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## NEW MIDDLE CLASS POLITICS IN HONG KONG: 1997 AND DEMOCRATIZATION

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Hong Kong has been a British colony for over a century. Although the island of Hong Kong was ceded "permanently" to Great Britain in 1842 and a part of the Kowloon peninsula was ceded to Britain in 1860, a large part of her hinterland — called the New Territories — was only leased to Great Britain for a period of ninety-nine years beginning from 1898. Therefore, the lease will expire in 1997.

The aim of this paper is to examine how the 1997 event has profoundly shaped class politics and state transformation in Hong Kong. Although there is no lack of study on this topic (Bonavia 1985; Cheng 1985; Ching 1985; Chiu et al. 1987; Jao 1985), the literature tends to focus mostly on the strategies and tactics of the London government, the Beijing government, and the Hong Kong capitalist class. There is little attempt to examine the 1997 event from the angle of the Hong Kong new middle class.

To fill in this gap, this paper studies how the 1997 event has led to the emergence, the empowerment, the weakening, and recently the revitalization of Hong Kong's new middle class in the late twentieth century. Unlike working class politics which focused upon wage and employment issues, new middle class politics in Hong Kong evolved around the issues of democratization. Since the 1980s, therefore, heated struggles have been observed between the Hong Kong new middle class on the one hand and Beijing, London, and Hong Kong capitalists on the other hand on negotiation politics, election politics, legislature politics, constitutional politics, emigration politics, and decolonialization politics.

In order to facilitate the discussion on new middle class politics and democratization, it is useful to briefly review the political and economic conditions in Hong Kong in the 1970s before the 1997 issue rose up.

### Hong Kong in the late 1970s

*The Economy.* In the late 1970s, Hong Kong was already a newly industrializing country. Its impressive economic statistics included: Per capita gross domestic product (GDP) increased by over twenty-fold between 1947 and 1981; the 18th largest trading territory in the world arena; the third largest container terminal and financial center in the world.

This economic miracle was largely a consequence of Chinese refugee capitalists who brought capital, management skills, international connections, and machinery to Hong Kong from Shanghai. The economic miracle was also facilitated by the availability of refugee laborers who had fled to Hong Kong to avoid the political and economic turmoil of the 1949 Chinese revolution (So 1986).

The classical capital-labor conflict was not acute in Hong Kong during the late 1970s. Due to expanding job opportunities and the rise of real income, the working class was fairly satisfied with the existing situation. Whereas critics observed terrible working conditions in Hong Kong, immigrant laborers perceived instead improved status as compared to their previous work situation in China. Of course, there were unions and there were strikes. But unions tended to be small and ideologically divided between pro-Communist and pro-Nationalist factions, and China was reported to have held back the radical demands of the pro-Communist trade unions so as not to risk any disturbances of its substantial foreign exchange earnings. Consequently, strikes were few in number and serious strikes were almost unknown (Turner et al. 1981).

However, by the late 1970s, Hong Kong began to experience the limitations of export-led development. There were labor shortages, escalating land prices, rising wages, and stiff competitions from other newly industrializing countries. In order to search for cheap labor and to cut the rising cost of production, there was a massive northward shift of Hong Kong's labor-intensive, low value-added manufacturing industries (like garment, footwear, plastic industries) to the Pearl River Delta in China. It is estimated that over 3 million Guangdong workers currently employed in Hong Kong owned- and managed-enterprises in the Delta, much larger than the total manufacturing workforce in Hong Kong itself (estimated about 0.74 million in 1991). This shift has released pressure on labor and land resources which are both in short supply in Hong Kong, and has consequently allowed Hong Kong to concentrate its energy on economic diversification and structural transformation. As a result, Hong Kong has upgraded itself to be the financier, investor, supplier, designer, promoter, exporter, middleman, and technical consultant of the Pearl River Delta economy. Since then, Hong Kong has been the fulcrum of Mainland China's economic links with the world economy (Hsiao and So 1993).

*The State.* In the late 1970s, Hong Kong was governed by a colonial state. The governor of Hong Kong, appointed by the British Parliament, was responsible to the British state rather than to the people of Hong Kong. The

governor ruled Hong Kong with the help of British monopoly capitalists, who were appointed into the Executive Council (the Exco) and the Legislature Council (the Legco). Since the Chinese capitalists, the new middle class, and the urban working class were not involved in any significant political decision-making, the colonial state did not foresee the need to install a competitive electoral system in Hong Kong (Miners 1981).

