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Central Control and Local Welfare Autonomy in Guangzhou, Hong Kong and Macau

Sonny LO

The complexities of central–local relations in the People’s Republic of China (PRC) include at least two main policy dimensions:

- control over personnel and the appointment of local authorities by the central government in Beijing and
- the fiscal relations between the centre and the localities.

This topical issue focuses on three localities in Southern China: Guangzhou, the Hong Kong Special Administrative Region (HKSAR) and the Macau Special Administrative Region (MSAR). Guangzhou is the provincial capital of Guangdong, while the HKSAR and MSAR had their respective sovereignties and administrative rights returned to the PRC on 1 July 1997 and 20 December 1999.

The way in which the central government exerts control over political personnel in these three important localities in Southern China differs depending on the case: As part of mainland China, Guangzhou is a dynamic and significant urban magnet, attracting hundreds of thousands of migrants from provinces outside Guangdong. The current mayor of Guangzhou, Chen Jianhua, was appointed to his current position in January 2012. He had also been appointed deputy secretary of Guangzhou’s Chinese Communist Party (CCP) committee in 2011, and in the same year served as vice mayor and acting mayor of the Guangzhou city government, in addition to fulfilling his role as secretary of the Party Leadership Group. The CCP has traditionally exerted control on the mayor of Guangzhou. Interestingly, as the paper written by Ka Ho Mok and Genghua Huang shows, Guangzhou has considerable local autonomy in terms of formulating its own welfare policies, including on the minimum standard of living, social welfare, healthcare, housing services and educational assistance. The challenge for Beijing is, according to Mok and Huang, how to work together with Guangzhou to improve welfare provisions for the people amidst their rising expectations regarding better services. In other words, the central state has to collaborate with the local city of Guangzhou, as well as other mainland cities, to tackle welfare regionalism. Overall, however, the authors demonstrate that Guangzhou enjoys relative welfare autonomy.

The cases of Hong Kong and Macau differ from that of Guangzhou, however: The chief executives of the former two regions are each elected by a group of elites who, though not under the explicit control of the CCP, certainly reflect its influence. In addition, neither chief executive is openly affiliated with the CCP. However, as Bill Chou argues in his paper, the central government in Beijing has exerted some degree of personnel and political control over the top political leadership of both the HKSAR and the MSAR. In both places, the pace and scope of political reform are firmly in the grip of the central government in Beijing. Perhaps due to the cosmopolitan and international nature of the two cities – especially Hong Kong, which boasts a prominent international presence – the central government in Beijing is concerned about whether political reform would generate and unleash anti-Beijing forces, thus undermining its national security and sovereignty. In September 2013, Beijing officials in the HKSAR openly criticized America and Britain for trying to intervene in the process of democratic reforms in the territory after officials from those two nations spoke out in favour of democratization in the special administrative region. Although Beijing is far more relaxed on the MSAR, where pro-democracy forces are much weaker than their counterparts in the HKSAR and where democrats are not criticized for “cooperating with the foreign governments”, Chou explains that the government of Macau has adopted a very cautious and conservative approach in dealing with political reform. He also argues that cultural autonomy is a sphere where Beijing should allow both the HKSAR and the MSAR some room to manoeuvre, lest any further control by Beijing over the cultural autonomy of the two special regions generate forces hostile to the interests of the central government. To some extent, the strong public reaction in the form of massive protests in the summer of 2003 against the government’s attempt to pass legislation known as Article 23 (a stipulation that would require enactment of local laws that would forbid subversion, sedition, secession and treason *vis-à-vis* the central government in Beijing) demonstrated the backlash against any efforts to restrict the cultural autonomy of the HKSAR. Though Article 23 was indefinitely postponed, in Macau a similar bill was indeed passed by the Legislative Assembly in February 2009. While Hong Kong’s strong civil society acts as a safeguard for its socio-cultural autonomy, the relatively weak civil society in the MSAR could not block the passage of national security legislation there.

Yet, in terms of welfare, both the HKSAR and the MSAR have been enjoying a high degree of autonomy over local welfare since they reunited with the PRC. Lawrence Ho and Ming Chan have argued that the politics of the local labour movement have been largely conditioned by the high-level political struggle among the pro-establishment candidates for the 2012 election for chief executive of the HKSAR. The authors contend that the success in forcing the government to legislate on the minimum wage was mainly due to the electoral contest between the two candidates, Leung Chun-ying and Henry Tang. Furthermore, the pluralistic politics of the HKSAR – specifically, the competition between the left-wing and pro-Beijing Federation of Trade Unions, on the one hand, and between the pro-democracy Confederation of Trade Unions and the Labour Party, on the other hand – created a golden opportunity for the formulation of the minimum-wage policy. Ho and Chan predict that the potential development of the standard working-hours policy will unfold in a more complex manner mainly due to the relative unpopularity of the C. Y. Leung regime and the changing political dynamics within the pro-establishment camp. Whatever the outcome of the discussions on the standard working hours, the success in lobbying the HKSAR government to formulate and enact the minimum-wage legislation was a testimony to the autonomy of local welfare systems, as there was no intervention from the central government in Beijing.

Similarly, Bruce Kwong argues in his paper that the cash handout policy in both the MSAR and the HKSAR was formulated and implemented by the two regional governments without Beijing's interference. Kwong contends that while the MSAR government adopted the cash handout policy as a safety measure immediately following the Asian financial crisis and shortly after confrontations between police and citizens on 1 May 2007, the HKSAR government later imitated the MSAR's Wealth Partaking Scheme, but the Hong Kong case demonstrated, as the example of the minimum wage also showed, the pluralistic political strife. Political parties and groups actively lobbied the HKSAR government to "distribute candies" to the citizens not because of economic conditions but primarily to protect the interests of constituents. Kwong uses public choice theory to argue that the political actors in both the MSAR and the HKSAR implemented the cash handout policy to benefit not only themselves but also the general public.

Overall, the four contributions to this topical issue illustrate the high degree of local welfare autonomy in the three localities discussed. Need-

less to say, more research will have to be conducted on the extent of local welfare autonomy in other parts of the PRC. Nevertheless, these four articles constitute an important starting point that will hopefully stimulate further research into the complexities of central–local relations in mainland China.

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