

The “One Country, Two Systems” Theory and the Special Administrative Region System: Expressions of the Contemporary Oriental Wisdom

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As the President of the People’s Republic of China (PRC) Hu Jintao remarked when he visited Macao in 2009, “The cause of the ‘One Country, Two Systems’ policy is an endeavor to promote common prosperity of Hong Kong Special Administrative Region, Macao Special Administrative Region and the mainland, and an important part of the great cause to rejuvenate the Chinese nation.”¹ The cause of the “One Country, Two Systems” policy originated and took shape in contemporary China, and was destined to grow strong and successful in China. This magnificent undertaking has encompassed theoretical and institutional innovations which reflect strong Chinese characteristics and wisdom. A thorough examination and study of these innovative efforts is of practical concern to the Chinese academia in general and scholars in the Special Administrative Region (SAR) in particular.

I. Historical Background

Deng Xiaoping first put forth the idea of building socialism with Chinese characteristics in his opening remarks at the 12th National Congress of the Communist Party of China (CPC) on 1st September 1982. He said that “We must integrate the universal truth of Marxism with the concrete realities of China, blaze a path of our own and build socialism with Chinese characteristics. This is the basic conclusion we have reached after reviewing our long history.”² The “One Country, Two Systems” theory, which was developed as China moved into a historic new era of reform and opening up, and the SAR system, developed to put the theory into practice, both reflect a new thinking, new theoretical approach and systematic innovation. Their smooth and successful implementations in the Hong Kong SAR and the Macao SAR have convincingly demonstrated the innovative, landmark achievement of socialism with Chinese characteristics.

In a speech by Hu Jintao on 1st July 2011 marking the 90th anniversary of the establishment of the CPC, he reviewed the four central themes of socialism with Chinese characteristics. Theoretical and political systems, as two central themes, are especially worthy of our thorough understanding, serious contemplation and resolute affirmation. In the context of China’s reform and opening up and realities of the SAR since its establishment, the “One Country, Two Systems” is an indispensable core component of theoretical and political systems of socialism with Chinese characteristics.

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Theory provides guidance to action. A theory is defined as “systematic conclusion of knowledge about nature and human society based on human practice.”³ It is based on systematic contemplation of the subjective and objective matters of the world. It is conclusive, normative and forward-looking. Up until now, academic study on the “One Country, Two Systems” theory has been lacking, in such disciplines as law, political science, sociology, psychology, philosophy, or any other academic disciplines for that matter, in China or elsewhere around the world. In deed, the study of the “One Country, Two Systems” theory will undoubtedly be a new area of multi-disciplinary studies. The significance of theoretical studies lies in reviewing the past and guiding the future, i.e., discerning patterns of past development, exploring and opening up space for future growth.

A societal “System” comprises political, economic and cultural systems of a society formed under certain historical conditions. With the widespread dissemination of socialist thought over the past century, and following the success of the Russian October Revolution in 1917, two opposing societal systems, i.e. socialism and capitalism, became entrenched worldwide. In essence, the fundamental differences between socialism and capitalism lie in two areas: the possession and distribution of social wealth and the exercise of state power. Socialism stresses public ownership and common prosperity through equitable distribution of social wealth. The state power should be controlled by the working people, represented by the working class and the Communist Party. Capitalism emphasizes the sacred, inalienable rights of private property ownership and that the state power should be controlled by the bourgeoisie and its political parties. Political system and control of state power have always been central to debates among political thinkers and the academia, and of concern to political forces and politicians with divergent aspirations and goals. However, it has been shown that throughout history any system that does not put rights and benefits of the people first could not be regarded as a good system. In spite of setbacks after the founding of the PRC eventually and fortunately embarked on a successful path of reform and opening up under the guidance of the Deng Xiaoping Theory, which is rooted in the 5,000-year-old Chinese civilization and seen as sublime epitome of Chinese wisdom. Through more than three decades of experimenting and endeavor, China has not only steadily changed its image of backwardness, but also demonstrated to the international community in a comprehensive and in-depth way the success of country’s socialist system with Chinese characteristics. In the first decade (2001-2011) following China’s accession to WTO and after the global financial crisis in 2008 in particular, China achieved spectacular rise in power, reputation and influence, demonstrating an outstanding Chinese wisdom. In this new round of peaceful competition, the SAR, established according to the “One Country, Two Systems” model, integrating the advantages of two societal systems and being protected in a comprehensive and effective way by national and regional constitutional structures, has come to be seen as a tremendous breakthrough in the history of civilization and constitutional innovation.

II. The Development of the “One Country, Two Systems” Theory

Theoretical innovation, or the formulation of a new theory, is usually an outcome of contemplation guided by scientific epistemology, the result of self-improvement of existing knowledge system, and the accumulation of positive and negative experiences of social practice over extended time periods. In the context of major political theories or policies, it is also made

possible by decisiveness and wisdom in bold and prompt decision-making on critical issues by key statesmen, who are able to leverage the forces of change and keep with the times. For much more than a century, China as a large country of the East was caught up in the swirl of world events and was once the battleground of world powers. It also provided a stage for leading political thinkers with competing ideas and had been fertile ground for innovative notions to germinate and take root.

The last century witnessed China's awakening and strife, with a continuity of common purpose maintained through generations. It was also a century peppered with successes and lessons of failures. In the history of Chinese civilization, there has never been a lack of daring and influential personalities and political thinkers dedicated to political reform and national survival, with great political maturity and wisdom to change the world and rewrite history. It is particularly true of modern China in the 20th century. Sun Yat-sen was undoubtedly an important figure, a beacon of his times, with his doctrine, theory, practice and struggle embodying aspirations of the Chinese people. The first generation of Chinese revolutionary leaders who were founding fathers of the PRC were invariably inspiring, in spite of regrettable setbacks and disorientation that the country suffered for a certain period under their leadership after the founding of the PRC. At the most critical juncture, Deng Xiaoping turned the tide and began a new era of socialism with Chinese characteristics. He also created a theoretical framework for such socialism, namely the Deng Xiaoping Theory.