The classical ethnic struggles between the British and the Chinese in Hong Kong was again not acute in the late 1970s. The sudden influx of Chinese refugees after World War II did not arouse any tension between the Chinese population and the British ruling class in Hong Kong. Being immigrants fleeing from communist rule, the Chinese tolerated the British monopoly of the Hong Kong state machinery so as not to "rock the boat."

Instead, the political struggles in Hong Kong in the late 1970s were evolving around the new middle class. Rapid industrialization and the expansion of state services in the 1960s and the 1970s had given birth to a new generation of middle class managers, technicians, accountants, social workers, doctors, lawyers, professors, and administrators (So 1993a). A favorable condition for the formation of the new middle class is that its members tend to be graduates from either the University of Hong Kong or the Chinese University of Hong Kong. Its members share similar college experiences, social status, life style; and they have maintained a relatively close network with their college peers. In the early 1970s, many college students participated in pro-PRC movements such as the patriotic *Diaoyutai* protest in 1971 and the China Week Exhibitions. In the mid-1970s, after the "China heat" died down, the new middle class shifted their attention to the social problems in Hong Kong. Many college students and young professionals formed "pressure groups," such as the Hong Kong Christian Industrial Committee and Hong Kong Observers, to criticize the policies of the Hong Kong state. Through newspaper articles, social protests, and political pressure, they complained about police abuse of power, bureaucratic arrogance, inadequate services for squatter residents, etc. The above "urban movements," needless to say, proved to be a training ground for new leaders and prepared the new middle class for its forthcoming struggles during negotiation politics in the early 1980s (So and Kwitko 1992).

### Negotiation Politics

Since the lease was going to expire in 1997, the British government started the negotiation process with the Beijing government in September 1982,

hoping that Mainland China would extend the lease for another 50 years or more. To the surprise of Britain, Mainland China not only would not extend the lease of the New Territories, but also wanted to take back the Hong Kong island and Kowloon. This difference in expectations prolonged and antagonized the negotiation politics on the future of Hong Kong.

During this period, the mass media tended to report the opinions of British notables and local councillors which were pro-London and anti-Beijing. For instance, newspapers widely reported John Swaine's remark in the Legislature in late 1982 that "the continuation of British administration" was necessary in order to maintain stability and prosperity. Swaine also said that "change must come by evolutionary process, not through having it thrust upon us." What the pro-British faction wanted was the renewal of the New Territories lease and the continual of the status quo for another fifty years.

In order to gain the support of the Hong Kong new middle class, the Beijing government quickly promoted a model of "Hong Kong people rule Hong Kong," promising that Beijing will not directly interfere in Hong Kong affairs. In the proposed model, although Hong Kong will become a special administrative region (SAR) of Mainland China after 1997, it will enjoy a high degree of autonomy, and the Hong Kong government will be highly democratic because its chief executive and legislature shall be selected through elections by the Hong Kong people (So 1993b).

This "democratic, autonomous" package was attractive to the Hong Kong new middle class because its members were both nationalist (thus for Chinese unification) and were afraid of the authoritarian policies of the Chinese Communist Party (thus against Chinese unification). Therefore, the new middle class suddenly became politicized during this phase of negotiation politics. There was also a proliferation of new political organizations (such as Meeting Point and Hong Kong Association for Democracy and People's Livelihood) as well as the politicizing of many established "pressure groups" (such as the Hong Kong Observers and Hong Kong Christian Industrial Committee). Members of the new middle class articulated their political programs and ideologies in such popular magazines as *Nineties Monthly* and *Pai-Shing Semi-Monthly*. They call for the direct election of the Legislative Council (Legco), the election of the future chief executive of Hong Kong by one person one vote, the supervision of the chief executive by the Legco, and the incorporation of the above political reforms into the mini-constitution (called the Basic Law) of Hong Kong. For the new middle class, democracy movement was the only way to guarantee Hong Kong people will continue to rule Hong Kong

even after the eventual transfer of sovereignty to socialist Mainland in 1997 (So and Kwitko 1990).

Furthermore, in order to gain the support of the Chinese capitalist class in Hong Kong, the Beijing government adopted a "united front" strategy. Xu Jiatun, the highest official of the Beijing government in Hong Kong, was reported to dine "nearly every night with bankers and businessmen ... relaying Peking's message that there is no need to worry, that there will be only minimal changes after China recovers sovereignty and that China really wants Hong Kong's capitalist system to continue" (Scott 1989, p.205). In addition, the Beijing government initiated a series of meetings with businessmen leaders, including those from Trade Development Council, the Factory Owners Association, the Chinese Manufactures Association, etc. These meetings "were intended to be briefing sessions for the Chinese leaders, as well as demonstrating their concern to learn the views and desires of the local population." The visitors "often came back with a sense that their opinions had been considered and that there were forums in which Chinese leaders would consult them in the future" (Cheng 1984, p.49).

