Hong Kong's Problematic Democratic Transition: Power Dependency or Business Hegemony?

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HONG KONG'S POLITICAL DEVELOPMENT SINCE THE 1960s has seemed to indicate bright prospects for democratization, since Hong Kong had attained most of the "prerequisites" for democratization (Lipset 1994). Hong Kong had considerable wealth and a rising middle class, no extreme or intolerable inequalities, and a high level of socioeconomic development. According to the wealth explanation of Lipset (1959) and Huntington (1984), Hong Kong's robust economy should make possible high levels of urbanization, industrialization, education, literacy, and mass media exposure, all of which are conducive to democracy.

Hong Kong's century as a British colony has also been seen as an advantage. Weiner (1987) observed that the developing countries with the most successful democratization since independence are, by and large, former British colonies. Weiner attributed this phenomenon to the rule of law and some system of representation within British colonialism. If Taiwan and South Korea, whose colonial histories were more uniformly authoritarian, can achieve a democratic breakthrough in the late 1980s (Cheng and Kim 1994; Tien 1992), researchers would certainly expect Hong Kong to follow the same path.

Hong Kong's political development in the mid-1980s also seemed to indicate bright prospects for democratization. In 1984 the London government (abbreviated henceforth as London) signed a Joint Declaration with the Beijing government (abbreviated henceforth as Beijing), allowing China to resume the sovereignty of Hong Kong by 1997. This Joint Declaration raised strong expectations of democratization in Hong Kong because it stated that "the chief executive . . . shall be selected by election or through consultations held locally . . . ," that "the legislature . . . shall be constituted by elections," and that "the executive authorities shall . . . be accountable to the legislature" (Draft Agreement 1984, Annex I). In response to the democratic promise in the Joint Declaration, new political actors who favored democratization quickly emerged in Hong Kong. These democratic activists formed political groups, participated in elections, and began to act like an opposition party toward the Hong

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Kong colonial government. They called for direct elections of the legislature and the popular election of the future chief executive of Hong Kong (one person, one vote).

Developments since the mid-1980s, however, revealed that the transition to democracy was much less successful in Hong Kong than expected. The Basic Law (the mini-constitution of Hong Kong after 1997) endorsed the model of a restricted democracy. Rather than adopting the democratic activists' proposal of one-person, one-vote direct elections, the Basic Law favored indirect elections. Since 1997, then, the chief executive of Hong Kong is indirectly selected by a 400-member electoral commission. Of the sixty-member legislature, only one-third are elected directly by popular election, while half are elected indirectly by "functional constituents" (occupational and industrial groups); the remaining ten are elected by an electoral commission.

There was even a lack of consensus on exactly what the electoral rules in Hong Kong were. The Basic Law, passed in 1990 right after the Tiananmen Incident of 1989, was plagued by resignations and the purging of key members of the Basic Law Drafting Committee. In 1992, Chris Patten, the last British governor of colonial Hong Kong, further delegitimized the electoral rules by introducing his own version of democratic reforms, which deviated from the constitutional framework set by the Basic Law. In response, Beijing abolished Patten's democratic reforms, asked most directly elected legislators to step down, and imposed its own provisional Legislative Council when it resumed sovereignty on July 1, 1997 (Pepper 1997). In defiance of Beijing's authority, the democrats strongly protested that the Provisional Legislative Council was unconstitutional because no provision for it had been written in the Basic Law, and they challenged its legality in court in mid-1997. In the mid-1990s, then, Hong Kong's democracy was marred by a feud over electoral rules.

Just before the hand-over on July 1, 1997, however, the democrats reluctantly accepted the restricted democracy model of the Basic Law, after Beijing made it clear that new elections to replace the Provisional Legislative Council would be held in mid-1998 and that democrats would be allowed to run for elections in the post-1997 Legislative Council. It seemed that Hong Kong's democracy was to have narrow electoral competition in the remaining years of the twentieth century.

The aim of this paper is to trace the origins and development of this embattled democracy in Hong Kong. In particular, it seeks to explain why, despite Hong Kong's favorable socioeconomic conditions and promising political development, its democracy was so restricted and contested. What explains the rise of democratic expectations in the mid-1980s and the subsequent democratic frustration in the mid-1990s? What obstacles stood in the way of Hong Kong's democratization over that decade? And what is the prospect for Hong Kong's democratization in the twenty-first century?

The Power Dependence Explanation

In the literature of democratization, the prevailing explanation of Hong Kong's problematic transition to democracy has been one of power dependency. This explanation emphasizes the dependence of Hong Kong's polity on London and Beijing, the fragmentation of local political elites, the salience of political issues, and the political alienation of the masses.

First, Kuan (1991) characterizes the Hong Kong government as a dependent polity controlled by London and Beijing. London was responsible for Hong Kong's

pre-1997 development, while Beijing was seen as controlling its future development. Both London and Beijing commanded overwhelming resources, especially the coercive ones. The people of Hong Kong had no credible bargaining strength with either of these powers, except perhaps through exodus. In this situation of power dependence, London and Beijing set the rules of democratization in Hong Kong, while the people of Hong Kong were denied the right to participate in shaping their own future.

Second, had the Hong Kong people united, they might have exerted a stronger influence on the course of democratization. But Kuan (1991) points out that the people of Hong Kong were split into at least three camps: the democrats, the conservatives, and the moderates. These elites cast doubt on one another as viable political contenders in the Hong Kong government. They were not prepared to compromise with competitors whose political future was uncertain or even dismal. Lau (1995) asserts that in the mind of the elites, relative gains for individual political actors overrode considerations of absolute gains available to all through cooperation. Furthermore, both London and Beijing took a manipulative attitude toward the local elites, selectively using them as pawns against each other, thus exacerbating elite disunities.

Third, Lau (1995) points out that a prominent feature of Hong Kong's democratization was the predominance of "pure" political issues to the neglect of socioeconomic issues that pertain to people's livelihood. Public disputes were largely propelled by political issues such as the pace of political reform, electoral arrangements for the Legislative Council, and the mode of selection of the future chief executive.

Finally, Lau and Kuan (1988) find that, in terms of "civic culture," political culture in Hong Kong was subject-parochial, rather than participant-oriented. The people of Hong Kong exhibited a limited sense of political efficacy, and they were neither prone to political action nor aggressive in challenging the incumbent authority. In addition, Lau (1995) argues that public acceptance of the existing nondemocratic system, widespread satisfaction with the social and economic status quo, and worry about the destabilizing effects of democratic changes on society weakened public democratic aspirations and hindered the rise of a strong democratic movement in Hong Kong.

Lau and Kuan have made a significant contribution to our understanding of Hong Kong's democracy. Their studies point to the crucial role of external forces (London and Beijing) in shaping the democratization in Hong Kong. Their emphasis on power dependence and elite divisions in Hong Kong's contested and restricted democracy is well taken. Nevertheless, recent research in the literature of democratization has suggested a different approach, raised different research questions, and highlighted different issues in examining the Hong Kong case.

