

# **On the Positioning of the “One Country, Two Systems” Theory**

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According to the Report of the 18<sup>th</sup> National Congress of the Communist Party of China (CPC), the success of the “One Country, Two Systems” principle in securing the smooth return of Hong Kong and Macao, ensuring their governance according to law by their respective governments, and in promoting ever closer social and economic cooperation between the Mainland and the two regions, has won global recognition. An examination of the positioning of the “One Country, Two Systems” theory is undoubtedly of both theoretical and practical significance. This will help better define the nature of the theory, clarify the dialectical relationship between adhering to the “One China” principle and respecting the differences of the two systems, and define the dynamic relationship between “One Country, Two Systems” and the SAR system. It will help both uphold the authority of the Central Government and ensure a high degree of autonomy in the two Special Administrative Regions (SARs), Hong Kong and Macao. Further it will both give full play to the Mainland’s role as a staunch supporter of the two regions and increase their competitiveness in complex and changing situations. In the author’s opinion, the “One Country, Two Systems” theory is not only a key component of the system of theories of socialism with Chinese characteristics, but also an important theoretical innovation in governance structure in China, a large nation with unique characteristics. It also serves as a theoretical guide for constitutional development in the two SARs, ensuring their long-term stability. It represents a significant contribution by the CPC and the people of China, including Hong Kong and Macao compatriots, to political progress of humankind.

## **I. The “One Country, Two Systems” Theory as an Important Component of the System of Theories of Socialism with Chinese Characteristics**

The “One Country, Two Systems” theory is a formulation by the socialist China for the special arrangements required in solving certain historical problems. Its original purpose was to make allowances for Taiwan, Hong Kong and Macao to retain their existing capitalist system and way of life, and not practice socialism, so as to achieve smooth return of these three regions and complete reunification of China, in the context of unification issues left behind by history. As the “One Country, Two Systems” theory contains provisions for capitalism, it has often been misinterpreted with regard to its theoretical nature. However, with an understanding of how the theory evolved in the past and the dialectical relations between the two systems in the “One Country, Two Systems” theory, it is not too difficult to conclude that the theory is socialist in nature and constitutes an important component of the system of theories of socialism with Chinese characteristics.

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First, according to the report of the 17<sup>th</sup> National Congress of the CPC, the system of theories of socialism with Chinese characteristics encompasses the strategic thinking of Deng Xiaoping Theory, the important thought of “Three Represents” and the Scientific Outlook on Development. In tracing its historic origins, we may even find that the foundation for the “One Country, Two Systems” principle was laid by Mao Zedong and Zhou Enlai, and the concept was first outlined by Ye Jianying and given final shape and definition by Deng Xiaoping. Thus, the “One Country, Two Systems” theory represents the important strategic thinking of several generations of CPC leaders with regard to the unique conditions of Hong Kong, Macao and Taiwan and is an important part of Deng Xiaoping Theory.

Second, the premise for the “One Country, Two Systems” policy is a unified China, within which the dominant system should be socialism while the capitalist system being only allowed to exist in three special regions, i.e., Taiwan, Hong Kong and Macao. The fact that capitalism is practiced in these regions, each with its unique conditions as legacy of history, will not change the socialist nature of the state in the main, meanwhile, the “One Country, Two Systems” principle is not meant to be expandable, i.e. the capitalist system and way of life will not to be allowed in other parts of the country. Therefore, the “One Country, Two Systems” principle is a theory intended as an institutional design for special regions within the state and has no bearing on the societal systems of the country as a whole. With regard to this, Deng Xiaoping stated clearly, “The idea of ‘One Country, Two Systems’ means aside from capitalism there will be socialism. That is to say that the main part of China with its one billion people will unwaveringly maintain the socialist system... On this premise, we can allow capitalism being practiced right next to us in small regions within limited scope. We believe allowing capitalism being practiced in such small regions will benefit the development of socialism.”<sup>1</sup>