In late 1984, after losing the support of the new middle class and the capitalist class, the London government finally agreed to sign the Joint Declaration to hand over the sovereignty of Hong Kong to Mainland China by 1997. However, in order to have a graceful retreat, the British quickly promised to expand the power of the District Board and to install democratic elections in the Hong Kong legislature in 1988, so it could present to the Parliament that sovereignty has been returned to the Hong Kong people rather than to the socialist Mainland. In this respect, it was the unification pressures of Mainland China and the decolonialization policy of Britain that initiated new struggles around electoral and legislative politics in Hong Kong.

### Electoral Politics and Legislature Politics

*The District Board Election.* The 18 District Boards were set up in 1982 on a geographical basis covering the whole of Hong Kong. Of the total membership of the District Boards, officials, appointed unofficials, and directly elected unofficials each occupied about one third of the total. The District Boards provided a forum for public consultation and participation at the local level. They had a mainly advisory role, and they were allocated a small amount of public funds for local cultural activities. Due to its restricted advisory role and limited resources at their disposal, the District

Boards election in 1982 did not attract much attention from either the professionals or the grass-root population. As Lau and Kuan (1985, p.8) remark, "many pressure groups even regarded the election as a political trickery designed with the sinister motive to subjugate them."

The political status of the District Boards was suddenly upgraded by the reforms in late 1984. There was an expansion of the ratio of elected members to total members in the District Board from one-third to two thirds. Moreover, the District Board would return by election 10 of their members to the Legislative Council (the Legco) in 1985. Candidates with political ambition thus could use the District Board as a springboard to the Legco. As Cheng (1986, p.71) remarks, "the 10 legislature councillors elected by the district boards in September 1985 are certainly political stars as each represents a constituency of about half a million people." Due to these reforms, professionals "made a complete turnabout and joined the game in earnest."

Whereas the candidates in 1982 were dominated by the capitalist class, the group of 501 candidates in 1985 tended to be younger, better educated, and a significant increase in the number of educators, professionals, and social workers. These traits show that the new middle class had begun to emerge as a significant political force in local politics in Hong Kong. In addition, new middle class organizations (such as Meeting Point) started to sponsor certain candidates through training sessions and setting up orientation camps for candidates and campaign workers. In order to win vote from the working class, the new middle class candidates developed such campaign strategies as home visits, handshaking, banners, handbills, mailed leaflets and pamphlets, posters, videos, public speeches, and limited mass media exposure. They also relied upon their local respectable colleagues (like school principals, social workers, religious leaders) to strengthen their ties with the community. During their campaigns, they stressed their educational and professional background, their past record in promoting community service, and their differences with the candidates from business background (Cheng 1986).

It turned out that the new middle class did very well in the 1985 District Board election, and fifty-four percent of elected members were from new middle class backgrounds. As Cheng (1986, Pp.79-80) remarks, it seemed that the working class living in the public estate wanted someone young, well-educated, with relevant professional expertise (lawyers, social workers, and teachers) to represent them and to help to solve their problems. Furthermore, candidates sponsored by new middle class organizations had won a decisive victory. Political groups such as Meeting

Point had all their candidates elected, while pressure groups such as Hong Kong Professional Teachers' Union had at least 80 percent of their candidates elected. On the other hand, traditional political groups which were pro-business (such as Civil Association) were not doing that well, with only 39 percent of their candidates elected. This indicated that pro-business political groups could no longer dominate in local elections.

The new middle class political groups, naturally, were jubilant with their electoral gains. The election gains confirmed that an alliance with the working class and a pro-welfare ideological platform could empower them to defeat the established capitalist class in elections. Since some of its members were elected into the Legco through geographical and functional constituents, the new middle class then began to exert its influence in the legislature.

*Legislature Politics.* Before the 1997 issue came up in the early 1980s, the Legco was dominated by colonial officials and big capitalists. It comprised the Governor of Hong Kong, three ex-officio members, 15 Official members and 27 Unofficial members (who were appointed by the Governor). Of the 27 Unofficial members, there were 11 big businessmen and 7 corporate elites, versus 3 labor union representatives and 6 service professionals. Moreover, there was a consensus mode of operation in the Legco. Unofficials were chosen "not for their representativeness, but for their conservatism and the likelihood of their supporting the governor." Consequently, although Unofficials could affect government policymaking by raising questions and creating select committees to scrutinize legislation; rarely did these initiatives, when actually employed, give rise to apparent changes in government policymaking or impassioned public controversy (Wesley-Smith 1987).

