interferes, then it will support the groups that are aligned with the interest of the superpower.\textsuperscript{19} If the democratic group is more aligned with the United States, for example, then the US would support the democrats and oppose the autocrats. The inverse is also true. When the autocrats are more aligned with the United States compared to the democrats, then the US would support the autocrats. There is contemporary evidence of this. Even though the United States always say that it supports democracy promotion, it continues to shield autocratic regimes, such as Saudi Arabia, even when their conduct are not aligned with democratic and human rights values.\textsuperscript{20} In Hong Kong, the US supports the protesters as the interests of the protesters and the US align. Consequently, it should not be surprising that the US offered much rhetorical and legal support, at the very least, to the Hong Kong protesters\textsuperscript{21} as they are protesting against the Chinese government, the US’ main adversary in the great power competition.

Thus, whether a state leader will listen to the aspirations of his or her own people could be dissected on the size of the leader’s winning coalition. If the size is small, then the leader would rarely listen to the aspirations of the common masses. When the size is big, then the leader would listen to the will of the people as it would also be his way in rewarding his essential coalition.

Analysis

a. An overview of Hong Kong’s electoral system

\textsuperscript{16} Jessica LP Weeks, \textit{Dictators at War and Peace} (Ithaca: Cornell University Press, 2014), p.8


\textsuperscript{19} De Mesquita and Smith, p. 246


It is important to note that in Hong Kong, the residents do not get to pick all members of the Hong Kong Legislative Council. Before the 2021 electoral sector reform, only 35 of the 70 seats in the Legislative Council are elected directly by Hong Kong residents. 30 of the 70 seats are reserved for the so-called ‘functional constituencies’ – constituencies that “represent sectors which are substantial and important to the development of the community”, mostly business sectors in Hong Kong. Therefore, even though the pro-democracy camp may win the overall popular majority in Hong Kong, a pro-Beijing Legislative Council could exist instead, as the businesses mostly have big business interests with Mainland China.

It is also important to note that the members of the Legislative Council do not actually elect the Chief Executive of Hong Kong (i.e., Hong Kong’s leader). Instead, that job is relegated to the 1,200-member ‘election committee’. Thus, this makes Hong Kong’s real selectorates numbering only 1,200 people out of the 7.5 million Hong Residents – a ratio of 0.016% of the population, and the size of the essential coalition is even smaller. The 1,200 people membership is divided into four groups: Industrial, commercial and financial; The professions; Grassroots, labor, religious and other sectors; and Members of the Legislative Council, representatives of district organizations and other organizations. The latter is perhaps the only group that have some representation of the common masses in Hong Kong. After a candidate has been chosen, he or she is then appointed by the Central Government in Beijing.

After the 2021 electoral reforms in Hong Kong, the direct representation of the people of Hong Kong in the Legislative Council is cut to 20 out of 90 seats, with 40 members elected by the election committee and 30 members elected by functional constituencies. Thus, it is almost impossible for pro-democracy parties to win a majority in the Legislative Council. The voting system itself is also changed to Single Non-Transferable Votes (SNTV). This action is seen as an attempt to denigrate the advantages of the pro-democracy camp as SNTV could make it difficult to coordinate who to vote for, thus leading to coordination problems.

The same is also the case in regards to the election committee, the ones that are actually responsible to elect the Chief Executive. In this instance, the size of the election committee is actually enlarged from 1,200 people to 1,500 people. However, this does not necessarily translate to the enlargement of the pool of representation of the people of Hong Kong.

Instead, the remaining 300 seats are allocated into a fifth division: HKSAR deputies to the National People’s Congress (NPC), HKSAR members of the National Committee of the Chinese People’s Political Consultative Conference (CPPCC), and representatives of Hong Kong members of

---

relevant national organizations. The newly-added division is made up of 190 “HKSAR deputies to the NPC [National People’s Congress] and HKSAR members of the CPPCC [Chinese People’s Political Consultative Conference] National Committee” and 110 “Representatives of Hong Kong members of relevant national organizations” Under the new system, out of 1500 seats, only 90 are actually occupied by members of the Legislative Council and out of those 90 seats, only 20 of those seats are actually geographical constituencies elected by the people of Hong Kong.

To recap, after 2021, the Hong Kong people only directly elect 20 seats out of the 90 seats in the Legislative Council. The Legislative Council itself does not actually choose the Chief Executive of Hong Kong as the job falls to the election committee. In the 1,500-member committee, only 20 members are directly elected by the people. Thus, the winning coalition of the Chief Executive of Hong Kong is extremely miniscule indeed and the Chief Executive of Hong Kong does not have to listen to popular demand.

b. **Analysis of the impact of the small governing coalition in Hong Kong on public participation**

After laying out the electoral system of Hong Kong, we now know that the Chief Executive of Hong Kong relies on a miniscule winning coalition to keep herself in power even before the 2021 electoral reforms. I argue that it is this small dependence of the support of the people that allow the Chief Executive of Hong Kong to ignore the demands of the people and acquiesce to the demands from Beijing.