Third, the above remarks by Deng Xiaoping chiefly pointed to quantitative aspects of the relationship between the two systems, alluding to the extent and dominance of socialism in the context of the “One Country, Two Systems” policy. However, qualitatively the “One Country, Two Systems” theory constitutes an important component of system of theories of socialism with Chinese characteristics. It starts from a holistic premise of national unification, settlement of historical issues and giving expression to national interest and will. Therefore, the essence of the “One Country, Two Systems” theory is achieving national unification and territorial integrity, rather than giving license to capitalism. Its proposition of a unique administrative arrangement for certain special regions was made with a view to resuming state sovereignty and administration in the larger context. The capitalist system to remain in practice in these regions is a special device for maintaining their prosperity and stability. Therefore, such a system is a specific application of the general principle of “One Country, Two Systems”; its relationship to the principle is that of part vs. the whole.

Fourth, with the successful settlement of the Questions of Hong Kong and Macao and their smooth return, the “One Country, Two Systems” theory in practice has also taken on new implications. In the initial stage of China’s reform and opening up, the “One Country, Two Systems” theory provided a theoretical basis for breakthrough thinking to transcend the dilemma of having to define the approach to national unification as either socialist or capitalist in nature. With the establishment of the Hong Kong SAR and the Macao SAR and their closer economic and trade relations with the Mainland, the “One Country, Two Systems” policy has transitioned from a theory for reunification of the two regions, to one for maintaining their social stability and promoting harmonious relationship between, and joint development of, the Mainland and the two regions. All this was on the premise of upholding state sovereignty, unity and territorial integrity. With further implementation of the “One Country, Two Systems” theory in the two regions, and deepening integration of economic and social development of the Mainland and the two regions, the theory itself has taken on new functions, providing an important guarantee for the harmonious

development of the “two systems” and unique support to the advancement of socialism with Chinese characteristics.

## **II. The “One Country, Two Systems” Theory as a Major Theoretical Innovation for Achieving Unity of National Sovereignty and Territorial Integrity and Developing a Governance Structure for a Major Nation with Unique Characteristics such as China**

China has always taken a “holistic and unified” view about its history and the state. Safeguarding national unity and territorial integrity represents the core interests of the Chinese people and the nation. In modern times, due to historical reasons, China’s state sovereignty and territorial integrity had been impaired, with Taiwan, Hong Kong and Macao being kept outside political unity with the Mainland. This however was never deemed as permanent division of national sovereignty and territorial secession, but only transitory under special historical conditions. Restoring national unity and territorial integrity has always been the common aspiration of the Chinese people. The “One Country, Two Systems” principle is thus an innovative theory developed in their collective pursuit of national unification. It adopts a basic approach of “achieving unified sovereignty while granting separate administrations” in moving toward undivided sovereignty and territorial integrity.

The reality of pre-return Taiwan, Hong Kong and Macao was that they were not being governed by the Central Government of China. In Hong Kong and Macao, the problem was a legacy of colonial rule. Therefore, in the context of national unification, if of sovereign unity and territorial integrity, and full exercise of administrative power by the central government over these special regions were to be pursued at the same time, the settlement of Taiwan, Hong Kong and Macao issues would have become more difficult, or even outright impossible. Applying the notion of “unified state sovereignty and separate administrative authority” to the settlement of national unification issue, creatively structuring a relationship between the Central Government and local regions with such a notion, was a significant contribution of the “One Country, Two Systems” theory. It is undoubtedly an important theoretical innovation for achieving unified national sovereignty and territorial integrity and establishing a new governance structure for China, a major nation with unique characteristics.

“Unified sovereignty and separate administrative authority” has been a basic political notion used in examining legitimacy of representative political systems. It implies that national sovereignty belongs to the people who designate representative institutions through election or other means, which are then granted powers of governance. Therefore, it is also a basic principle for lateral allocation of state powers and a basic theoretical basis for government structure of a republic. The “One Country, Two Systems” theory, designed for achieving national unification and territorial integrity, introduces that basic principle also into the design for vertical allocation of state powers, proposing a governance structure of “unified national sovereignty and relative separation of local administrative authority”. The notion of “unified sovereignty” implies unified sovereignty of the Chinese state; such unity and territorial integrity should not be divisible because of the “One Country, Two Systems” policy. Sovereignty has become the most important intrinsic attribute and defining feature of the modern state vs. other political entities. “Unified sovereignty” is a specific expression of national unity and territorial integrity; national unification entails “unified sovereignty”. The “One Country, Two Systems” theory crystallized the national aspirations for unification and territorial integrity into the notion of “unified sovereignty”, which has become the political bottom line for the “One Country, Two Systems” policy, and a prerequisite for its implementation.