The political reforms in the mid 1980s, however, created a new category of elected members, of which 12 were elected through geographical constituents and another 12 through functional constituents. Through these indirect election channels, there were more middle class professionals than before (from 6 in 1982 to 11 in 1985). As a result of the arrival of more middle class members, the consensus mode of operation had disappeared in the newly composed Legco in 1985. Cheek-Milby (1989, p.263-265) points to "the change in the perception of the Unofficials towards their legislative role. Instead of serving as a steadfast legitimator of government policy, some Unofficials, particularly those who are elected, are beginning to look upon themselves as challengers to suggested policies... . Ultimately, the new adversarial stance of the Unofficials may

culminate in their taking upon themselves the role of the opposition. This breaking down of consensus politics in Legco can be seen through the sudden increase of the number of Questions (from 179 to 296), Adjournment Debates (from 3 to 6), Ad Hoc Groups (from 5 to 38), Ad Hoc Group Meetings (from 30 to 89), and Panel Meetings (from 29 to 99) between the 1984-85 session and the 1985-86 session" (Cheek-Milby 1989, p.263).

Furthermore, there was a politicization of issues in the Legco. Since 1985, as Lee and Lai (1988, p.11) point out, elected members "in their enthusiasm to demonstrate their accountability to their constituents, would speak on any issue area if given the opportunity." Miners (1989, p.32) also notes that "groups of unofficials who are unable to persuade their colleagues to accept their point of view are much more ready than in the past to make their disagreements public, to air their views vigorously in debates, and sometimes to impugn the motives of their opponents."

Nevertheless, members of the new middle class realized the structural limitation of their influence in Legco. If the appointment and indirect election system in the Legco should continue, then they would always remain a minority faction. They will fail to challenge the capitalist class and would be unable to put their democratic ideals into practices. Although they could shout, yell, and protest in public, they just could not challenge the pro-business group under the present political structure. So they began to shift their attention from legislature politics to constitutional politics from 1986 onwards.

### Constitutional Politics

The growing political influences of the new middle class and the rapid development of democratization in Hong Kong had alarmed both the capitalist class in Hong Kong and the Beijing government. The Hong Kong capitalists feared that democratization would bring about more working class power, stronger unions, more taxes, more state regulations, and less business freedom. On the other hand, Beijing wanted to take back its democratic promise because it was afraid that democratization would lead to a truly autonomous local Hong Kong government that could not be controlled. Facing a common new middle class enemy and sharing the same concern on democratization, it triggered an "unholy alliance" between the communist Beijing government and the Hong Kong capitalists. The Hong Kong capitalist class wanted to court the friendship of the Beijing government because its members had heavily invested in

Guangdong as well as other Mainland provinces. In addition, while members of the capitalist class were treated as "nobodies" by the colonial government, they became "VIPs" of the Mainland government. They were appointed to represent Hong Kong in the National People's Congress, the highest political organ of Mainland China; they were frequently asked to be the honored guests at the National Day Celebration in Beijing; and they were asked to draft the Basic Law — the mini-constitution of Hong Kong (Lau 1985).

The Basic Law, then, was used as a means to halt the democratic reforms in Hong Kong. By late 1985, Beijing made known its disapproval of any further moves by the Hong Kong government to carry out democratic reforms before the future political structure as determined by the Basic Law was settled in 1990.

With respect to the composition of the 59-member Basic Law Drafting Committee (BLDC), roughly two-thirds (36) were from Mainland China, and one-third (23) were from Hong Kong. This ratio was to assure that Mainlanders would have the final decision on the blueprint of the Basic Law. Among the Hong Kong members, the majority were big businessmen and corporate elites, and only a few were from the new middle class professionals. Furthermore, three out of the four Hong Kong deputy directors of the drafting committee were business tycoons known for their anti-democratic stand. Through such class composition, business would have no problem in articulating its interests in the drafting committee (Lau 1985).