Issues on Hong Kong's Democratization

A Single Democratic Transition or A Triple Transition?

For Lau and Kuan, democratization in Hong Kong is a purely political phenomenon. They conceptualize democracy as an institution that involves a distribution of power among London, Beijing, and local political elites.

However, democracy is not an isolated political phenomenon but an institution embedded in the economy and the nation-building process. In this framework, democratization involves not just a political transition, but economic and national transformations as well (Przeworski 1991). In the Hong Kong context,

democratization took place side-by-side with such profound transformations as industrial upgrading (from labor-intensive activities to technology-intensive activities), industrial relocation to the Pearl River Delta across the border, and China's resumption of Hong Kong's sovereignty in 1997. As such, what was the impact of industrial upgrading and relocation as well as national reunification on Hong Kong's democratic transition?

External Constraints or Societal Agents?

Lau presents a picture of powerless local elites and apathetic masses in Hong Kong. Manipulated by external forces, elites and masses can play only the role of spectator, watching London and Beijing make decisive resolutions on democratization.

In contrast, recent democracy studies see social forces as agents and actors. Karl and Schmitter (1991) point out that the transition to democracy is a period of great political uncertainty; it is subject to unpredictable historical events, unforeseen processes, and unintended outcomes. Although Beijing and London are more powerful than Hong Kong social forces, the latter are certainly not powerless. The bargaining power of Hong Kong's social forces was at its height from 1984 to 1997, the long transition period of national reunification during which the British agreed to return the sovereignty of Hong Kong to China even though the Chinese have yet to claim Hong Kong as a Special Administrative Region (SAR). In this respect, in what ways have social forces played a role in shaping the form, speed, and extent of democratization in Hong Kong?

Political Elites or Social Classes?

Lau (1995, 85) presents an elite analysis of Hong Kong's democracy. In Lau's conceptual scheme, elites are political elites interested in purely political matters and in power seeking.

In contrast, Rueschemeyer et al. (1992) emphasize the crucial importance of classes in democratization, especially on how the bourgeoisie was hostile to further democratization when its class interests seemed threatened by the nascent working class. Since Hong Kong has been well known as a "capitalist paradise," what was the reaction of big business to democratization? Did it view democratization as an opportunity to strengthen or challenge its class interests?

Elite Fragmentation or Shifting Political Alliances?

Lau argues that serious fragmentation and disunity exist among local political elites in Hong Kong. They end up powerless because they compete for patronage from Beijing and London.

Nevertheless, there was not a one-sided disunity among social forces in Hong Kong. One of the most interesting phenomena in the study of Hong Kong's democracy has been the constant shifting of political alliances over the past two decades. Antidemocracy alliances regularly decomposed, realigned, and reconstituted, as did prodemocracy alliances. In this respect, what explains their rise, transformation, and decomposition? And how have shifting political alliances shaped Hong Kong's contour of democratization?

Predetermined Outcome or Changing Phases of Democratization?

Lau is more interested in examining structural outcomes than in tracing the processes of democratization. He seems to endorse a view of structural determination, i.e., that power dependence on two superior governments (London and Beijing) has hampered democratic development in Hong Kong.

However, in recent democracy studies, the focus has been on the dynamic process of democratization. The contour of democratization is uncertain and contingent upon historical events and strategic interaction between pro- and antidemocratic forces (Kitschelt 1993). Since the process of democratization in Hong Kong is also highly dynamic, constantly shifting from empowerment to alienation in a short period of time, how can we explain the rapidly changing paths of democracy over the past two decades? And what explains the trend toward a restricted and contested democracy in Hong Kong before 1997?

Toward a Societal Explanation

In sum, more recent studies point to the crucial role of social forces and their shifting alliances in the democratization process. Instead of seeing democratization as a purely political phenomenon, recent studies situate it as part of a triple transition, embedded in and interacting with the processes of economic restructuring and nation-building. The triple transition has released new social forces that could make strategic decisions affecting the outcome of democratization. Rather than characterizing the elites as power-seeking, recent studies emphasize that elites are situated in class locations, have class interests, and are prone to raise class issues in their quest for democratization. Finally, instead of focusing on predetermining structural outcomes, recent studies examine how social forces and their shifting alliances have complicated the genesis and transformation of democratization.

The aim of this paper is to reintroduce social forces, political alliances, and their impact on the changing phases of democratization into the study Hong Kong's democracy. This paper identifies six key players: London and the Hong Kong government, Beijing and the pro-Beijing forces, big businesspeople and corporate professionals, service professionals, and the grass-roots population.[1]

[1]*London*, the Hong Kong colonial government, and the pro-British forces were powerful because they controlled Hong Kong up to 1997. London's interests are to have a graceful retreat and maintain a presence in Hong Kong after 1997. Pro-Beijing forces in Hong Kong include Xinhua News Agency (Beijing's unofficial consulate in Hong Kong), the "leftist" unions, the "leftist" newspapers, and the "leftist" schools. *Beijing's* interests are to ensure a smooth transition to Chinese sovereignty in 1997, to use Hong Kong to promote the Four Modernizations, and to prevent Hong Kong from becoming a counterrevolutionary base against the communist regime.

Aside from London and Beijing, *big businesspeople* have played a crucial role in blocking the democratization in Hong Kong. The term big businesspeople refers to a small group of business tycoons who own or direct the transnational corporations of Hong Kong, such as the Bank of East Asia and Jardine and Matheson. Big businesspeople are powerful because they own Hong Kong's economic resources and had been the ruling class before democratization. Business' interests are to promote economic prosperity and retain hegemonic control of the Hong Kong government after the 1997 political transition.

Instead of the term new middle class, the term *service professionals* is used. The new middle class is deeply divided into two contradictory segments: service professionals (social

Naturally, these social forces seldom acted on their own. They formed alliances with one another and with the state actors, and they shifted these alliances as the democracy project unfolded. The task of this paper is to explain how these social forces and their alliances have shaped the contour of democratization in Hong Kong. In other words, what roles have Hong Kong social forces and their alliances played in the genesis and transformation of Hong Kong's democracy project? To what extent have they contributed to the metamorphosis of the Hong Kong state from a nondemocracy before the 1980s to a restricted democracy in the late 1980s, to a contested democracy in the early 1990s, then back to a restricted democracy in the late 1990s?

The Genesis of the Democracy Project

The Prelude to Democracy in the 1970s

What are the social origins of Hong Kong's democracy movement? Who were the leaders and who took an active part in it? When did they take up the political cause of challenging the authority of the colonial government? In contrast to the focus of previous literature on the 1980s, this paper focuses on the 1970s, arguing that the origin of Hong Kong's democracy project can be traced to the social movements nascent at that time. During the 1970s the postwar baby-boomers entered college, became politically active, and began to intervene in Hong Kong's historical development. The 1970s political generation was historically significant because it was the first that grew up in Hong Kong and identified itself as Hong Konger rather than sojourner Chinese.