The Deng Xiaoping Theory is a theoretical system that is the most comprehensive, practical, rational and open theory, which had been developed in the six decades after the founding of New China. It epitomizes the political thinking of Deng Xiaoping, chief architect of reform and opening-up, who advocated emancipating the mind, seeking truth from facts and uniting as one in looking to the future. Anecdotal descriptions of "cat and mouse theory", "theory of feeling the stones", "overriding principle", "new path", and "change theory" are all adequate and to the point. The "cat and mice theory" refers to his remark that "It matters not whether the cat is black or white, as long as it catches mice," which is full of folk wisdom. The "theory of feeling the stones" refers to his comment about "crossing the river by feeling the stones at riverbed" which promotes daring trial and error. "Overriding principle" refers to "Development is an absolute principle" which stresses expansion of productive forces, national strength and prosperity, and improvement of living standard of the people, a principle not to be compromised. "New path" refers to his comment that "Once we are sure that something should be done, we should dare to experiment and break a new path." "Change theory" is about promoting change toward a better direction. "'One Country, Two Systems' meant a major change."⁴ Change is about paradigm shift and reform and opening up is such a shift which requires across-the-board and in-depth change of the status quo. The bold proposal of and adherence to the "One Country, Two Systems" concept reflects smart thinking that epitomizes a superior level of objective understanding of the world and subjective contemplation, a sublime expression of Chinese wisdom rooted in its ancient civilization. The core of the Deng Xiaoping Theory is his unique approach to socialism which helped redefine socialism and solve the problem of building a socialist society in a country that had been economically and culturally backward. Regarding his definition of socialism, Deng Xiaoping pointed out the following:

(1) Poverty is not socialism, lagging development is not socialism; the fundamental task of socialism is to develop the productive forces.

(2) Egalitarianism is not socialism; polarization is not socialism; the ultimate goal of socialism is common prosperity.

(3) Planned economy is not equivalent to socialism; market economy is not equivalent to capitalism.

(4) Socialism should not be without democracy; socialist democracy is an important political feature of the socialism.

(5) Socialism cannot develop without spiritual civilization; socialist spiritual civilization is an important ideological and cultural feature of socialism.

On how to build socialism, Deng Xiaoping pointed out:

(1) Economic construction is a central task to promote overall social progress; all efforts should be focused on developing productive forces, which is a fundamental task of socialism.

(2) Socialist modernization should be achieved in well-planned phases, proceeding from the realities of socialism at its primary stage.

(3) Reform should provide basic impetus to socialist construction; resolving the problem of continuous momentum for development is a prerequisite for building socialism.

(4) Socialist construction in the process of opening up to the outside world: proper and open-minded foreign policies are a prerequisite for achieving four modernizations.

(5) Socialist construction is dependent on public support and on the broadest possible patriotic united front.

(6) Leadership for socialist construction: the strong leadership of the CPC is a fundamental guarantee for the success of socialism with Chinese characteristics.⁵

The Deng Xiaoping Theory has delivered unprecedented successes in resolving complex issues in China. It also provided guidance and best approach for the satisfactory settlement of external and historical legacy issues. "Without the guidance of the Deng Xiaoping Theory, there would not have been reform and opening up and the path of socialism with Chinese characteristics."⁶ Recognition of the "One Country, Two Systems" policy being an integral part of the Deng Xiaoping Theory and socialism with Chinese characteristics is logical, truthful and by no means an exaggeration.

In today's China, no discussion of socialism with Chinese characteristics is complete without mentioning the "One Country, Two Systems" policy. The valuable and significant contribution of the "One Country, Two Systems" policy has added to the multifaceted Chinese characteristics, making them more concrete with practical examples. "Practice has fully demonstrated the tremendous viability of the 'One Country, Two Systems' principle and the path of peaceful reunification of the motherland as two important components of socialism with Chinese characteristics."⁷ Proper understanding and more proactive implementation of the "One Country, Two Systems" policy has become a major undertaking for the Chinese nation. The "One Country, Two Systems" policy is not a matter only concerning the prosperity and stability of the two SARs where the concept in practice. It is also a common cause of the whole nation encompassing all nationalities and concerning its vision, designed with great political wisdom, of peaceful reunification and great national rejuvenation.

It is already more than three decades since the idea of "One Country, Two Systems" was first proposed as a concept which was later put into practice. The SAR system, written into the two basic laws, has been in operation in Hong Kong and Macao respectively for 15 and 12 years. The scientific nature of the theory and the viability of the system have been tested in practice in the SARs and fully recognized by the international community. To unswervingly carry on the practice of the system and enhance its operation has become a historic mission and social responsibility for

the people of China. To review and enhance the well-established processes of SAR administration, so as to further ensure long-term stability in the SARs and make it possible for enhanced the practice of the “One Country, Two Systems” policy, is now required by the new situation of a new era. Macao, which returned to the motherland and started to practice the “One Country, Two Systems” policy over 12 years ago, a period equal to a Chinese zodiac cycle, has entered a new phase of greater maturity in its understanding and implementation of the principle.

III. The “One Country, Two Systems” policy and two long-term goals of the Chinese people

3.1 The most competitive and convincing aspect of “Chinese characteristics”

The reform and opening up has involved most tremendous ideological liberalization with far-reaching impact. The theoretical system of socialism with Chinese characteristics, which has been developed and improved over time during reform and opening up, contains a set of theories that will guide the CPC and Chinese people in achieving great rejuvenation of the Chinese nation on a course of socialism with Chinese characteristics. The report delivered at the 14th National Congress of the CPC 20 years ago summarized the theory of socialism with Chinese characteristics as having nine segments: (1) socialist development path; (2) stages of development; (3) fundamental tasks; (4) driving forces; (5) external conditions for development; (6) political guarantee; (7) strategic steps; (8) leadership and support base; and (9) national unification.

The “One Country, Two Systems” concept is indispensable and central to all nine elements. Some scholars further described eight aspects of the theoretical system of socialism with Chinese characteristics which are: (1) conditions of the socialist era; (2) people-centered socialism; (3) nature and defining features of socialism; (4) primary stage of socialism; (5) reform and opening up; (6) socialist market economy; (7) socialist democracy and rule of law; and (8) comprehensive socialist civilization.