In addition, the Basic Law Consultative Committee (BLCC) was set up in late 1985 to collect and elicit public opinions on the Basic Law drafts and to advise the drafters of the same. The BLCC was designed to be much larger than BLDC, so it could recruit members from the following eight categories: Industry and Commerce, Finance, Law, Professionals, the Mass Media, Labor and Grass-Root Strata, Religion, and Foreign Nationals. All and all, 180 people were recruited into the BLCC. Although there were more new middle class members admitted to the BLCC than admitted to the BLDC, the BLCC was still dominated by pro-Beijing and pro-business people.

The BLDC and BLCC, then, provided important channels for the Hong Kong capitalist class to articulate and to protect its interests. In 1986, the business faction in the BLCC put forward a plan for the post-1997 government. This business proposal has the following two items: First, the chief executive of the post-1997 government was to be indirectly elected by a 600-member electoral college instead of by the direct election of one

person one vote. Second, the post-1997 Legislature will have only 25 percent of directly elected members, 25 percent through an electoral college, and 50 percent through functional constituencies. As Scott (1989, p.289) remarks, "the advantages of such a system were obvious: it would maintain the disproportionate power of business and economic interests in the political system."

The offensive from the business community instigated the formation of a middle class organization called the Joint Committee on the Promotion of Democratic Government, whose aim was to campaign for universal franchise and direct elections in the Hong Kong government. The new middle class proposal had the following features: (1) The Chief Executive of the post-1997 Hong Kong government was to be elected on the basis of one-man-one-vote. Popular election was stressed so as to enhance the legitimacy and authority of the special administrative zone government. (2) The legislature of the post-1997 government should be composed of 50 percent directly elected members, 25 percent from functional constituencies, and 25 percent from geographical constituencies. Direct election was stressed in making the government more accountable to the grass-root population than that proposed in the business proposal. (3) The post-1997 government was to be a Legislature-centered government, with the executive branch accountable to the legislature.

During this intensive political struggle between the capitalists and the new middle class in late 1988, the publisher of *Ming Pao* newspaper and magazine and the co-convenor of the BLDC's political subgroup on constitutional structure, began to promote what he called the "Mainstream Model" on the eve of the mid-November subgroup meeting. Cha proposed that the chief executive will be selected, not by direct election, but by an enlarged electoral college. In addition, 27 percent of the legislative seats (15 out of 56) are to be directly elected after 1997. The directly elected seats will be increased to 50 percent in 2011 when the elected legislature is in its fourth term. The issue of whether the SAR should have one-man-one-vote election will then be decided by a referendum in 2017. If that referendum is passed, then the chief executive of Hong Kong can be directly elected on the fourth term, and the Legco members can be elected on the fifth term. That means the people of Hong Kong will have to wait over a decade after 1997 to have the opportunity to decide whether direct election will be introduced (Chan 1991)

Cha's model, which was later passed in the BLDC with some minor modifications, had cast the die to rule out the new middle class's last hope for the direct election of the chief executive and Legco members. As a

result, the Hong Kong Journalists Association called on Cha to resign from the BLDC because he violated a pledge to keep his political and publishing roles separate. College students too took the highly symbolic acts of setting bon-fire in the public burning of copies of Cha's *Ming Pao* outside his editorial premises. Some democrats went on with a 50-hour hunger strike relay, which lasted six weeks long, in front of the Star Ferry station. These political displays demonstrated that the intense frustration of the new middle class, whose efforts to promote democratization proved to be fruitless. This frustration could be seen by a statement of an activist in January 1989 "that the Hong Kong people genuinely became fed up with China's overall strategy towards reintegrating Hong Kong. While they were told that their views mattered, in the same breath they were made to realize that China had no interest in what they had to say" (Young 1989, p.19).

It was just when the new middle class almost gave up the hope of democratization that the Tiananmen Incident occurred in 1989.

### The Tiananmen Incident and Emigration Politics

*The Tiananmen Incident.* During the high tide of the Chinese democratic movement in May, the Hong Kong people responded by political mobilization and patriotism. In voicing their support for the Beijing students, the Hong Kong people took to the streets — 40,000 people braved the winds and rain of Typhoon Brenda on May 20; an estimated 1 million people (about one-sixth of the colony's population) showed up on May 21, and there were numerous large-scale rallies afterwards. In addition, participating in collective struggles, the Hong Kong people suddenly discovered a new identity: they were also Chinese! Patriotic songs, like "Descendants of the Dragon," were the order of the day as the compatriots joined their hopes for Hong Kong's future to the democratic hopes of China's students (FEER 1 June 1989, p.17; 20 July 1989, p.20).