In the early 1970s, however, the Hong Kong-born generation suddenly rediscovered its cultural links to the Chinese motherland. The 1970s generation initiated a national movement for identification with China. In the mid-1970s, when the "China Heat" died down, this local-born political generation turned its attention to the inequalities in Hong Kong society. It then engaged in a robust community movement on behalf of the urban grass roots to challenge the colonial government.

Despite Hong Kong's rapid economic development in the 1950s and 1960s, its governmental administration had departed little from traditional nineteenth-century methods of colonial administration in Hong Kong. The Queen appointed the governor of Hong Kong, who in turn appointed senior government officials and "Unofficial

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workers, teachers, journalists, lawyers, etc.) and *corporate professionals* (managers, accountants, engineers, architects, etc.). Corporate professionals tend to ally themselves with big business in slowing down and restricting the scope of democratization. Only service professionals have been key promoters of democratization over the last two decades. Service professionals are influential, because they have symbolic power to shape public opinion in the mass media and have political assets from their track record in winning direct elections. Service professionals' interests are to ensure autonomy, freedom, the rule of law, and respect for human rights in Hong Kong; they also promote social welfare and the lessening of class inequalities.

Finally, the term *grass-roots population* is used to describe the urban masses. The term working class is avoided because Hong Kong's urban masses are not class conscious and have yet to form a class in political struggles. Hong Kong's urban masses were more interested in raising livelihood issues than in fighting for workplace, class issues. The grass-roots population's strength lies solely in their numbers at the ballot box. Their interests are to safeguard their livelihood, expand welfare rights, and minimize the harmful impacts of industrial relocation and upgrading.

Members" to the Executive Council (Exco) and the Legislative Council (Legco). At the top level, senior government officials and the British *hongs* (commercial establishments) formed a close expatriate-business alliance. The administrative ranks of the Hong Kong government were occupied almost exclusively by officers on expatriate terms of service (Davies 1977). These expatriate officials ruled Hong Kong with the help of a small group of merchants and bankers affiliated with such big British *hongs* as Jardine and Matheson and John Swire. Scott (1989) points out that, as early as the 1850s, large *hongs* and the Chamber of Commerce, which represented the interests of British merchants, had an informal process of nominating "Unofficial Members" to the Legco. This nomination system, therefore, served as a vital institutional link between the expatriate officials and British (or pro-British) businesspeople, guaranteeing that big business interests would have a monopolistic representation in the colonial government (Ghai 1991).

Under this expatriate-business alliance, there was naturally a consensus mode of operation in the Legco that persisted for decades. The Unofficial Members were chosen not because they represented societal interests, but because of their conservatism and the likelihood that they would support the governor. Consequently, although the Unofficial Members could affect government policy-making by raising questions and creating select committees to scrutinize legislation, rarely did these initiatives, when actually employed, give rise to apparent changes in government policy-making or impassioned public controversy (Wesley-Smith 1987).

Nevertheless, this expatriate-business alliance was challenged by the 1970s political generation. By the mid-1970s, when student activists of the nationalist movement graduated from college and entered service professions such as social work and teaching, they developed ties with the grass-roots population and acquired a populist orientation. They formed "pressure groups," such as the Hong Kong Christian Industrial Committee and the Hong Kong Social Worker's General Union, to criticize the abuse of power by the royal police force as well as the arrogance of colonial bureaucrats, inadequate services for squatter residents, high rent but poor facilities in public housing, unreasonable hikes in bus fares, and so on. Subsequently, service professionals became actively involved in "community movements," which relied on a protest strategy to enlist public sympathy, including mass gatherings, sleep-ins, sit-ins, petitions, peaceful demonstrations, letters to the newspapers, public posters, and press conferences to attract the attention of the mass media.

This paper argues that the 1970s generation's participation in the nationalist and community movements had a profound impact on the techniques, values, and leadership of the democrats in the 1980s (see also Leung 1986). The nationalist and community movements provided a training ground where the techniques and strategies of the democracy movement were acquired. The 1970s were the formative years in which the democrats acquired the values of nationalism and community orientation: they not only pushed for democratic reforms but also accepted reunification with China and advocated welfare policies for the grass-roots population. Furthermore, there was a continuity of movement participants, as the 1970s political generation later turned into leaders, activists, and key supporters of the democracy movement in the 1980s and the 1990s (Lee 1996). Thus, Anthony Cheung (1994, 2), the vice chairperson of the Democratic Party in the mid-1990s, recalled that

> The leaders of the present democratic parties are the group of people who participated in social reforms for a long time. This group of people, no matter whether they were at school or at work, had actively participated in movements to reform the society,

such as the students' movements and the community movements in the 1970s. The target that this group struggled against was the colonial institutional system, and the means and ends of social reform that they proposed was democratic political institution. As such, democracy movement in Hong Kong was not initiated at the time that London signed the Joint Declaration with Beijing in 1984, but was initiated in an earlier period (the 1970s).

Thus, although the term "democracy" was never articulated and the "colonial nature of the Hong Kong government was left unscathed" (Lui and Chiu 1997), the nationalist and the community movements in the 1970s nevertheless served as a prelude to the democracy movement of a decade after.

The Genesis of the Democracy Project

Hong Kong's path of democratic development is quite different from other paths of third-wave democratization. In South Korea and Taiwan, for example, democratization resulted from a retreat from authoritarian rule. Hong Kong's democracy, however, was a historical product of its national reunification with China. The discourse on "democracy" emerged only in the early 1980s, during the last phase of the negotiation between the Beijing and London governments over the future of Hong Kong.

Although the island of Hong Kong was ceded "permanently" to Great Britain in 1842, a large part of its hinterland—the New Territories—was only leased to Great Britain for ninety-nine years beginning in 1898. Since the lease was going to expire in 1997, big businesspeople began to push London for renewal of the lease. In September 1982, Margaret Thatcher started the negotiation process with the Beijing government, hoping that China would extend the lease for another fifty years or more. To London's surprise, Beijing not only would not extend the lease of the New Territories, but also wanted to take back Hong Kong island and Kowloon as well. This difference in expectations prolonged and antagonized the negotiation politics over Hong Kong's future.

During this period, the mass media tended to report the opinions of pro-British businesspeople. 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. What the pro-British businesspeople wanted was the renewal of the New Territories lease and the continuance of the status quo for another fifty years. Opinion polls reported that three in four adults expected that Hong Kong would remain under British administration after 1997, either by maintaining the status quo or by becoming a British trust territory (Cheng 1984a, 117).

Beijing knew it would need the support of Hong Kong society in order to take Hong Kong back from the British. In late 1982, Beijing formulated a model of government in which "Hong Kong people rule Hong Kong," promising that Beijing would not directly interfere in Hong Kong affairs. In the proposed model, although Hong Kong would become a Chinese special administrative region (SAR) after 1997, it would enjoy a high degree of autonomy. The Hong Kong government would be highly democratic because its chief executive and legislature would be selected through elections by the Hong Kong people.