The core is innovation in developing the theory of socialism and developing a China Consensus and Eastern Perspective with contents and values of universal implication.⁸

It was clearly stated at the 17th National Congress of the CPC five years ago that “the system of theories of socialism with Chinese characteristics is a scientific theoretical system consisting of the Deng Xiaoping Theory, the Important Thought of Three Represents, the Scientific Outlook on Development and other major strategic thoughts.” This system of theories is the fruition, with historic significance, of steadfastly applying the fundamental principles of scientific socialism with consideration to China’s realities and conditions of the times. It should be said that the Deng Xiaoping Theory is representative of the theoretical system of socialism with Chinese characteristics, forming its foundation and basic structure, while the Important Thought of Three Represents and the Scientific Outlook on Development are extensions of the Deng Xiaoping Theory and represent its continuous development in the new era. The three theories are in sequential order with inherent logic and theoretical continuity.

Hu Jintao provided a further summary in his speech on 1st July 2011, saying that “the theoretical system of socialism with Chinese characteristics is a scientific theoretical system consisting of the Deng Xiaoping Theory, the Important Thought of Three Represents, the Scientific Outlook on Development and other major strategic thoughts. It has systematically addressed a

series of significant issues, such as what kind of socialism China, a large developing country of over one billion people, should build and how to build it; what kind of party we should build and how to build it; and what kind of development China should achieve and how to achieve it. The system of theories of socialism with Chinese characteristics represents the continuation and development of the Mao Zedong Thought.”⁹ This shows that any understanding of, and approach to, the development of socialism and CPC should proceed from China’s national conditions and firmly demonstrate Chinese characteristics. The “One Country Two Systems” policy is both the most prominent national condition and the most prominent Chinese characteristic.

3.2 Key elements and structure of the “One Country, Two Systems” theory

The “One Country, Two Systems” theory is a profound and comprehensive theoretical system, capable of further development and extensive application. It is the outcome of cross-discipline thinking, examination and research, and a theoretical conclusion proven true by more than a decade of vigorous practice in the Hong Kong SAR and the Macao SAR.

3.2.1 On state sovereignty

Deng Xiaoping said that “On the question of sovereignty, China has no room for maneuver. To be frank, the question is not open to discussion. The time is ripe for making it unequivocally clear that China will recover Hong Kong in 1997. That is to say, China will recover not only the New Territories but also Hong Kong Island and Kowloon.”¹⁰ He also said “The question of sovereignty is not open to negotiation. China will recover Hong Kong in 1997. We held talks on the ways and means of recovering Hong Kong. I said that talks would take two years and a shorter period would not do. But the issue had to be resolved within two years and by the end of the two-year period China will officially announce its decision to recover Hong Kong in 1997. The talks actually took two years to conclude.” “If unexpected incidents or serious disturbances should occur in Hong Kong during the 15-year transition period, and the Chinese and British sides failed to reach an agreement in their talks, the Chinese government would then be compelled to reconsider the timing and manner of the recovery.”¹¹

Insistence on the issue of sovereignty is not the preference of the Chinese government and people only. Nor is it a Chinese invention. Even in the 21st century, there were still recurring incidences of independent nations being toppled at will by foreign powers, in spite of tremendous progress that mankind has made in both spiritual and material civilization. For one and half centuries in the past China suffered most when its sovereignty was infringed upon and territories carved up. Such tragic history should never be forgotten. China is now in the midst of peaceful ascendance. China has no intention to infringe on the sovereignty of other countries and will adhere to peaceful development no matter how powerful it may eventually become. Although all the injustice and inequity imposed on China by foreign powers have been terminated, China still faces complex challenges concerning Taiwan, Diaoyu Island, islands in the South China Sea and border issues with India, which are yet to be resolved with much wisdom. Even in the two SARs, there small minorities of people who more than a decade after the return to the motherland still maintain an inexplicable fetish of and submission to Western values. Therefore, we have no reason not to pay serious attention to matters concerning national sovereignty, not to continue advocating broader public awareness of sovereignty and the state.

3.2.2 Peaceful unification

Deng Xiaoping said that “the most important issue is the reunification of the motherland.

Peaceful reunification has become the common aim of the Kuomintang (KMT) and the CPC. The idea is not that one party should swallow up the other. We hope that the two parties will work together for national reunification and make joint contribution to the Chinese nation.” “As a special administrative region, Taiwan will have a local government which will differ from local governments of other provinces, municipalities and autonomous regions. Provided that the national interests are not compromised, it will enjoy certain powers of its own that other provinces, municipalities and autonomous regions do not have.” “After reunification with the motherland, Taiwan special administrative region will assume a unique character and may practice a social system different from that of the mainland. It will enjoy independent judicial power, and there will be no need to go to Beijing for final adjudication. What is more, it may maintain its own armed forces, provided they do not constitute a threat to the mainland. The mainland will not station anyone in Taiwan. Neither troops nor administrative personnel will go there. The party, governmental and military systems of Taiwan will be administered by the Taiwan authorities themselves. A number of posts in the Central Government will be made available to Taiwan.”¹² He also said that “On the basis of our own Chinese conditions, we proposed the ‘One Country, Two Systems’ policy, which has caught world’s attention. China has the Questions of Hong Kong and Taiwan. What should be the approach to resolve these problems? Should socialism swallow up Taiwan or the Three People’s Principles advocated by Taiwan swallow up the Mainland? Neither should swallow up the other. If we cannot resolve the problem peacefully, then we can only use force to resolve it. But this would be disadvantageous to all sides.” “Achieving national unification is the nation’s aspiration. If it is not unified in 100 years, then it would be unified in 1,000 years. As to how to resolve this problem, I think it would only be through the ‘One Country Two Systems.’ principle”¹³

Due to various internal and external factors, the two sides of the Taiwan Strait have yet to embark on a path of peaceful reunification. However, it is obvious to all that cross-strait relations have seen rapid improvement since the KMT was back in power in 2008. The timing of eventual accomplishment of the theories of “One Country, Two Systems” and “peaceful reunification” will be essentially dependent on competitive strengths of both sides of the Strait and on competition between coastal provinces of the southeast mainland and Taiwan, if we exclude any external factors. The essence of the competition however concerns core values. Fortunately, the solution to legacy problems of Hong Kong and Macao using a peaceful reunification approach has achieved unqualified successes. Smooth handover and transition was accomplished in a timely manner and the “One Country, Two Systems” concept has become a living reality after the establishment of the two SARs, with its scientific nature and viability passing full validation.