Due to the above societal response to political changes in China, the new middle class' democracy project was given another chance of rebirth after its near fatal defeat in the Basic Law struggles. Whereas the democracy project attracted an average turnout about 500 in previous demonstrations, this time it attracted thousands and millions. It showed that the Hong Kong population did support the democratic reforms en masse. In addition, since the Hong Kong new middle class took the lead in organizing mass protest, many of its members emerged as popular leaders against authoritarianism. They were no longer seen by the public as fame

hungry, status seeking, and self-interested politicians. Furthermore, the enemy of the democracy movement was shaken by the student movement in China. The Beijing government had lost its credibility to the Hong Kong public; Mainland drafters cancelled a visit to Hong Kong; Louis Cha (who formulated the mainstream model) resigned in protest at Beijing's attempt to subdue the student demonstrators. The "leftist" presses, unions, and schools in Hong Kong were much divided and paralyzed; some even pledged their support for the students. The business community began to rethink its anti-democracy stand in Hong Kong (FEER 1 June 1989, p.18).

On June 4 of 1989, however, the Tiananmen massacre shattered the hope for a democratic China. In Hong Kong, there was pessimism as to whether Beijing would keep its promise of "one country, two systems." Since the Hong Kong people believed that "today's China is tomorrow's Hong Kong," there was a crisis of confidence regarding the colony's future. In the midst of frustration, anxiety and panic, rumors arose that the People's Liberation Army had been moved to Shenzhen and was ready to enter Hong Kong anytime; the stock market plunged 22 percent in one day after the massacre; there was a run on Chinese banks in Hong Kong as depositors expressed their agony with Beijing by closing their accounts; a one-day general strike was planned on June 7, but was cancelled due to rioting which broke out that morning and the police had to use tear gas to disperse the crowd; thousands donned funeral garb to mourn the dead of Beijing, and people wept in public in many mass demonstrations (FEER 15 June 1989, p.13).

After the democratic fervor had subsided, the new middle class began to reveal its internal differences. FEER (20 July 1989, p.22) reports that members of the new middle class democracy lobby "have demonstrated an unseemly tendency to quarrel among themselves as various self-appointed individuals vie for attention, stage walkouts when they do not get their own way on minor points and otherwise show a lack of solidarity." There was a key division on how to deal with the Beijing government after the Tiananmen Incident. The moderate faction wanted to use peaceful, rational and nonviolent means to bring about a democratic multi-party system in China, and did not advocate the overthrow of the communist party by force. On the other hand, the radical faction favored open confrontation (FEER 24 August 1989, p.21).

In short, the optimism and solidarity toward the democracy project developed in the months of May and June was quickly turned into pessimism and factionalism after the Tiananmen Incident. Instead of

devoting their energy toward democratic struggles, the new middle class now was attracted toward the prospect of emigration.

*Emigration Politics.* In the aftermath of the Tiananmen massacre, there emerged a "Hong Kong People Save Hong Kong Campaign." The campaign was initiated by the influential capitalists in Hong Kong because they charged that Britain has both a moral obligation and a constitutional responsibility to support its subjects in their hour of need. They believed that the British Government ought to provide an insurance policy to the Hong Kong people by granting to them the right of abode in Britain. The rationale was that if the Hong Kong people were able to reside in Britain, then they would not be so afraid of the Beijing government and would continue to work and invest in Hong Kong.

The capitalist class decided to take a belated lead to push for the right of abode issue because its members saw the Tiananmen crisis as an opportunity to set themselves up as champions of the Hong Kong people. At the height of the Mainland democracy movement in mid-1989, they saw their status, power, and leadership gradually eroded, as the Hong Kong public enthusiastically demonstrated for the cause of democracy and allied with the new middle class. The Tiananmen crisis, therefore, not only had enabled the capitalist class to regain political domination at the expense of the new middle class, but also enabled the former to regain ideological hegemony by redefining the issue of "the right of abode in Great Britain" as the most pertinent issue.

After emigration became the overriding issue in Hong Kong in June, even members of the new middle class had to join in this "abode" bandwagon. They collected signatures from the urban masses to show the unanimity of opinion on emigration; they went to Britain to lobby for their cause; and some even thought of constructing a satellite city in another nation so as to provide residency for the Hong Kong people (FEER 6 July 1989, p.30).

Due to the pressures from the Hong Kong society, the Thatcher government finally unveiled the Nationality Package in December 1989. Britain would grant full citizenship to 50,000 carefully selected Hong Kong families (for a maximum of 225,000 people), who may choose to live in Hong Kong or Britain. Most offers, under a special point system, would favor senior government officials, wealthy entrepreneurs, corporate elites, and then new middle class professionals. Since it was the business community that had strongly pushed for this Nationality Package, it naturally favored the capitalist class rather than the new middle class.