This "democratic, autonomous" package initiated a strategic political alliance between Beijing and service professionals. Service professionals found the Hong Kong

model attractive because they were both nationalist (thus in favor of Chinese reunification) and afraid of the authoritarian policies of the Chinese Communist Party (thus against Chinese reunification). Many service professionals worried about censorship and the lowering of professional standards once China resumed sovereignty over Hong Kong in 1997 (TOYPA 1984; Lo 1998). Subsequently, service professionals became further politicized during this phase of negotiation politics; they formed new political organizations (e.g., The Meeting Point), articulated their political programs (e.g., a platform of nationalism, democratization, and rationalization of the economy) in popular magazines, and organized public seminars, held news conferences, and presented position papers on important issues. They publicly endorsed Beijing's Hong Kong model, and they published a report on a survey conducted in April 1983, which showed a significant shift in public opinion on Hong Kong's political future. Whereas in 1982 more than 80 percent of respondents thought the status quo was the best proposal, in April 1983 this figure had plummeted to around 40 percent (Cheng 1984b, 15). In addition, service professionals wanted to cultivate links with high-ranking Beijing officials, and they frequently brought back crucial news concerning the blueprint of the future Hong Kong government after their delegations visited Beijing.

In response, Beijing intensified its crafting of an alliance with service professionals. Xu Jiatun, the Hong Kong branch of the New China News Agency, used dinner diplomacy on publishers and senior editors of independent newspapers, and gave speeches to the University of Hong Kong and The Meeting Point. On these occasions, Xu repeatedly pointed to the very important role that Hong Kong intellectuals could play during the transitional period to 1997.

In late 1983, after losing the support of service professionals, after Beijing threatened to announce its plan for Hong Kong unilaterally if the Sino-British talks broke down, after an economic crisis (sharp falls in currency, stock market, and real estate values) emerged in Hong Kong, and after heeding the advice from the Foreign Office, London finally was willing to sign a Joint Declaration to return the sovereignty of Hong Kong to the Beijing government.

In order to sell its Joint Declaration to the British Parliament and to the Hong Kong service professionals, London tactically pushed for democratization during the last phase of the negotiation process. Nevertheless, after Beijing and Hong Kong's big business interests voiced their opposition to the democracy project, London adopted a strategy of muddling through. London inserted vague terms like "election" and "accountability" into the Joint Declaration, but no longer pushed to define these terms in order not to antagonize Beijing and Hong Kong big business. Thus, the term "accountability" was sneaked into the annex of the Joint Declaration with no clarification, and, in the Chinese political lexicon, "election" could have meant almost anything (Cottrell 1993; Lo 1997).

Subsequently, there was ample room for both Beijing and London to exercise their own interpretations of the democratic content of the Joint Declaration. London framed the Joint Declaration as a democratic instrument (Scott 1992, 16). Furthermore, London covered up its disagreement with Beijing on democracy, presenting a misleading impression that Beijing, too, had endorsed a Western-style, fully democratic system in Hong Kong after 1997. Governor Edward Youde said at a press conference on the day after the Joint Declaration was unveiled: "What China has undertaken to do is to respect certain principles, which are that there will be an elected legislature, that there will be an executive accountable to that legislature, and that the executive will be bound by law" (quoted in Roberti 1994, 302).

As a result, many service professionals were excited about the prospects for democratization in Hong Kong. "When I read [the Joint Declaration]," Martin Lee (1996, 236) recalled, "I was thrilled, because it promised that the people of Hong Kong could elect their Chief Executive and legislature and, through them, hold the government accountable to the people. To me that meant democracy."

Nevertheless, although service professionals were empowered during the negotiation process, they soon faced tough democratic battles after the big businesspeople, Beijing, and London formed a conservative alliance against populist democracy in the mid-1980s.

The Formation of a Restricted Democracy

Electoral Reforms and Legislative Politics in the Mid-1980s

Having let the genie of democracy out of the bottle, London proposed democratic reforms in Hong Kong. The mid-1980s were a golden time for reforms because economic prosperity and political harmony had been restored in Hong Kong. Moreover, Beijing had yet to reveal its opposition to democratic reforms, thus leaving Hong Kong's societal forces to believe that they could settle the issue of democratization on their own terms.

Although the expatriate-business alliance had started to show cracks during the negotiation process, big businesspeople quickly regrouped and settled their differences with London when they faced the challenge of the Democrats in the mid-1980s. Their institutional links to the Hong Kong government through the Exco and the Legco had enabled them to slow down the democratization process and restrict it to a "corporatist democracy" model. Instead of abolishing the political appointment system in the legislature, the democratic reforms in the mid-1980s merely added two new categories of members onto the existing appointment system:

- An indirect election through "functional constituents" (occupational groups) was proposed. Instead of the Governor appointing businesspeople and corporate professionals to sit on the Legco, these groups would now "elect" their own representatives. In this respect, this functional corporatist system actually worked better for business groups because their monopolistic representation in the Hong Kong government was now formally institutionalized and mandated by law, instead of relying upon the good wishes of the Governor, as was the case in the former appointment system.
- There was to be an "electoral college" comprising all members elected through low-level geographical constituents (the District Boards and Urban/Regional Councils); the electoral college, in turn, would elect some members into the legislature.

Service professionals in the mid-1980s were still not strong enough to challenge the hegemonic domination of the corporate sector. Their political groups were too small, too lacking in resources, and too fragmented to permit them to push for a "populist democracy" under which the governor and the Legco members would be directly elected. Yet their political struggles in the mid-1980s were not entirely in vain. They were able to make the Hong Kong government double the number of

indirectly elected Legco seats from 12 to 24 in 1985 and to promise that a direct election of the Legco would be held in 1988.

A small democratic opening (in the form of local District Board elections and indirect elections in the Legco) in 1985, nevertheless, had already empowered service professionals. They enthusiastically participated in the elections, mobilized their community networks to support their candidates, appealed to the grass-roots population with the welfare platform, and won a landslide victory against traditional business candidates for the District Board elections. Some service professionals even got selected into the Legco through the indirect elections in geographical and functional constituencies. The 1985 elections thus convinced service professionals that they had grass-roots support and could win elections, and they were determined to push for a populist democracy of direct elections in the late 1980s.

Although the Legco was still dominated by a majority of Official and Unofficial Members from the business sector, the entry of a small number of service professionals transformed legislative politics (Lam 1994; Miners 1989). "Consensus politics" was replaced by "opposition politics." The elected service professionals were not hesitant to criticize government policies, to challenge the leadership of the senior Unofficial Members, and to voice their dissent to the public through the mass media. For example, in the social movement for "Shelving the Daya Bay Nuclear Plant" in 1986, democrats used the Daya Bay dispute to question the legitimacy of the Legco, the Exco, and the Hong Kong government, charging them with sacrificing the safety of the Hong Kong people to protect the interests of British capital. Emboldened by the "opposition politics" in the Legco, the mass media did not hesitate to criticize the Hong Kong government, while becoming more calculating toward criticizing Beijing (Chan and Lee 1991; Lee 1997).