3.2.3 “Hong Kong people ruling Hong Kong” and “Macao people ruling Macao”

Deng Xiaoping commented that “the Chinese in Hong Kong have the ability to run the affairs of Hong Kong well and they should be confident of that. The prosperity of Hong Kong has been achieved mainly by Hong Kong residents, most of whom are Chinese. Chinese are no less intelligent than foreigners and are by no means less talented. It is not true that only foreigners can be good administrators. We Chinese are just as capable.”¹⁴ “Some requirements or qualifications should be established with regard to the administration of Hong Kong affairs by the people of Hong Kong. It must be required that patriots form the main body of administrators, that is, of the future government of the Hong Kong special region.” “A patriot is one who respects the Chinese nation, sincerely supports the motherland’s resumption of the exercise of sovereignty over Hong Kong and

wishes not to impair Hong Kong's prosperity and stability."¹⁵ "The administrators shall be elected by the people of Hong Kong and appointed by the Central Government, rather than being dispatched by Beijing. The administrators should of course include those from the left wing whose number should be kept as low as possible, as well as from the right. It would be ideal to include more from the center so that all parties will feel more at ease."¹⁶

The noble goal defined at the founding of the CPC is to build a socialist society where there is no exploitation and oppression of the people. All of its undertakings have centered and been based on the principle of trusting, relying on and wholeheartedly serving the people. Even before the formulation of the "One Country, Two Systems" theory, Deng Xiaoping had made an unequivocal judgment that the Chinese people of Hong Kong could govern Hong Kong well. He later made "Hong Kong people ruling Hong Kong" and "Macao people ruling Macao" as core component of the "One Country, Two Systems" theory. It has been amply demonstrated that the Chinese in Hong Kong and Macao have the wisdom, ability and resources to govern, build and develop"¹⁷ their own regions well.

3.2.4 Commitment remaining unchanged for a long time

Deng Xiaoping said that "if there are any changes, they will only be changes for the better, for the greater benefit of the prosperity and development of Hong Kong, not changes detrimental to the interests of the people there." "As a matter of fact, 50 years is only a vivid way of putting it. Even after 50 years our policy will not change. That is, for the first 50 years it cannot be changed, and for the second there will be no need to change it. So this is not just rhetoric." "Today I should like to talk about some things that will not change. Our policy on Hong Kong will not change for 50 years after it is reunited with the motherland in 1997. That policy, along with the basic law you are now drafting, will remain in force for at least 50 years. And I want to add that there will be even less need to change them after the 50-year period. Hong Kong's status will not change, nor will our policy towards Hong Kong or Macao. After Taiwan is reunified with the mainland under the 'One Country, Two Systems' formula, our policy towards Taiwan will also remain unchanged for 50 years. There will be no change either in our policy of opening up at home and opening up to the outside world."¹⁸ Deng Xiaoping emphasized that "try to imagine what would become of Hong Kong if China changed its socialist system, the socialist system with Chinese characteristics under the leadership of the CPC. That would be the end of prosperity and stability for Hong Kong. To make sure the policy remains unchanged for 50 years and beyond, we must keep the socialist system on the mainland unchanged."¹⁹

The stability and practicality of the "One Country, Two Systems" principle as a fundamental national policy is largely ensured by the Basic Law. The references to "no change for 50 years", or no change over the long term, all imply an unwavering long term commitment. Such commitment encompasses: a) no change to existing social and economic systems, fundamental structure of legal system, way of life, and status of duty free port and international financial and trade center; b) no change to socialist system on the mainland as prerequisite for "no change" in SARs; c) securing long-term prosperity and stability, effective and harmonious administration, and law and order as primary objectives of "no change"; d) "50-year no change" should not be taken literally, i.e. for the first 50 years the policy cannot be changed, and for the second there will be no need to change it.

3.2.5 On prosperity and stability

Deng Xiaoping said that "we all meet the same important prerequisite – love for the motherland and for Hong Kong, and we all share the same goal – to maintain prosperity and

stability in Hong Kong over the next 13 years and after. With our joint efforts, I am sure our goal will be achieved.” “Stability must be maintained in Hong Kong. It must be maintained not only during the transition period but also afterwards, when the people of Hong Kong are administering the region after China resumes its exercise of sovereignty. This is crucial. In addition to stable economic development, Hong Kong needs a stable political system.” “We have solemnly promised that our policy towards Hong Kong will remain unchanged for 50 years after 1997. Why 50 years? There is a reason for that. Not only do we need to reassure the people of Hong Kong, but we also have to take into consideration the close relation between the prosperity and stability of Hong Kong and the strategy for the development of China.”²⁰

Prosperity and stability will help Hong Kong and Macao maintain advantages in their development. Maintaining prosperity and stability in Hong Kong and Macao is necessary for proving the viability and superiority of the “One Country, Two Systems” policy, and is a requisite for bolstering SAR residents’ confidence in their future. The “One Country, Two Systems” approach is based on inclusion, seeking common ground while shelving differences, mutual benefit and win-win. With the “One Country, Two Systems” policy in place, the two SARs can benefit from their proximity to the booming mainland and from the advantageous and competitive synergy of two political systems. Achieving long-term prosperity has become a basic objective of their sustained development.