The importance of this issue is that emigration has a negative impact on middle class power and democratization. The professionals who are most affected by the 1997 issue, and thus the ones who are most active in promoting democratization, are also the candidates most likely to emigrate. In the late 1980s, the departure of large numbers of Hong Kong social workers, college professors, lawyers, and managers to other nations was observed. This brain drain has not only deprived the democratic movement of its key leaders and activists, but also demoralized those who have not yet emigrated. A spirit of fatalism is widespread among members of the new middle class — the future of Hong Kong is set; there is not much that they can do to change it, so they had better think about their own career and family.

In short, the new middle class was considerably weakened in the late 1980s by the Tiananmen Incident and emigration. Few researchers, then, would expect that decolonialization politics in the early 1990s had suddenly revitalized new middle class power and democratization.

### Decolonialization Politics

In the early 1990s, Great Britain began to feel the pressing need to prepare Hong Kong for the transition from British rule to Chinese rule as 1997 was only a few years away. Subsequently, Great Britain had quickly re-emerged as a key player in Hong Kong politics since it signed the Joint Declaration in 1984.

It is interesting to note that Sino-British relationships had sharply deteriorated during this last phase of colonial rule. From 1984 to 1991, the London government generally adopted a cooperative policy with Beijing toward the political development of Hong Kong. The London government was willing to postpone the introduction of direct elections in Hong Kong until 1991 (the year after the promulgation of the Basic Law) upon Beijing's request; it was willing to "consult" Beijing on all major matters straddling 1997 in order to get Beijing's approval for the new airport project; and it even sent Prime Minister John Major to Beijing in September 1991 for the signing of the new airport memorandum. Major must have felt humiliated as the first Western leader to visit Beijing after the Tiananmen Incident, for he immediately replaced David Wilson (who was an exponent of the cooperative policy) with Chris Patten as the last governor of Hong Kong, and adopted a confrontation policy toward Beijing.

Without consulting Beijing, Governor Patten sparked the Sino-British conflict in October 1992 with his proposals for political reforms. First, Patten announced ambitious programs for improving social welfare, social security, education, health, public housing, and environmental protection — programs which would greatly increased the demand for new middle class professionals. Second, Patten offered tax breaks to more than 90 percent of Hong Kong's salary earners. Members of the new middle class would certainly welcome this tax break as they were hard pressed by double-digit inflation in the early 1980s. Third, Patten seek to increase the pace of democratization for Hong Kong through lowering the voting age, expanding the voting franchise of the functional constituencies, and demanding that all local District Board and Municipal Council members be directly elected. Under Patten's plan, all members of the Legco will be directly or indirectly elected by the people of Hong Kong in 1995; and these elected members will "ride the through train" and stay as Legco members until 1999, two years beyond Beijing resumed the sovereignty of Hong Kong in 1997.

This new round of decolonialization politics had revitalized the democracy movement in Hong Kong. Patten's proposals had opened political space for the new middle class to push anew its democratic project, especially its most radical faction — the United Democrats — was well-known for its winning of twelve out of the eighteen seats in the 1991 Legco election. In addition, Patten's proposals had prompted the solidarity of the new middle class. In order to prepare for the 1995 election, the United Democrats merged with a smaller political group — the Meeting Point — to form the Democratic Party in May, 1994. The manifesto of the Democratic Party says it will seek "to further unite democratic forces in Hong Kong" and strive for "a high degree of autonomy and an open, democratic government." Furthermore, emigration of new middle class not only had fallen from a peak in 1990, but it is found that 20 percent of those who emigrated in the 1980s have now returned (FEER 31 March 1994; 12 May 1994). After securing a foreign passport, these new middle class returnees were not intimidated by the anti-democratic stand of Beijing. Subsequently, these returnees had provided a new impetus toward the democracy movement.

As expected, Beijing reaction to Patten's proposals was highly negative. Patten was given a cold reception when he visited Beijing in October, 1992. Beijing threatened that "contracts, leases, and agreements" signed by the Hong Kong government will not be honored after 1997 unless they have been approved in advance by China (Luk 1992). Beijing

also threatened to sack, in 1997, any legislative member elected under a system it does not approve, and suggested that it might dismiss the other tiers of government (District Boards and Municipal Council) as well. In addition, Beijing accelerated preparations for a shadow government to be installed in Hong Kong when it reverts to Chinese sovereignty.