So long as the constitutional structure of the Legco remained unchanged, however, the service professionals would always remain a minority faction in the Legco. No matter how hard service professionals tried to influence their colleagues, no matter how strong their support from the grass-roots population, they would never have a chance to challenge businesspeople's decisions in the Legco. The energy of service professionals, therefore, had shifted from legislative politics to constitution-building politics in the late 1980s.

Constitution Building in the Late 1980s

Since the Basic Law defined the political structure and the scope of democracy in the post-1997 SAR, the future of democratization in Hong Kong would depend on who controlled its drafting. It was at this critical juncture that new political alliances emerged in the drama of Hong Kong's democracy.

The growing political influences of service professionals in the mid-1980s had alarmed both businesspeople and Beijing. Businesspeople feared that democratization would bring about more populist power, stronger unions, more taxes, more state regulations, more massive "free lunch" social spending, but 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. After Hong Kong's economy got back on track in late 1985, Beijing made known its disapproval of any further moves by the Hong Kong government to carry out any more democratic reforms before the future political structure as determined by the Basic Law to be installed in 1990. Sharing a

common enemy toward service professionals' democracy project, then, had triggered an "unholy alliance" between communist Beijing and Hong Kong businesspeople.

In addition, the Beijing-businesspeople alliance was strengthened by the rapid economic integration between Hong Kong and mainland China. By the late 1980s, Hong Kong had become the center of the Pearl River Delta economy. There was a massive northward shift of Hong Kong's labor-intensive, low value-added manufacturing industries (like garment, footwear, plastic industries) to Guangdong. By the early 1990s, more than three million Guangdong workers were employed in Hong Kong-owned and-managed enterprises in the Delta, a workforce much larger than the total manufacturing workforce in Hong Kong itself.

The drafting of the Basic Law of Hong Kong SAR provided another institutional basis to consolidate this Beijing-businesspeople alliance. Among the Hong Kong members of the Basic Law Drafting Committee (BLDC), the majority were businessmen and corporate elites, and only a few were service professionals. Furthermore, three out of the four Hong Kong deputy directors of the drafting committee were business tycoons known for their antidemocratic stand. Through such class composition, businesspeople would easily articulate their interests in the drafting committee (Lau 1985).

In 1986, the business sector proposed the following plan for the post-1997 government: (1) 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; and (2) the post-1997 Legislature was to have only 25 percent of directly elected members, with the rest indirectly elected through an electoral college (25 percent) and functional constituencies (50 percent). As Scott (1989, 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 business community's proposal instigated the formation of a new service professional 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 Joint Committee proposed that (1) the Chief Executive of the post-1997 Hong Kong government be elected on the basis of one man, one vote; (2) the legislature of the post-1997 government 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 accountable to the grass-roots population.

During the intensive political struggles between businesspeople and service professionals in late 1987, the colonial government quietly withdrew its support toward introducing direct election to the legislature in 1988. Despite opinion polls and a massive signature campaign that revealed strong support toward direct election, the colonial government—after designing a confusing questionnaire and manipulating data analysis—flatly declared that the public did not want a direct election in 1988 but would like to have one in 1991, a year after the final approval of the Basic Law by Beijing.

At the height of the political struggles over constitutional reforms, another "Mainstream Model" was proposed by businesspeople: (1) the chief executive will be selected not by direct election, but by an enlarged electoral college; (2) 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; (3) the issue of whether the SAR should have one-man-one-vote will then be decided by a referendum in 2017 (Chan 1991).

When this "mainstream model" was later passed in the BLDC with some minor modifications, it cast the die to rule out the service professionals' last hope for the direct election of the chief executive and Legco members before 1997. In this respect, despite the ability of service professionals to win elections at the ballot box, they were helpless in expanding the scope of democratization in the constitution. First, service professionals lost the support of the grass-roots population during the constitution process. The Basic Law was drafted in mainland China, not in Hong Kong. It involved technical, legal issues of which the grass-roots population had little understanding. Second, service professionals themselves lacked unity. The Joint Committee was a hastily organized response to businesspeople's offensive. In the late 1980s, service professionals had yet to develop a farsighted program to challenge the antidemocracy forces. Third, the antidemocracy forces were strengthened by a new alliance among Beijing, businesspeople, and London. The alliance was bound together by the increasing investment opportunity in mainland China and the growing threat of the service professionals' welfare program in the legislature. Through such an alliance, antidemocracy forces were able to exercise hegemony and impose their policies over those of service professionals. In short, a restricted, corporatist democracy was the product of the strong Beijing-businesspeople-London alliance, the lack of grass-roots support of democratic protests, and a divided prodemocracy lobby.

Service professionals, then, could do nothing except voice their distress in street protest. College students undertook the highly symbolic acts of publicly burning copies of the draft Basic Law. Some service professionals went on a fifty-hour hunger strike relay, which lasted six weeks, in front of the Star Ferry terminal. Democratic forces were so frustrated that signs of an emigration crisis were visible by early 1988. Governor David Wilson, Governor Chris Patten's predecessor, admitted that the number of emigrants had sharply increased, from an average of 20,000 in the early 1980s to 45,000 in 1988. As Cheng (1989, 7) explained, the emigrants were largely professionals who had the means to leave, "and their political sensitivity and strong feeling for freedom and democracy exacerbate[d] their pessimism regarding the territory's future."

Nevertheless, just as service professionals were ready to give up hope for their democracy projects, the Tiananmen Incident occurred in mid-1989, tearing the conservative Beijing-businesspeople-London alliance apart and granting the service professionals' democracy project another chance of revitalization.

Impetus toward a Contested Democracy

The Tiananmen Incident in 1989

It is hard to find another historical event like the Tiananmen Incident that exerted such a profound impact on Hong Kong's civil society. In May and June 1989, millions of Hong Kong Chinese took to the streets to voice their support of the democracy movement in Tiananmen Square. Thus, the Tiananmen Incident opened up a whole new era for the democrats.

First, the conservative triple alliance of Beijing-businesspeople-London was torn apart. London defected by asking for a faster pace of democratization in Hong Kong; even some big businesspeople and pro-Beijing forces voiced their opposition to the Beijing regime in mid-1989. Moved by the large-scale demonstrations in Hong Kong and worried about the prospect of Beijing's intrusion into Hong Kong's politics, many

big businesspeople became prepared to accept a faster pace toward democratization. Councilors in the Legco and the Exco achieved a democratic "consensus" that called for half of the Legco members to be elected directly in 1995 and for the entire Legislature to be elected by universal suffrage in 2003 (*Far Eastern Economic Review* 1 June 1989, 18). London and the British expatriate officials in Hong Kong, too, seemed to have changed their minds about democratization. On June 30, London's Foreign Affairs Committee called for a more rapid move toward direct election in the Legco than that proposed in the draft Basic Law.