3.2.6 Innovative thinking

As Deng Xiaoping said, “The world faces the choice between peaceful and non-peaceful means of solving disputes. One way or the other, they must be solved. New problems must be solved by new means. The successful settlement of the Hong Kong problem may provide useful elements for the resolution of international problems.” “After almost five years of hard work, you have produced a law that is of historic and far-reaching international significance. By historic I meant it is significant not only for the past and the present but also for the future. By international and far-reaching I meant it is significant not only for the Third World but for all mankind. This document is a creative masterpiece.”²¹ He further said that “The concept of ‘One Country, Two Systems’ has been formulated with a view to China’s realities. China has not only the Hong Kong problem to tackle but also Taiwan problem. There are only two approaches to these problems: negotiation or use of force. For peaceful negotiations, a solution has to be agreeable to all parties concerned which on the issue of Hong Kong include China, Britain and residents of Hong Kong.” “I am confident that ‘One Country, Two Systems’ will work, which will generate very positive international response and provide an example for countries around the world for solving problems among them left behind by history.” “When we were formulating the idea of ‘One Country, Two Systems’, we had also thought about approaches to settling international disputes. There are many disputes around the world which are difficult to resolve. I think some of them can possibly be solved this way: finding a solution acceptable to all parties concerned.”²²

Three decades of reform and opening up in China has been a process of innovative thinking and systematic innovation which is unprecedented in Chinese history. In the context of world civilizations, it would not be an exaggeration to say that the process of this thought emancipation and revolution is akin to European Renaissance of five centuries earlier which had profound and far-reaching impact on world civilization. As China is not only the world’s largest developing country but one with the most complex national conditions, the successful resolution of its domestic and external problems has global impact and significance that should not be

underestimated. The "One Country, Two Systems" theory, based on a theoretical foundation with Chinese characteristics, is a solution of such significance.

IV. The "One Country, Two Systems" policy needs continuous improvement

"The development of practice, cognition of the truth, and innovation of theories know no boundary."²³ Theories should be validated in practice, after which they can become basis for public consensus and action guideline for the SAR residents. Such a process of continuous improvement, common to enhancement of human understanding, has been proven effective throughout the history of civilizations.

The value and significance of theories lie in the effectiveness of their practical application. Over the past three decades, Deng Xiaoping's theory of "One Country, Two Systems" has been proven most powerful. It provided best solutions, which are not detrimental to interests of all parties concerned, to unresolved historical legacies such as Hong Kong and Macao problems. These solutions have become successful examples of contemporary political decision-making based on the principles of seeking common ground while shelving differences and achieving mutual benefit and win-win. Guided by Deng Xiaoping's theory, the Hong Kong SAR and the Macao SAR have achieved political stability, economic prosperity, and effective protection of residents' rights and interests. Hong Kong and Macao are seen as successful examples, demonstrating a brand new approach to development and a convincing benchmark for mind emancipation, reform and opening up. The "One Country, Two Systems" policy, enshrined in the two Basic Laws and put in practice in the two SARs, is no longer a mere concept or experiment, but rather a living societal reality. The two SARs have become showcases of internationalization, modernization and best practices, and incubators of new thinking and new ideas. At present, we should adhere to the fundamental principle and requirements of the "One Country, Two Systems" policy, while proactively preventing or resolving new problems and conflicts with an open-minded, pragmatic and rational attitude. We should not merely use the theory in simplistic and superficial manner, but apply it wisely in our continued truth-seeking and innovation.

Macao has limited geographical space with characteristics of a small region. However, the "One Country, Two Systems" policy has brought about a revival of Macao. Events of historic proportions and large volumes of commercial transactions have taken place within its confined land area. Its traditional strengths can be further enhanced. Macao has two sets of advantages: a) previously existing ones which include protection of private property rights, duty free port, low tax, democracy and rule of law, and an inclusive and tolerant society; b) advantages gained after adopting the "One Country, Two Systems" upon return to the motherland, with the motherland as its strong support base, and its role in linking the "factory of the world" with global markets. In the past decade, Macao has effectively been a multifaceted example and showcase of the "One Country, Two Systems" policy, witnessing history in the making. The path Macao has taken is exemplary and inspirational in many realistic and convincing ways, though it may not be suitable for wholesale adoption by others.

Thanks to the adoption of the "One Country, Two Systems" policy, Macao has maintained its prosperity and stability. Macao's success is also a great assurance to the national government. Descriptions of "the Jewel of the Orient" and "the Blessed Lotus Land" are truly fitting for Macao,

from the perspectives either of those living in the region or from outside. Both government administrators and the residents should be vigilant even under peaceful conditions to ensure long-term stability and law and order in Macao. They should always bear in mind that they are key players in “Macao people ruling Macao”. They should work to maintain viability and vitality of the region and its administration, and refrain from conservative and passive thinking.

V. Laws of the SAR as integral and indispensable components of the Socialist Legal System with Chinese Characteristics

The Macao SAR practicing the “One Country, Two Systems” policy was established in accordance with provisions of the *Constitution of People’s Republic of China* (hereinafter as “the Constitution”). The *Basic Law of the Macao Special Administrative Region of the People’s Republic of China* (hereinafter as “the Macao Basic Law”), as fundamental law having supremacy in its legal system was instituted by the nation’s the supreme organ of state power in accordance with the Constitution. The SAR system as an outcome of China’s contemporary constitutional development and best example of constitutional innovation has been fully validated in practice. Its legal system as the basis of SAR administration was formed in accordance with the Macao Basic Law. In addition to the Macao Basic Law at the core of SAR legal system, there are more than ten national laws which are applicable to the Macao SAR and local laws in force, including those enacted by the SAR legislature and previously existing laws which do not contravene the Macao Basic Law. These pre-existing laws have been validated by the Preparatory Committee of Macao SAR and confirmed by the Standing Committee of the NPC. The Macao Basic Law and more than ten national laws applicable to the SAR undoubtedly fall into the realm of socialist legal system with Chinese characteristics. It follows that laws enacted by the SAR legislature and submitted to the Standing Committee of the NPC for record constitute a special addition to socialist legal system with Chinese characteristics. As for the laws previously in force in Macao, only those satisfying following two prerequisites have remained in force: a) not contravening the Macao Basic Law and resumption of sovereignty over Macao by the Chinese government; b) consistent with contemporary principles, notions and evolutionary trend of rule of law. It is obvious that all legal systems should be dynamic, rather than rigid and unchanging, and need continuous improvement. The changing balance of new and previously existing laws is a prominent feature of the process of improvement in the SAR legal system. In the *Collection of Laws and Regulations of the Macao SAR* published by the One Country Two Systems Research Center of Macao Polytechnic Institute in the first quarter of 2012, there are 40 previously existing laws, accounting for 22.47% of a total of 178 laws and regulations included²⁴. It can be expected that this percentage will continue to drop. Such dynamic change is inevitable and is seen as very constructive and positive.