As discussed above, in the context of traditional political science and constitutional theories, the principle of “unified state sovereignty and separation of administrative authority” is typically demonstrated in the relationship between the people and their representative institutions. The “One Country, Two Systems” theory is a significant innovation in that it applies such a principle to the relationship between the state and its special regions. In accordance with the “One Country, Two Systems” theory, Taiwan, Hong Kong and Macao under unified state sovereignty and given special historical reasons, can practice social systems and way of life that are different from those of the Mainland, exercise a high degree of autonomy and local governance according to the *Constitution of the People’s Republic of China* (hereinafter as “the Constitution”) and relevant laws, without interference in their internal affairs under normal circumstances, as long as national unity remains intact. This means Taiwan, Hong Kong and Macao retain their right to self-government within confines set by provisions of the Constitution and laws and under the premise of safeguarding unified national sovereignty and territorial integrity. According to China’s current Constitution and laws, the administrative authority retained by Hong Kong and Macao is in fact what is referred to in their basic laws as “a high degree of autonomy”.<sup>2</sup> Of course, for Hong Kong and Macao, the “separation” of the state sovereignty and their administrative authority is only “relative” instead of “total”. The “relatively separate administrative authority” implies:

a) Under the premise of “unified state sovereignty”, the Central Government retains certain sovereign powers such as foreign affairs and defense, appointment and dismissal of the principal officials of the SAR Governments, and application of national laws concerning sovereign affairs to Hong Kong and Macao.

b) Matters concerning political future of Hong Kong and Macao (which at current stage chiefly mean plans and measures for political reform) are subject to ultimate decisions by the Central Government as they concern unified state sovereignty.

c) Rejection of interference by foreign forces in the affairs of Hong Kong and Macao.

Therefore, Hong Kong and Macao enjoy only “a high degree of autonomy” rather than “total autonomy.”<sup>3</sup>

Meanwhile, the successful practice of the “One Country, Two Systems” policy in the two SARs has also played a positive role in supporting the improvement of governance structure on the Mainland. Certain sound political and legal practices of the regions can have a chance of being tried out by the Central Government in handling Hong Kong and Macao issues. They include:

a) Delineating powers of the central and local governments through legislation;

b) Advancing the work by the Standing Committee of the National People’s Congress (NPC) in giving interpretation of constitutional laws;

c) Promoting regional cooperation and transfer and granting of administrative powers between different jurisdictions through inter-regional agreements within the state.

It can be said that the “One Country, Two Systems” theory provides an important path to improving the governance structure of China, a major nation with unique Chinese characteristics, and a dynamic path for its evolution from “governance” to “good governance”. It has significant bearing on innovation and improvement of the governance structure of China under new historic conditions.

### **III. The “One Country, Two Systems” Theory as the Basic Guideline for the SAR Structure and Proper Positioning of the SAR System**

The SAR system gives institutional expression to the “One Country, Two Systems” theory. It gives form in social system to the theoretical concept of the “One Country, Two Systems” policy. The establishment of the Hong Kong SAR and the Macao SAR and their effective functioning, in

turn, has successfully moved the theory into the realm of social practice. At present, Hong Kong and Macao enjoy political stability, economic prosperity, cultural diversity and social harmony. Despite occasional setbacks, they have maintained overall prosperity and stability and succeeded in smooth and effective governance in accordance with their basic laws. The theoretical basis for these achievements is the "One Country, Two Systems" principle. The "One Country, Two Systems" theory has served as a fundamental theoretical guide enabling the establishment and functioning of the Hong Kong SAR and the Macao SAR and their sustained prosperity and stability. It can further be said that it is imperative for the SARs to continue relying on the "One Country, Two Systems" policy for their governance in the future.