Second, there was an empowerment of service professionals. They had formally adopted the labels of "democrats." Their political groups were now solidified into the "United Democrats." They deepened their community networks and articulated a prowelfare platform to appeal to the grass-roots population. The populist alliance between service professionals and the grass-roots population was further institutionalized at the ballot box in the first direct election of the Legco in 1991. The landslide electoral victory of the democrats showed that they were strongly supported by the grass-roots population, giving the democrats a mandate to push forward their populist democracy project.

Third, the symbolic significance of the Tiananmen Incident was that it imposed a democratic discourse on the Hong Kong polity. In the post-Tiananmen era, every political group labelled itself democratic in order to appeal to the democratic sentiment in Hong Kong society. Not only did service professionals call themselves "United Democrats," but big businesspeople labelled themselves "Liberal Democratic Foundation" and participated in electoral competition. Even the pro-Beijing forces were put on the defensive; they, too, had to appropriate the prowelfare platform of service professionals in order to compete for votes. However, the label of "pro-Beijing forces" put them at a disadvantage, and they failed to win any seat in the 1991 Legco election.

Finally, observing the revitalization of the democracy project in Hong Kong and worrying that this project might spill over to the mainland, Beijing quickly hardened its policy toward the democrats in Hong Kong. Martin Lee and Szeto Wah were accused of trying to subvert the Beijing regime and were expelled from the Basic Law Drafting Committee. Beijing added a clause in the Basic Law to protect itself from outside interference and even intimidated some journalists who covered the democracy movement in China. The United Democrats (despite their electoral victory) were seen as a group of rebels threatening the Beijing government. Thus, Beijing pressured London not to appoint any United Democrat to the Executive Council of the Hong Kong government. Beijing also showed no intention of having a dialogue with this rebel group. This hard-line Beijing policy had laid the foundation for a contested democracy in the 1997 transition.

Governor Patten's Electoral Reforms in the Early 1990s

It is interesting to note that Sino-British relationships had sharply deteriorated during this last phase of colonial rule. In the late 1980s, London joined the conservative alliance of Beijing and big businesspeople. They agreed on a restricted, corporatist democracy that favored business interests and wrote this political model into the draft Basic Law. Then the Tiananmen Incident tore the conservative alliance apart. In the early 1990s, London formally defected to the democracy camp.

Trying to craft a strategic alliance with the democracy camp, Governor Patten appointed a few prominent service professionals to the Legco and Exco, adopted

prowelfare policies, implemented administrative reforms, and proposed a controversial reform package to add more "populist" elements into the corporatist democracy model.

However, since the Basic Law was already promulgated and had received the blessing of Patten's predecessor, Patten's democratic reforms could not possibly go beyond the constitutional framework. So he simply reinterpreted the wording and grey areas of the Basic Law to fit his purpose. Patten redefined "functional constituency" in such a way that it would broaden the franchise from a few thousand corporate bodies to around 2.7 million people, and suggested that the victors in local elections elect the remaining ten members of the Legco.

How should Patten's democratic reforms be evaluated? On the one hand, Patten made the Hong Kong government more open and accountable. Thanks to the controversy over his proposals, the mass media devoted extensive coverage and commentary to political affairs. Opinion polls conducted by the Hong Kong Transitions Project in August 1993 and February 1994 showed that nearly 90 percent of Hong Kong people considered themselves informed about government policies that affected them (DeGolyer 1994).

Patten's reforms also further empowered service professionals' democracy project. Patten's reforms helped elevate the "United Democrats" to a formal "Democratic Party." Patten's policy strengthened the prowelfare platform of the democrats and consolidated their populist alliance with the grass-roots population. A surge in public spending increased the number of teachers, nurses, doctors, and hospital beds. There were thirteen new clinics, a new Comprehensive Social Security Assistance Scheme (the first in Hong Kong's history), a Disability Discrimination Ordinance, and more than 5,000 "care and attention" beds for the elderly. Patten's reforms project further enhanced the prestige of the democrats, with Martin Lee, Szeto Wah, Lau Chin-shek, and Emily Lau continuing as the most popular legislative councilors. The Democratic Party was the most popular party in the opinion polls (Chung 1994).

The popularity of the Democratic Party owed much to Hong Kong's problems of economic restructuring in the 1990s. An estimated 600,000 jobs have dropped out of the manufacturing sector since the 1980s. In 1995, Hong Kong experienced 3.5 percent unemployment rate, the highest unemployment rate since 1985 (Ngo and Lau 1996, 275). With the issues of unemployment, social security, and public housing becoming prominent in the 1990s, the service professionals' welfare capitalism and anti-Beijing agenda were highly appealing to the grass-roots population. The Democratic Party won a landslide Legislative election in 1991, taking 15 out of 18 seats in direct election. Subsequently, in the 1995 Legco election, service professionals again swept the directly elected seats, with the Democratic Party and other two alliances capturing close to half of a total of sixty seats in the Legco.

On the other hand, Patten's reforms promoted a contested democracy in Hong Kong. In response to Patten's reforms, Beijing deepened its "unholy alliance" with big businesspeople, appointing them Hong Kong Advisors and members of the Preliminary Working Committee. The victory of service professionals in direct elections and Patten's welfare reforms also pushed businesspeople back to an alliance with Beijing. The conservative Business and Professional Federation issued a statement in favor of "convergence" with mainland's 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." Following the paths of service professionals, businesspeople formed a Liberal Party to promote political stability, a better investment environment, and cooperation with Beijing. Despite its dismal

showing in direct elections, the Liberal Party still managed to secure ten seats in the Legco elections through indirect elections in its functional constituency and electoral college.

In addition, Beijing cultivated its own grass-roots political group, the Democratic Alliance for the Betterment of Hong Kong (DABHK). Although the "unholy alliance" with Hong Kong's big businesspeople was still the focus of the united front, Beijing wanted to broaden it to encompass the million-odd workers, now that they could vote. The DABHK was designed as a grass-roots party that could compete with the service professionals' United Democrats at the ballot box. The DABHK's chair was Tsang Yok-sing, the principal of a "patriotic" high school, and its core leaders included pro-Beijing union leaders.

Furthermore, Beijing accelerated preparations for a "shadow government," including setting up the Preliminary Working Committee (PWC—which later became the Preparatory Committee) to select Hong Kong's new chief executive and the Provisional Legislature to take over the existing legislature (Burns 1994; Sum 1995). Top business figures, such as industrialist T. K. Ann, tycoons Henry Fok and Li Ka Shing, and banker David Li, were recruited to the Preliminary Working Committee and the Preparatory Committee. In this respect, these committees provided another critical institutional link for the consolidation of the "unholy alliance" between Beijing and big businesspeople. When the 400-member Selection Committee was set up by the Preparatory Committee in November 1996, big business was again overwhelmingly represented. It was only natural that this Selection Committee, on December 11, 1996, picked Tung Chee-hwa, a big businessman, as the chief executive, and selected on December 21, 1996, a pro-Beijing, business-oriented provisional Legislative Council to replace the current elected Legco.