The following conclusions can be drawn from the above analysis:

(1) The current legal system of Macao is in the main a system of codified laws based on the tradition of continental law. It is rather unusual that such a small administrative region should have its own relatively complete legal system and framework of laws.

(2) The reality of political stability, economic prosperity, and social harmony in the Macao SAR over the last twelve years after its founding proves the effectiveness and reliability of its legal system as basis of government administration in accordance with law.

(3) In the legal system of Macao, the Macao Basic Law and laws enacted by the SAR legislature constitute the predominant part while laws previously in force that have been retained are all appropriate for Macao and consistent with the Macao Basic Law. Their percentage in the total number of laws in force is on the decline.

(4) Macao's legal system encompasses the Macao Basic Law, national laws and laws enacted by the SAR legislature which together demonstrate the superiority of socialism, and pre-existing laws which reflect rationality of capitalism. It thus embodies all the advantages of the two different legal systems – of the East and West. Integrating the SAR legal system reflecting characteristics of the "One Country, Two Systems" policy into the overall socialist legal structure with Chinese characteristics will positively help increase contemporary relevance, theoretical span and depth of socialism with "Chinese characteristics".

Thus, a rational understanding of the Macao SAR's practice of the "One Country, Two Systems" policy and its effective legal system is crucial to a proper evaluation of the "One Country, Two Systems" policy, the SAR legal system and the relationship between the SAR and the state. We should not dwell on those negative events in the SAR and cite them as ill effects of capitalism while ignoring the great breakthrough achievements of the SAR over the past decade and more, amidst tremendous transformation of China in its three decades of reform and opening up, a period when socialism with Chinese characteristics has become increasingly more systematic and scientific. Doing that would be unfair, irrational, and detrimental to the SAR and the nation as a whole. It would also contravene the theory of socialism with Chinese characteristics, the scientific perception of historical truths and current reality, and the principles of seeking truth from facts and using practice as sole criterion for testing truth.

VI. The SAR system: strategic positioning and improvement

"The state may establish special administrative regions when necessary. The systems to be instituted in special administrative regions shall be prescribed by law enacted by the NPC in light of their specific conditions." This is a forward looking provision in the Constitution formulated in 1982. The author in his 1996 book *"One Country, Two Systems" and the Modern Constitutional Science*, advocating academic studies on the SAR system, commented that "the Chinese Government, in order to achieve peaceful reunification of the mainland and Taiwan and resumption of sovereignty over Hong Kong and Macao, has put forward the notion of the SAR system which is a breakthrough to traditional scope of local government in a unitary state, allowing certain features of federal state in a unitary state structure."²⁵

The term of SAR system was first officially used in *The Legislation Law of the People's Republic of China* enacted at the 3rd session of the 9th NPC with a provision in Article 8 stipulating that "the system of regional national autonomy, the system of special administrative region, the system of self-government among people at the grassroots level" shall be governed by laws enacted by the NPC. This is the first direct and specific reference to adopting the SAR system following the provision of Article 31 of the Constitution. The adoption of the SAR system, the reference of which appears between two other basic political systems in the Constitution, marks the realization of common aspiration of the Chinese people for the return of Hong Kong and Macao which took place respectively in 1997 and 1999, and innovation in the country's basic political system. It is a

milestone advancement of socialism and socialist constitutionalism with Chinese characteristics.

The SAR system, which encompasses social and economic systems, system for the protection of residents' basic rights and freedom, and administrative, legislative and judicial systems²⁶, has been systematically and comprehensively defined in the *Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China* (hereinafter as "the Hong Kong Basic Law") with 9 chapters and 160 articles and Macao Basic Law with 9 chapters and 145 articles. "The SAR system is an important component of our national administration system and part of the State structure defined by the Constitution. The SARs are local administrative regions of China that enjoy a high degree of autonomy and are directly under the Central Government. They are not independent or semi-independent political entities. Their legal status determines the close link between the SAR system and other components of national administration system. The SAR system is an integral part of the national system." "Overall, the SAR system consists of two parts – one concerning relations between the Central Government and the SAR and the other concerning the exercise of a high degree of autonomy within the SAR. Of course, the SAR system can also be seen as containing specific systems for administration, legislation, jurisdiction, civic affairs, political structure and economy, when different classification criteria are use."²⁷

In recent years I repeatedly called for a defining the SAR system as a basic political system in addition to the systems of NPC, multi-party cooperation and political consultation under the leadership of the CPC, autonomy for regions of minority nationalities, and community-level self government. It is highly necessary now that the SAR system, as an outcome of unique systematic innovation in China's constitutional development, has been in practice in the two SARs for more than a decade. "'One Country, Two Systems', which has been designated as a fundamental national policy, is not an outcome of passive reaction, but rather of proactive innovation. Nor is it an outcome of acquiescence and unprincipled compromise, but rather it is a proactive arrangement with respect for history and realities. It does not impair but rather effectively safeguards core national interest. It represents a major advancement and a big step forward in socialist constitutional development with Chinese characteristics, with significant theoretical and systematic innovations and new value propositions."²⁸

It is not difficult for the public to conclude that Macao entered a new era of growth after the establishment of the SAR. Macao is practicing a brand new SAR system that embodies the "One Country, Two Systems" concept and the spirit of civilization in accordance with the Basic Law. "This is a new form of constitutional system with Chinese characteristics. It is a democratic political system mandated and regulated by the Constitution and its supporting law – the Basic Law. The new SAR system expanded the scope of socialism with Chinese characteristics, adding positive, beneficial fresh elements to 'Chinese characteristics' and unique new members to the family of the motherland."²⁹ The vigorous and healthy growth of the SAR over the past decade and more has further demonstrated the benefits of theoretical and institutional innovations of the "One Country, Two Systems" concept. It has proved that the two systems could be mutually inclusive and complementary, with the rational aspects of capitalism being of service to socialism.