Such acquiescence to Beijing is due to the fact that the Chief Executive is appointed by the Central Government in Beijing and due to the outsized direct and indirect influence of Beijing in the election committee. Under the 2021 system, only “patriots” – that could be loosely translated into those that are loyal to Beijing – can choose Hong Kong’s next leader and form Hong Kong’s next government

Furthermore, the Chief Executive of Hong Kong has the enticement – even obligation, in my view – that they need to follow the leadership of Beijing and the people can be ignored. Xinhua, a Chinese state-run media, stated that “Hong Kong must be governed by patriots” and that “Hong Kong is China’s Hong Kong. **Being patriotic and loving Hong Kong concern China's sovereignty, security and development interests**” The statement clearly implies that being “patriotic” means kowtowing to Beijing, not the people of Hong Kong.

In addition, given that the latest election commission in Hong Kong is only made up of 1500 members, only 0.2% of the total Hong Kong’s population, rewarding her allies is extremely easy. Given that “[t]he Chief Executive is responsible for implementing the Basic Law, signing bills and budgets, promulgating laws, making decisions on government policies and issuing Executive Orders”, it does not take a lot of effort out of the Chief Executive in signing laws that benefit her winning

---

28 Ibid, 3
coalition, or allocating budgets to be given to her coalition. Assuming that the Chief Executive allocates 0.5% of Hong Kong’s GDP on rewarding her coalition - $1,733,000,000 – then each member of the election commission could be rewarded $1,155,333, a huge sum of money, not to mention other unquantified or classified favors such as giving government contracts, ease in guaranteeing permits, etc.

Even more blatantly, the Chief Executive not only ignored the voice of the people of Hong Kong, she also prevented them from winning elections. In January 2021, Hong Kong police arrested the organizers of Hong Kong unofficial primary elections – primary elections designed to prevent splitting pro-democracy votes. Effectively, opposition parties are not allowed to run strategies to win the upcoming election to the legislative council. In addition, in a very confusing move, a pro-Beijing member of the Legislative Council has warned that not running in the upcoming Legislative Council election would violate the National Security Law. This is viewed as an attempt to at least lend some credence to the upcoming election so that the pro-Beijing establishment could feign some legitimacy.

However, does Carrie Lam, the current Chief Executive of Hong Kong, do this based on her own conviction or is she forced to do so by Beijing? Without a psychological analysis or leakage of information from her inner circle, there is no way of knowing the answer with absolute certainty. However, an audio file leak in September 2019 divulges that she had an intention to resign after the protests “[i]f I have a choice”, noting that “the first thing is to quit, having made a deep apology.” This notes that she could be forced to stay in her position by Beijing. However, she denied that she had any intention to resign shortly thereafter. This is important to be known as knowing it would allow Western governments and academics to suit their sanctions and researches so that it would empower her to act in the interests of the democratic movements in Hong Kong if she is indeed compelled against her will by Beijing.

While one could argue that the protesters are only the outspoken minority while pro-Beijing Hong Kong residents are the silent majority – therefore the Chief Executive of Hong Kong is actually serving the silent majority – I do not believe that this is the case. The 2019 local elections – elections for local “district councilors” that in 2019 was seen as a de facto referendum on the 2019 protests – has the highest turnout in Hong Kong history with 2.9 million voters or 71% of registered voters, turning up to vote on the election. The pro-democracy parties in Hong Kong won 388 out of 452 seats making pro-democracy parties the majority party in 17 out of 18 districts, while they control

none before. In addition, according to an opinion poll conducted by the Hong Kong Public Opinion Research Institute, only 17.5% of those surveyed convey their satisfaction to Carrie Lam, the Chief Executive of Hong Kong, making her the least popular Hong Kong leader in history.

To conclude this part of the journal, given that the Chief Executive of Hong Kong has a miniscule winning coalition, and its members have to be loyal to Beijing, the Chief Executive of Hong Kong has to listen to them and Beijing. The voice of the common masses in Hong Kong does not have to be obeyed as long as the Chief Executive has the support of the election commission.

c. Can foreign condemnations and sanctions work?

After there are reports of police brutality in Hong Kong and after Beijing announced that it will impose the National Security Law in Hong Kong, the United States and other mostly Western governments condemned police brutality in Hong Kong and the implementation of the National Security Law. The United States has also imposed sanctions on multiple Hong Kong government officials, including the Chief Executive herself, Carrie Lam. Furthermore, the United Kingdom has mostly followed US’ moves by embargoing the sale of riot control equipment to the Hong Kong police and has extended the arms embargo imposed on Mainland China since 1989 to Hong Kong.

However, I do not see how the sanctions could have altered the behaviors of the Hong Kong Chief Executive Carrie Lam or members of her government. For instance, the West has sanctioned the North Korean regime for decades, including personally sanctioning its three supreme leaders. Yet, there is little evidence that the sanctions, by itself, could actually change the behavior of the Kim family regime. In addition, Western sanctions on the Myanmar junta in the 1980s and 1990s also failed to change the behavior of the junta and only drove Myanmar closer to China. The reason for both is that they still have the support of their respective winning coalitions.