In Hong Kong, Patten's proposals were criticized by the conservative capitalist class. The conservative Business and Professional Federation issued a statement in favor of "convergence" with the Basic Law and against Patten's proposals, and it lamented that Patten's spending plans threatened to sap Hong Kong's "spirit of diligence" and turn it into a "welfare society."

Although London and Beijing later agreed to hold talks on this issue, the 17 rounds of talks failed to produce any concrete results because they could not agree on the "through train" issue and the 1995 Legco elections. In December 1993, when the talks broke down, Patten presented his proposals to the Legco. Patten's proposals on functional constituencies and 1995 elections passed through the Legco in July, 1994.

### The Future Prospect for New Middle Class Politics

This paper traces the historical development of Hong Kong new middle class politics and state transformation in the late twentieth century. Before the 1997 issue arose, Hong Kong was a colonial state dominated by British capitalists. The Chinese capitalists, the new middle class, and the working class were excluded from power. The emergence of the 1997 issue, however, served to realign these class forces in the following ways. During negotiation politics, Beijing proposed the democratic package of "Hong Kong People Ruling Hong Kong" so as to gain the support of the new middle class. In response, the new middle class was politicized, forming new political groups and developing a pro-welfare state platform to prepare for the 1997 transition. The new middle class was further empowered by winning local elections in the District Board and recruiting into the Legco. With the arrival of new middle class politicians, the Legco could no longer maintain consensus politics as before, and the hegemony of the capitalist class in the Legco was increasingly challenged. Alarmed by the growing power of the new middle class and the rapid pace of democratization in Hong Kong, the capitalist class developed an "unholy alliance" with the communist Beijing government. The drafting of the Basic Law was then used as a channel to impose a pro-business political agenda and to halt the progress of democratization in Hong Kong. After its setback in the Basic

Law politics and the Tiananmen Incident, the new middle class temporarily lost faith in democracy movement. Its members were tempted to join the "abode" bandwagon, further depriving the democracy movement of its key leaders, activists, and supporters. Nevertheless, the decolonialization politics in the early 1990s has further altered the path of Hong Kong development. The adoption of a confrontation policy toward Beijing by the London government, the pro-democracy stand of Governor Patten, and the prospect for "riding a through train" and staying in the Legco beyond 1997 have revitalized the new middle class and its democracy project.

What, then, is the future for new middle class politics and democratization in Hong Kong towards the twentieth-first century? It seems that there are three possible scenarios. The first is the democratization scenario. Given its record of winning elections, the recently-unified new middle class should be able to win, with a very big margin, the Legco elections in 1995. Since the new middle class has strong popular support, and since the Hong Kong economy has continued to grow in a rapid growth rate due to its linkages with the Chinese mainland economy, Beijing and the Hong Kong capitalists will not dare either to sack the elected Legco members or dismantle the direct election systems in 1997, as they are afraid that conflict with the new middle class may disrupt political order and ruining the robust economy. Subsequently, the empowered new middle class is able to push for more democratic reforms in Hong Kong, such as a legislature-centered government and independent judiciary in the next decade.

The second is the authoritarian scenario. In 1997, there is a confidence crisis in Hong Kong, with massive out-migration of new middle class, capital flight, labor strikes, inflation, and panic buying at supermarkets. Anticipating the Hong Kong economy will collapse soon, Beijing is forced to send army across the border to restore law and order. Not only elected Legco members are sacked and direct election systems dismantled, but an authoritarian government is installed by Beijing. There will be press censorship, the banning of "subversive" organizations, and even political prisoners. Then Beijing strengthens its "unholy alliance" with the capitalist class, and they will run the Hong Kong government without the new middle class.

The third can be called the soft authoritarian scenario. The new middle class wins the Legco election in 1995 with a big margin, and the Hong Kong economy continues to grow. As a result, Beijing and the Hong Kong capitalist class dare not sack the elected Legco members in 1997. However, they try to slow down the pace of democratization and limit the

power of the new middle class through intimidating timid new middle class politicians, setting up conservative political party to challenge the democratic party, and buying off any pro-democracy newspapers, etc. In this scenario, the new middle class democratization will survive beyond 1997, but they are under constant challenges by Beijing and the Hong Kong capitalists.

Which scenario will happen in the next decade? Only time can tell which will win out, but optimists hope for the democratization scenario, pessimists accept the authoritarian scenario, and realists point to the likelihood of the soft authoritarian scenario.

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