Li Lin, a well-known constitution scholar and director of the Institute of Law in the Chinese Academy of Social Sciences, asserted that "the SAR system should be added as the fifth basic political system in addition to the fundamental political system of Chinese People's Congress, and the basic political systems of autonomy for regions of minority nationalities, multi-party cooperation and political consultation, and grassroots autonomy."³⁰ He based his assertion on the

following four reasons:

(1) The "One Country, Two Systems" policy has been designated as a fundamental policy by the ruling party and the state; the SAR system as the basic form of political system practicing the "One Country, Two Systems" policy shall exist and develop for the long run.

(2) Political significance shall first and foremost determine if a system can become a basic political system; the establishment of the SAR system is conducive to the realization of national reunification, ensuring sovereignty and territorial integrity of the state, peaceful resolution of legacy problems left behind by history, maintenance of stability and prosperity of Taiwan, Hong Kong, Macao regions, and China's modernization. It provides a fine example for peaceful resolution of international disputes and is of historic significance to the world. It has become a unique precedent in constitutional development, enriching and expanding traditional theories of political and constitutional sciences.

(3) The nature of a basic political system is determined by its constitutional status. Article 31 of the Constitution stipulates that the State may establish SARs when necessary and Article 62 stipulates that the NPC shall exercise the function and power "to decide on the establishment of special administrative regions and the systems to be instituted there."

(4) A supporting legal system, based on a fundamental law and established by the highest organ of state power, is a prerequisite for a basic political system. The NPC formulated two basic laws respectively for the two SARs, whose level of authority is only below that of the Constitution but above other laws in the hierarchical legal structure. The term "basic law" is unique and not found in legal texts anywhere else except in the socialist legal system with Chinese characteristics.

A *Research Report on Legal System with Chinese Characteristics* produced in 2008 by the Law School of Renmin University of China ranks the "One Country, Two Systems" policy as one of the five basic components of socialist political system with Chinese characteristics, alongside the systems of the People's Congress, multi-party cooperation and political consultation under the leadership of the CPC, the system of equality of all nationalities and autonomy for regions of minority nationalities, and the system of community-level self-government.³¹ The research report also points out that "the status of laws of the SAR practicing the 'One Country, Two Systems' policy within the national legal structure was basically not defined in the master plan for legal development by the Macao legislative authority." "It is arguably a major pitfall in the technical narratives of the master plan for legal system structure of the Macao SAR."³²

On 17th December 2011, the Law Institute of Shanghai Academy of Social Sciences and the One Country Two Systems Research Center of Macao Polytechnic Institute jointly sponsored a symposium on the SAR system. The event indicated a turn to more in-depth studies on the "One Country, Two Systems" theory. A majority of the scholars attending the symposium believed it was absolutely necessary and imperative to further enhance the legal positioning of the SAR system and increase input in resources and talents for studies on the "One Country, Two Systems" theory.

There is a plethora of theoretical topics related to the SAR system. They include for example definition of components of the SAR system, relationship between the SAR system and the country's existing fundamental and basic political systems, the relationship between the "One Country, Two Systems" policy and constitutional practice in China, the theoretical value and practical significance of enhancing the positioning of the SAR system. In fact, the new SAR system, comprehensively mandated and guaranteed by the Constitution and the two Basic Laws, has become a fundamental and essential component of socialist system with Chinese characteristics. It

is an outcome of holistic theoretical and systematic innovation. The new SAR is “directly under central government, with its authority being mandated by the central government and exercised with a high level of autonomy. The SAR system reflects theoretical and systematic innovation, integrating established goal with practical interests and having multi-faceted demonstration impact.”³³

The above recognition and understanding amply illustrate that the SAR system is in effect one of the basic political systems of China, and an indispensable and uniquely superior component of socialist system with Chinese characteristics. Therefore, designating the SAR system as one of the basic political systems of the state with constitutional status by the highest organ of state power would be a scientific decision with many potential benefits and zero harm. This designation should be made in an appropriate manner and as early as possible.

VII. Conclusion

The “One Country, Two Systems” theory, a great theory reflecting tremendous wisdom, was proposed by Chinese leadership headed by Deng Xiaoping three decades ago. It has been validated convincingly in the two SARs of the PRC.

Deng Xiaoping said that “Our socialist system is one with Chinese characteristics. An important component of these relates to handling of the Questions of Hong Kong, Macao and Taiwan, i.e. the “One Country, Two Systems” approach. This new approach was not proposed by the United States, Japan, Europe or the Soviet Union, but by China. It is an approach with Chinese characteristics.”³⁴ His remarks illustrate that the “One Country, Two Systems” policy is an important component of “Chinese characteristics”, representing theoretical and institutional innovation and a major contribution to world civilization. Deng Xiaoping further said that “There are two aspects to the “One Country, Two Systems” policy. On the one hand, capitalism will be permitted in certain regions within a socialist country not merely for a short period, but for decades and even hundreds of years. On the other hand, it must be established that the country as a whole will practice socialism. Otherwise how can we maintain “two systems”? It will only be “one system”.”³⁵ This comment shows that there is no time limit to the “One Country, Two Systems” policy. The special local regions within the country can practice the “One Country, Two Systems” policy over the long term, as long as the main part of the country remains under socialism.

With careful observation and deep thinking, it is not difficult for people to conclude that the SAR system epitomizing the principle and spirit of “One Country, Two Systems” as a basic national policy is fully qualified to be designated as one of the country’s basic political systems. The reasons for this proposition chiefly include:

(1) Establishment of SAR practicing the “One Country, Two Systems” policy is the outcome of theoretical and institutional innovation by the Chinese government and people.

(2) Following the promulgation of the two Basic Laws respectively for Hong Kong and Macao, the “One Country, Two Systems” policy and the SAR system are supported by comprehensive legal structure and guarantee.

(3) The SAR system has been validated by its practice in the Hong Kong SAR over the past 15 years and in the Macao SAR over the past 12 years, with its vitality and superiority being amply proven.

(4) The concept of "One Country, Two Systems" is not only the noble cause of the SAR government and residents practicing SAR system, but also a common cause of the Chinese nation.

(5) The practice of the SAR system is closely linked with the great cause of peaceful reunification and national rejuvenation, a long-term goal worthy of endeavors by generations of Chinese people.

(6) The SAR system is categorically not a euphemism for capitalism and should not be viewed in a negative light.