Arguing that the new electoral rules brought about by Patten's reforms violated the Basic Law, Beijing purged democratic activists out of the Legco. On June 30, 1997, popularly elected members of the Legco would be forced to step down, and there would be no "through train" of the Legco from 1995 to 1999. The Provisional Legislature, which became effective on July 1, 1997, was expected to discard or amend laws protecting human rights and permitting peaceful demonstrations.

Had Patten's reforms not been proposed and carried out, Hong Kong would still have a restricted democracy. But perhaps it would have been a more stable restricted democracy, because all the political actors, including service professionals, were forced to accept, to a certain extent, the electoral rules of the Basic Law. However, Patten's reforms, through manipulating and reinterpreting the Basic Law, greatly undermined the Basic Law's legitimacy. The Basic Law was not sacred anymore, and its electoral rules were now subject to negotiation.

In sum, as July 1, 1997 approached, Hong Kong society was divided into two large camps: an "unholy alliance" between Beijing, businesspeople, and pro-Beijing "leftist" organs in Hong Kong, and a populist alliance between service professionals and the grass-roots population. Instead of focusing on winning elections and working through electoral rules, these two camps debated and reinterpreted the Basic Law, laying the foundation for a contested democracy in 1997.

Hand-over Politics and Democratic Compromise in the Transition

The Western mass media envisioned an authoritarian scenario in Hong Kong after transition. The Democratic Party would be outlawed. The press would be

censored, "subversive" organizations would be banned, and dissidents would be imprisoned. Beijing would rely upon its "unholy alliance" with big businesspeople to rule Hong Kong with no input from the democrats. In this scenario, 1997 would be an authoritarian transition from a British colony ruled by expatriates and big business to a communist Chinese colony ruled by Beijing and big business (Ching 1997).

The Western media's scenario has thus far failed to materialize. No violent political confrontation, no outright political repression, and little political censorship took place in mid-1997. Instead, a democratic compromise was achieved among Beijing, the Hong Kong SAR government, and the democracy camp during this critical transition from British to Chinese rule. What explains this democratic compromise?

First, since 1996 Beijing has drastically lowered its opposition to the Democratic Party. Although Beijing denounced some Democratic Party leaders as subversive and refused to communicate with them, and in the aftermath of the Tiananmen Incident even intimated that the Democratic Party would be outlawed after 1997, Beijing suddenly invited democratic leaders to participate in the consultation exercises of the Preparatory Committee, welcomed them to the Selection Committee, and assured them that they would be allowed to compete in elections after 1997. Furthermore, Beijing tolerated political protests in Hong Kong, even when the protests shouted offensive slogans against Beijing leaders.

Beijing's moderate stand toward the democrats in the mid-1990s was a result of the waning of emotions surrounding the Tiananmen Incident, the hope of luring Taiwan to the negotiation table, and the intense media exposure to the transition. In addition, the consolidation of China's core leadership after the death of Deng Xiaoping enabled Beijing to compromise. If Deng had still been alive and the Beijing leadership in disarray, it is unlikely that Beijing would have reversed its oppositional stand toward the Hong Kong democrats. As it was, Beijing had all the cards it needed to win the game in Hong Kong, so it could relax its control during the critical transition in the interest of smoothing its resumption of sovereignty.

Second, the first SAR government of Tung Chee-hwa also adopted a moderate stand toward the democratic camp in mid-1997. Although the Democratic Party was not represented in either the Provisional Legislature or the Executive Council, Tung still maintained a channel of communication with Democratic Party leaders, meeting with them every two months. Just before the transition, Tung even appealed to them personally not to disrupt the transition ceremony. Tung kept his promise to tolerate political protests after July 1, 1997, and he proposed to increase government spending on housing, education, and the elderly to mollify the grass-roots population. Knowing that the post-1997 government would have a strong executive and a weak legislature, Tung could afford to work with the democratic leaders in order to enhance his legitimacy in Hong Kongers' eyes.

Third, the Democratic Party adopted a moderate stand toward Beijing and the Tung government. The Democratic Party's protest at the moment of the transition was peaceful, and they were willing to participate in the 1998 elections, even though the Provisional Legislature had so drastically changed the electoral rules that they saw little possibility of gaining a majority. Furthermore, the Democratic Party emphasized that it would always support Beijing's resumption of Hong Kong sovereignty and continue to hope for Hong Kong's stability and prosperity. This was enough to assure Beijing and the Tung government that they could work with the democrats. The

defection of several radical leaders in the mid-1990s made it easier for the party to moderate its opposition to the government.

Having been the dominant party in the Legislature in the mid-1990s, the Democratic Party had neglected to maintain its links with grass-roots organizations. Although many Democratic Party leaders could still attract voter support, they realized that their ability to mobilize the grass-roots population was limited now. Since the Hong Kong public generally wanted a smooth rather than a confrontational transition, the Democrats concentrated their energy on the 1998 elections rather than on street protests. The many Democrats who had once belonged to the Meeting Point, which embraced Chinese nationalism and developed a good relationship with Beijing, were able to adopt a nationalist agenda without being condemned as opportunists or betrayers. What the Democratic Party hoped for were election victories down the road. As the Basic Law stipulates an increasing number of directly elected seats in the Legco, the Democratic Party had reason to believe their influence in the government will grow.

Fourth, big business was willing to compromise with the Democratic Party. The Basic Law and the new electoral rules imposed by the Provisional Legislature ensured business dominance of the post-1997 Legislature. Since the Democratic Party cannot become a majority party in the Legislature, the business community was confident that it could defeat any bills that threatened its interests. Hong Kong's robust economy in mid-1997 also facilitated a compromise between the democrats and the business community. With ample budget reserves and a robust economy, Tung's government was able to develop a package that could satisfy both the grass-roots population and the business community.

Finally, Patten's electoral reforms had been one of the decisive factors that led to the contested democracy in Hong Kong in the early 1990s. By mid-1997, however, the colonial government had become a lame duck. London was again cooperating with Beijing. As a result, Beijing and Tung's SAR government were able to work out a compromise with the democrats without interference from London and the colonial government.

In mid-1997, therefore, a new "antagonistic alliance" emerged in Hong Kong. Although the political actors were still ideologically divided, although they publicly opposed one another on policy questions, and although they developed no explicit pact, they achieved a tacit understanding on some procedural and ground rules for the democratic transition in Hong Kong.

Conclusion

The power dependency explanation of Hong Kong's democracy (Kuan 1991; Lau 1995) characterized Hong Kong as a dependent polity controlled by London and Beijing, who set the rules of democratization, denying the people of Hong Kong a role in shaping their own future. Advocates of this explanation have tended to see the local elites as power-seeking and preoccupied with "pure" political issues, subject to manipulation by Beijing and London, and the Hong Kong masses as alienated from politics. Consequently, focusing on the structural outcome of democratization, these advocates take a pessimistic view of democracy's prospects in Hong Kong.

This paper, however, points to the crucial role of societal forces and their shifting alliances in Hong Kong's democratization. It argues that big businesspeople played a critical role in blocking democratization.