There is a rather popular view in the academic community that the "One Country, Two Systems" theory can be equated to the SAR system, i.e. the former is the latter's theoretical form, while the latter gave systematic expression to the former. Such a view is no doubt correct considering their objectives, functions and relationship. However, from the angle of the SAR system's status and role in the structure of state governance, and in particular from the perspective of the residents of the two regions and their acceptance of the system, such equation is open to further discussion. This concerns the positioning of the SAR system and the "One Country, Two Systems" theory. The positioning of the SAR system can be done at both political and legal levels. At the political level, the SAR system has evolved into a basic political system of China.<sup>4</sup> At the legal level, the SAR system is a constitutional system of China.

First, the SAR system, positioned as a "basic political system", is a manifestation of the "One Country Two Systems" theory as a functioning political system. The relationship between fundamental and basic political systems can be examined from the following two angles:

a) In terms of their respective significance, the fundamental political system occupies the most fundamental position in the structure of China's political systems and is of utmost importance. Specifically, it refers to the system of people's congresses. On the other hand, a basic political system occupies a basic position, examples of which include the system of multiparty cooperation and political consultation under the leadership of the CPC, the system of regional ethnic autonomy, and the system of community-level self-governance.

b) From the perspective of structural relationship, the term "fundamental system" defines the political system of the main part of the state, which forms the essence and mainstay of its political structure, while a basic political system is dependent on and complementary to the fundamental political system, reflecting the democratic nature and diversity of the state.<sup>5</sup>

The relationship between the overall structure of ordinary administrative divisions such as provinces, autonomous regions and municipalities under the central government in the main part of China that practices socialism, and the SAR system which embodies relationship between the central government and special regions and aims to solve legacy problems, is that of the main vs. subordinate part. The SAR system in this light is a dynamic supplement to the political system of the state as a whole. The positioning and validation of the SAR system as a "basic political system" is in keeping with the dialectical relationship between the "two systems" in the "One Country, Two Systems" policy. The "two systems" are not of equal importance or status. The socialist system is undoubtedly the mainstay while capitalism is only practiced in special regions, which compliments the socialist system. Thus, defining the SAR system as one of China's basic political systems was directly mandated by the "One Country, Two Systems" theory.

Second, the SAR system is a constitutional system of China with provisions in the Constitution and laws giving clear expression to the "One Country, Two Systems" theory. Article 31 of the Constitution stipulates that the state may establish special administrative regions when necessary, following the guiding principle of "One Country, Two Systems" theory. With this as legislative basis, the basic laws of Hong Kong and Macao respectively reaffirm at the outset "One Country, Two Systems" as a fundamental principle and stipulate that different from the main part

of the country, the capitalist system will be practiced in the SARs. The Constitution is the fundamental law of China and the ultimate basis for the SAR system. The Basic Laws are constitutional laws only for the SARs and provide a direct source of reference for various systems and policies in the SARs. Thus three constitutional laws at two different levels have all affirmed the spirit of the “One Country, Two Systems” theory, which manifests itself in the SAR system. From a legal perspective, therefore, the SAR system is positioned as one of China’s constitutional systems, which is significant in the following three areas:

a) Being a constitutional system highlights its conformity to legal standard and certainty, clarifies the important status of the SAR system in China’s legal system, and fully demonstrates its important position and role in China’s governance structure.

b) Given both Hong Kong and Macao societies being under the rule of law, the relatively heightened legal awareness of their residents’, their legal knowledge and readiness to be law-abiding, positioning the SAR system as a constitutional system will highlight its legal nature and in particular its constitutional nature. This will be conducive to cultivating and enhancing the public’s identification with the SAR system.

c) Being a constitutional system dictates its evolution must follow constitutional path and processes, and especially the provisions of the basic laws and constitutional interpretations by the Standing Committee of the NPC. This will ensure that any future changes to Hong Kong and Macao governing systems will not deviate from the path defined by the Constitution and the Basic Laws.