Realistically, could these sanctions have any effect on reversing the democratic backsliding in Hong Kong? The evidences prove the contrary. A 2014 study by the University of North Carolina found that sanctions only succeeded in changing the behaviors of the targeted states “between one-

---

third and one-half of the time.” Furthermore, during the Cold War most of the time, however, U.S. sanctions failed. In the early years of the Cold War, the United States embargoed Soviet allies to deny them access to vital resources and technologies. That embargo succeeded as an act of containment. But sanctions designed to compel changes in behavior had little bite, since the Soviet Union simply stepped in to offer economic support to the targeted economies.

Therefore, given that sanctions have not worked well in the past, I do not see any indication that the sanctions would work against Hong Kong now. According to Tong, The appeal of that view [that Hong Kong’s economy would collapse because of sanctions] for China hawks in Washington is obvious. So far, however, the prediction has not held up. In the first quarter of 2021, as Hong Kong authorities rounded up unprecedented numbers of political prisoners and Beijing announced a sweeping dilution of the city’s electoral institutions, Hong Kong’s stock exchange ranked fourth globally in the number of initial public offerings and second in the volume of proceeds from such deals. Foreign banks operating in Hong Kong have gone on a hiring spree, eyeing new opportunities to invest in China’s economy. And despite much media hype, the trickle of assets that skittish Hong Kong families moved to Singapore or elsewhere in the aftermath of China’s imposition, in July 2020, of a stringent new National Security Law in Hong Kong has been dwarfed by a steady flow of capital pouring into the city from mainland China and foreign countries.

Thus, given that Hong Kong is extremely close to China and that China is now the new economic powerhouse in Asia, then China could just step in to fill the gaps left by Western companies that obeyed Western sanctions.

We also need to keep in mind that the Chief Executive of Hong Kong does not need the support nor endorsement from the West to be able to have legitimacy. The Chief Executive only needs the support of the election committee, not the international community. The international community also does not support her, so why would she have listened to them? Better to listen and obey the election committee and Beijing as they are the keys to her power. The West are also quite careful in applying sanctions to Hong Kong. Perhaps if the West wants the sanctions to have a phenomenal effect, the West should impose a total sanction on doing business with Hong Kong as the Hong Kong economy relies mostly on international finance. The business people on the winning coalition and the Hong Kong economy as a whole would take a massive hit and probably the members of the winning coalition could persuade the Chief Executive to change course. However, we need to keep in mind that sanctions work both ways:

Another drawback of outcasting is that outcasting goes both ways: When a state outcasts [sic] another, it also hurts itself. Remember that the single winning case in pre-WTO GATT was a Pyrrhic victory. Since Dutch farmers could not afford to be cut from the United States, the Netherlands did not cash the check given them [sic] by the GATT. As the political philosopher Thomas Hobbes put the dilemma in the seventeenth century, “[W]hen a pope excommunicates a whole nation, methinks he rather excommunicates himself than them.”

---

46 Ibid., 144-45
Therefore, does the West, the US in particular, have the guts needed to impose a full sanction on the Hong Kong economy as a whole? I do not think so. When the United States imposed unilateral economic sanctions on Iran that banned any transaction using US Dollars, it also hurts the confidence of the world in the US Dollar as the world trusts that the US Treasury would take into account the interests of 7 billion people, not only the 300 million people living in the United States. The same could happen if the United States imposed a full economic sanction on Hong Kong. As the repercussions of the sanctions could also affect Mainland China, then China could begin to experiment with the ways on how to bypass the US economic system, then, "[s]uch an attack, therefore, would lead to global financial instability, lost national savings for the United States, and redoubled Chinese efforts to create an alternative to the dollar-dominated SWIFT payments system. All of those developments would significantly damage the U.S. economy."

Conclusion

It is clear that given the small governing coalition of the Hong Kong Chief Executive, the Chief Executive of Hong Kong could sustain herself as she only needs to satisfy a small coalition of elites. The people do not have to be listened to as the people does not contribute to her maintenance of power, the pro-Beijing elites does. Furthermore, while some has an optimistic expectation that foreign sanctions and condemnations would force the Hong Kong and Mainland Chinese governments to change course, the reality has fallen short of the expectations.

However, this research is still limited in a number of ways. For one thing, we still do not know whether the current Chief Executive, Carrie Lam, does this on her own convictions or whether she is forced to do so by Beijing. Secondly, given that the new electoral system has just been introduced in 2021, I still do not know how, in reality, this alteration would affect the democratic backsliding in Hong Kong. I can only predict that it will increase the speed of the democratic backsliding due to the smaller number of directly-elected seats in the Legislative Council. I hope that my research could be used to influence the current debate on the political development in Hong Kong so that the size of the winning coalition and its influence on the democratic backsliding could be taken into account.

References


香港中联办.