There are many benefits in designating the SAR system as one of the basic political systems of the state, which include:

(1) Demonstrating a new mature phase of constitutional innovation with Chinese characteristics.

(2) Expansion and improvement of socialist legal system with Chinese characteristics.

(3) Enhancing patriotism of Hong Kong and Macao residents for the motherland and their respective regions; enhancing their commitment to building Hong Kong and Macao independently.

(4) Enhancing Taiwan compatriots' understanding of the "One Country, Two Systems" policy.

(5) Supporting positive interaction between the central authorities and the SARs and continuous improvement of relations between the people on the mainland and the SAR residents.

The "One Country, Two Systems" policy is a great invention reflecting tremendous wisdom of the Chinese people. It has helped enhancing national self-esteem and confidence, and expanded and brightened the prospect of our path forward. In the new era that has begun, further identification with the values embodied in the "One Country, Two Systems" theory, and enhancing conscientiousness, pragmatism and scientific outlook in the practice of the "One Country, Two Systems" policy, has become our lofty goal and focus of actions with global significance.

Notes:

¹ Hu Jintao (2009). Speech at the Ceremony Celebrating 10th Anniversary of Macao's Return to the Motherland and the Inauguration of the Third-term Government the Macao SAR. *People's Daily (Overseas Edition)*. 21st December 2009.

² Deng Xiaoping (1993). *The Selected Works of Deng Xiaoping (Volume 3)*. Beijing: People's Publishing House. 3.

³ Institute of Linguistics of the Chinese Academy of Social Sciences (Ed.) (2005). *Modern Chinese Dictionary (5th Edition)*. Beijing: Commercial Press. 703.

⁴ Deng Xiaoping (1993). *The Selected Works of Deng Xiaoping (Volume 3)*. Beijing: People's Publishing House. 206.

⁵ Rong Kaiming (2010). *Deng Xiaoping Theory Revisited*. Beijing: China Social Sciences Press. 64-70.

⁶ Hu Jintao (2003). Speech at a Seminar on the Important Thought and Theory of "Three Represents" *People's Daily (Overseas Edition)*. 2nd July 2003.

⁷ Wu Bangguo (2007). In-Depth Implementation of the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China and Advancement of the Great Practice of "One Country, Two Systems": Speech in Commemoration of 10th Anniversary of Entry into Force of the Hong Kong Basic Law. *People's Daily*. 7th June 2007.

⁸ Li Hengrui (2008). On Several Problems concerning the Integral Study of the Theoretical System of Chinese-type

- Socialism. *Academic Research*. Volume 10. 10.
- ⁹ Hu Jintao (2011). Speech at the Ceremony Celebrating 90th Anniversary of the Founding of the Communist Party of China. *People's Daily (Overseas Edition)*. 2nd July 2011.
- ¹⁰ Deng Xiaoping (1993). *The Selected Works of Deng Xiaoping (Volume 3)*. Beijing: People's Publishing House. 12.
- ¹¹ *Ibid.*, 85.
- ¹² *Ibid.*, 199.
- ¹³ *Ibid.*, 203.
- ¹⁴ *Ibid.*
- ¹⁵ *Ibid.*, 204.
- ¹⁶ *Ibid.*, 206.
- ¹⁷ Hu Jintao (2004). Speech at the Ceremony Celebrating 5th Anniversary of Macao's Return to the Motherland and the Inauguration of the Second-term Government the Macao SAR. *People's Daily (Overseas Edition)*. 21st December 2004.
- ¹⁸ Deng Xiaoping (1993). *The Selected Works of Deng Xiaoping (Volume 3)*. Beijing: People's Publishing House. 195, 202, 205, 215, 266.
- ¹⁹ *Ibid.*, 218.
- ²⁰ *Ibid.*, 205, 267.
- ²¹ *Ibid.*, 203
- ²² *Ibid.*, 68, 84.
- ²³ Hu Jintao (2011). Speech at the Ceremony Celebrating 90th Anniversary of the Founding of the Communist Party of China. *People's Daily (Overseas Edition)*. 2nd July 2011.
- ²⁴ Jeong Wan Chong (Ed.) (2012). *Collection of Laws and Regulations of the Macau SAR*. Macao: One Country Two Systems Research Center of Macao Polytechnic Institute. 3.
- ²⁵ Jeong Wan Chong (1996). *"One Country, Two Systems" and the Modern Constitutional Science*. Macao: The University of Macao Publication Centre. 82.
- ²⁶ Articles 11, the *Macao Basic Law*.
- ²⁷ Li Fei (2012). Study the Special Administrative Region System in-depth, Enhance the Implementation of the "One Country, Two Systems" Policy: Speech on the "One Country, Two Systems" Advanced Forum on 6th December 2011. *Academic Journal of One Country Two Systems Academic Journal (Chinese Version)*. Volume 11. 1-3.
- ²⁸ Jeong Wan Chong (2011). Some Issues on the "One Country, Two Systems" Theory. *Academic Journal of One Country Two Systems Academic Journal (Chinese Version)*. Volume 7. 15-23.
- ²⁹ Jeong Wan Chong (2010). Special Administrative Region and the System of Special Administrative Region. *Academic Journal of One Country Two Systems Academic Journal (Chinese Version)*. Volume 4. 16-24.
- ³⁰ Li Lin (2012). Status and Function of the Special Administrative Region System in the Socialist Legal System with Chinese Characteristics. *Academic Journal of One Country Two Systems Academic Journal (Chinese Version)*. Volume 11. 15-20.
- ³¹ Zhu Jingwen and Han Dayuan (Eds.) (2010). *Research Report on Legal System with Chinese Characteristics*. Beijing: Renmin University of China Press. 72.
- ³² *Ibid.*, 48.
- ³³ Jeong Wan Chong (2010). Special Administrative Region and the System of Special Administrative Region. *Academic Journal of One Country Two Systems Academic Journal (Chinese Version)*. Volume 4. 16-24.
- ³⁴ Deng Xiaoping (1993). *The Selected Works of Deng Xiaoping (Volume 3)*. Beijing: People's Publishing House. 3.
- ³⁵ *Ibid.*, 219.