In short, positioning the SAR system from both political and legal perspectives shall not detract from the “One Country, Two Systems” theory, which in turn provides a direct source of reference and theoretical guidelines for its proper positioning in both political and legal contexts.

#### **IV. The “One Country, Two Systems” Theory as a Significant Contribution by the CPC and Chinese People to Political Progress of Mankind**

Separatism arising from historical and ethnic problems has become a worldwide problem. Countries around the world, especially the larger countries, have encountered to varying degrees challenges of dealing with internal separatism and safeguarding national unity. The affected countries have adopted various approaches and strategies, e.g. granting greater autonomy to areas aspiring for separation, creating constitutional provisions for special political and legal status of such areas or their right to self-determination, which are the most common.<sup>6</sup> However, such approaches have led to varying results. Some countries were eventually compelled to concede to independence of the areas demanding separation, or allow such areas to seek independence through special means (often through referendum). Separatist movements around the world pose serious challenges detrimental to national unity and territorial integrity of nations. Thus, finding solutions to this problem has been a task for not only concerned national governments but also scholars in political science, law and other disciplines, calling for theoretical innovation.

The “One Country, Two Systems” theory was first proposed as a solution to national unification, which not only is suited to China’s national conditions, but also has provided important inspiration for other countries tackling problems of separatism and national unity. It can be said that the “One Country, Two Systems” theory has historic and international significance, has to a certain extent changed the traditional notion and form of the state<sup>7</sup>, and represents therefore an important contribution to political progress of mankind by the CPC and the Chinese people.

First, the “One Country, Two Systems” theory breaks down ideological barriers, changing the established relations between the state and corresponding ideology and greatly enriching the Marxist theory on the state. Classical writings concerning the state and ideology by mainstream Marxist

writers mostly stated that the state adopts a unitary ideology, which determines its political system. According to the social evolution theory, socialism is more advanced than capitalism, with both being incompatible within one state. The "One Country, Two Systems" theory however removes the basis for ideological contention over whether to pursue capitalism or socialism, proposing instead that socialism and capitalism, two seemingly incongruous social systems, can not only exist within one country but also compliment each other in the interest of national unification. This is undoubtedly a major innovation in the Marxist theory concerning the state. The practice of the "One Country, Two Systems" theory in the Hong Kong SAR and the Macao SAR has demonstrated that it conforms to the basic principles of Marxism, is fruition of integrating Marxism with China's national conditions, and represents innovation and development of the Marxist theory on the state.

Second, the model of "unified state sovereignty and separate administrative authority" based on the "One Country, Two Systems" theory defines a vertical structure of state powers, which also provides useful reference for other countries around the world in tackling problems of separatism. The relationship between the central government and local regions can be a thorny problem worldwide, particularly in countries experiencing problems of separatism, where proper handling of relations between the central government and areas demanding separation poses a huge challenge for national governments. The "One Country, Two Systems" theory, while breaking down ideological barriers, provides a solution to ensuring unified sovereignty by granting separate administrative authority or a high level of autonomy to local regions, which is no doubt a major theoretical innovation in the realm of political and legal sciences. Most countries experiencing problems of separatism are those of capitalist system that exhibit similar features in state sovereignty and governance. The "One Country, Two Systems" theory not only is suited to solving historical problems in China, but also provides important lessons for the international community for ensuring national unification and tackling problems of separatism.

Third, the SAR system, designed according to the guiding principle of "One Country, Two Systems", is an effective approach to safeguard national unity in a unitary state. The "One Country, Two Systems" theory is a contribution to the political progress of humanity not only at the theoretical level, but also in political system innovation and development. The SAR system has changed the traditional model of relationship between the Central Government and local regions and created a unique institutional arrangement to solve historical problems, an arrangement that is different from that between the federal government and member states in a federal structure and effective in safeguarding national unity within a unitary state. We can better understand this through the following three angles:

a) Given the unique process that created the SAR system, the SARs are usually located in special regions other than the main part of the country due to historical reasons, set up specifically to address issues of political and legal status of these separate regions, and are hence different from ordinary administrative entities. This provides a frame of reference for unitary states in their handling of regions demanding separation.