Business Hegemony

Hong Kong was known as a capitalist paradise because big business's interests alone were represented in the colonial government before the 1980s. The colonial government and big business had a common interest in maintaining Hong Kong's political stability and Britain's dominance of its economy. This expatriate-business alliance was institutionalized through the appointment of British and pro-British businesspeople to the Legco and the Exco, and this alliance was highly stable for over a century. Under this expatriate-business alliance, service professionals could, at best, start a community movement to address the grievances of the urban poor, but they failed to inject a democratic discourse into Hong Kong politics in the 1970s. However, this alliance began to crack during the negotiation process in the early 1980s, as London decided to hand over the sovereignty of Hong Kong to Beijing in 1997.

In the late 1980s, a new "unholy alliance" between Beijing and Hong Kong big businesspeople gradually replaced the traditional expatriate alliance. Beijing and big businesspeople had a common interest in mainland investments as well as in maintaining Hong Kong's prosperity and stability. This "unholy alliance" was institutionalized through the appointment of big businesspeople to the Basic Law committees in the 1980s and to the Preliminary Working Committees, the Preparatory Committees, and the Provisional Legislative Council in the 1990s, thus again guaranteeing the continued dominance of big businesspeople in the government of the SAR.

Empowered by the "unholy alliance," big businesspeople in the late 1980s managed to write their restricted, corporatist democracy model into the Basic Law. In the early 1990s, they openly criticized Patten's electoral reforms, laying the groundwork for a contested democracy in 1997. In the mid-1990s, they started another offensive, through the Preparatory Committee and the Provisional Legislature, to restore old colonial laws limiting human rights. Except for a brief moment at the height of the Tiananmen Incident in 1989, big businesspeople consistently acted as a strong force blocking the democracy project.

Had there been no economic integration between Hong Kong and mainland China in the 1980s, Beijing would not so easily have befriended Hong Kong's big businesspeople. It is therefore doubtful that these businesspeople actually preferred a restricted democracy because such a political system could have facilitated communist control from Beijing.

The Rise of Service Professionals

Despite the blocking of the democracy project by the powerful "unholy alliance," four historical events nevertheless had galvanized service professionals to challenge this structural constraint. First, the negotiations over the future of Hong Kong in the early 1980s helped bring on an economic crisis, crack the expatriate alliance, and politicize the service professionals. Service professionals proposed a "democratic national reunification" and pushed Beijing and London hard to write some democratic terms into the Joint Declaration. The genesis of the democracy project, therefore, owed much to the negotiations over the 1997 hand-over issue. Had the negotiations not happened, it is doubtful that the democracy project would have gotten started as early as the mid-1980s.

Second, when the Tiananmen Incident exploded in 1989, a conservative draft Basic Law had been written and the democracy camp was already in disarray. But

Tiananmen revitalized democracy forces and weakened their opponents, enabling service professionals effectively to challenge the restricted democracy in the Basic Law. Had there been no Tiananmen Incident, the "unholy alliance" would have remained intact to exercise hegemony over democratic forces.

Third, when London suddenly did an about-face in the early 1990s, Governor Patten manipulated the rules of the Basic Law and extended the franchise of direct elections. Seizing upon the opening of direct elections, service professionals emerged as popular leaders speaking for the interests of Hong Kong, and they cultivated a populist alliance. Service professionals and the grass-roots population shared common interests and value commitments in promoting prowelfare policies, especially when the livelihood of the urban masses was threatened by Hong Kong's restructuring from a labor-intensive manufacturing economy to a service economy. This populist alliance was forged through the establishment of direct elections to the Legco, which guaranteed that the voice of the people would be heard. The alliance took shape when the Democrats won victories in the elections in the 1990s. Had Patten not instituted electoral reforms, service professionals would not have been empowered and Hong Kong's transition would have been much less contested.

Finally, in 1996 both Beijing and the service professionals suddenly moderated their hostility, negotiated their basic disagreements, and tactically agreed on the governance of the SAR. It seems that Beijing, the service professionals, and the big businesspeople so valued a smooth transition that they would rather work with one another than risk turbulence. Had a smooth transition on July 1, 1997 not been so urgent, it is doubtful that the basic disagreements among Beijing, service professionals, and big businesspeople could have been resolved so peacefully.

In sum, the above discussion has shown that Hong Kong's big businesspeople and service professionals, rather than dancing to the tunes of Beijing and London or playing the role of spectator, are agents making strategic decisions that affected the course of democratization. Instead of characterizing the service professionals as power-seeking and preoccupied with "pure" political issues, this paper has explained why they raised socioeconomic and livelihood issues in their quest for democratization. And although London and Beijing had provided the main perimeter for Hong Kong's politics, this paper has shown how big businesspeople and service professionals and their shifting alliances with London and Beijing complicated the genesis and transformation of the democracy project in Hong Kong.

Theoretical Implications

The Hong Kong case shows that the role of business in Third World democracy has been exaggerated. In the third-wave literature, business's role in democratization has seldom been analyzed because business is often lumped with the middle class. Since middle-class service professionals were promoters of democratization, it is often assumed that middle-class businesspeople also played a positive role in the process. Yet Hong Kong's big businesspeople were the key opponents of the democracy project. The expatriate-business alliance opposed it; the "unholy alliance" opposed it. Only when business's dominance of the Hong Kong government was assured did big businesspeople accede to a democratic compromise with the service professionals.

In addition, the Hong Kong case shows that although service professionals were key promoters of the democracy project, they could not accomplish the task by themselves. Their strength lies in the development of an alliance with the grass-roots population at both the ballot box and the community level. Hong Kong's Democratic

Party was moving toward a community mobilization mode in the early 1990s. However, the Democrats' success at the voting box and their absorption into legislature politics so distracted them from community work that their radical members decamped in disillusionment, thus weakening their power to mobilize grass-roots support. Eventually, the Democrats accepted a democratic compromise with Beijing, the SAR government, and the business community, even though they knew that they would be a minority party for a long time to come.

Finally, the Hong Kong case shows that democratization is not purely a political phenomenon because it is embedded in the economy and the national reunification process. In Hong Kong, democratization occurred side-by-side with economic relocation and national reunification with China. Hong Kong's economic integration with mainland China triggered both the formation of an "unholy alliance" between Beijing and Hong Kong big businesspeople, and the intensification of the grass-roots population's distress over unemployment and inflation. While the "unholy alliance" was strong enough to narrow the scope of democracy and to slow its progress, the grass-roots population's distress continued to generate support at the ballot box for the service professionals' prowelfare, prolabor agenda. Thus, integration with the mainland generated both conservative forces to obstruct democratization and popular forces to promote it.

In this respect, although a restricted, corporatist democracy project will survive because of business hegemony and the "unholy alliance," it will be under constant challenge from service professionals and the grass-roots population. Although democracy may not develop as quickly as it did in Taiwan and South Korea, Hong Kong may be neither a capitalist paradise nor a timid SAR of China in the twenty-first century.

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