b) The SARs enjoy "a high degree of autonomy" which is quantitatively greater than that of ordinary administrative entities within the unitary state. Such autonomy however is given through authorization, strictly constrained by the state sovereignty, and hence different in nature from the "inherent powers" of member units of a federal state. Thus, this provides a useful model of power allocation to balance delegation of state powers and unity within the unitary state.

c) The SAR system highlights the importance of the rule of law and the legal thinking in handling relations between the Central Government and local regions, i.e. the relationship between the Central Government and the SARs and any change to such relationship need to be handled within the framework of the Constitution and the Basic Laws. This represents political progress from the rule by men to the rule of law and provides positive guidance to unitary states in safeguarding national unity through legal means.

## V. Conclusion

The “One Country, Two Systems” theory is a theoretical system of great relevance to problem solving. It has enabled successful practice in the process of solving relevant problems and become a system of rigorous logical consistency, a major innovative theory revealing general laws of human societies. It is an important part of the system of theories of socialism with Chinese characteristics and fruition of innovative development in political theory and system design, and in political progress of humanity. The objective for achieving a proper positioning of the “One Country, Two Systems” theory is to clarify its theoretical nature, define its theoretical scope, and highlight its theoretical significant. More importantly, given that Hong Kong and Macao are currently enjoying overall stability and harmony while facing serious challenges, such an exercise will also help people better understand the essence of the “One Country, Two Systems” theory and give full play to its role in addressing hotspot and tough problems in the two regions and ensuring their long-term stability. It will help make the theory a banner to rally Hong Kong and Macao residents who are patriotic and love their respective regions, a platform for consensus-building for the Mainland and the two regions, so that residents of Hong Kong and Macao will all come to share, through the practice of the “One Country, Two Systems” theory, the dignity and pride of being Chinese.

### Notes:

- <sup>1</sup> Deng Xiaoping (1993). *The Selected Works of Deng Xiaoping (Volume 3)*. Beijing: People’s Publishing House. 103.
- <sup>2</sup> As Taiwan Question is more complex and there are no clear provisions in the Constitution and laws relating to this, this essay will not discuss the nature of “administrative authority” in Taiwan region and its relation to Chinese state sovereignty in its discussion of the relationship between national sovereignty and administrative authority.
- <sup>3</sup> Deng Xiaoping (1993). *The Selected Works of Deng Xiaoping (Volume 3)*. Beijing: People’s Publishing House. 30. Deng Xiaoping’s original comments were directed at the Taiwan Question.
- <sup>4</sup> Many writings by scholars on this topic exist. For a seminal essay, see Tong Zhiwei (2011). The System of Special Administrative Region Has Become a Basic Political System of China. *Political Science and Law*. Issue 4. 56-65.
- <sup>5</sup> Further comments by way of detailed explanation: The system of people’s congresses is the fundamental political system for China. However, as it does not contain the system of multiparty cooperation and political consultation under the leadership of the CPC, the latter thus became a basic political system, complimenting the former. Under the structure of the fundamental political system, the main part of China’s administrative region is what is described as ordinary administrative region, which does not address governance issues concerning ethnic regions. Thus, corresponding to the system for ordinary administrative region, a system of regional ethnic autonomy was developed as another basic political system, complimenting the former. In accordance with the system of people’s congresses, local governments above township levels have all adopted the tripartite structure of “administration / people’s congress / people’s political consultative conference” which however does not exist at the level of rural and urban communities. Therefore, the system of community-level self-governance has been developed, complimenting the governance structure with the system of people’s congresses at its core. The relationship between the fundamental and basic political systems is similar to that in China’s economic system with “public ownership being the leading sector and economic entities under diverse forms of ownership developing together”.
- <sup>6</sup> Chen Yunlin (Ed.) (2009). *Studies on Issues of Unification and Separatism in Contemporary States*. Beijing: Jiuzhou Press.
- <sup>7</sup> Deng Xiaoping (1993). *The Selected Works of Deng Xiaoping (Volume 3)*. Beijing: People’s Publishing House. 363.