A soaring skyline and deep harbour are one set of dimensions that distinguish Hong Kong. There are others. The skyline represents a flourishing capitalism anchored in Hong Kong's sheltered and strategically located harbour on the southern Chinese coast. It is a capitalism established under British colonial rule and left alone by Beijing.

Indeed, this convenient arrangement became known as ‘one country, two systems’. China is the country and the two systems are capitalism and socialism. This means that Hong Kong Special Administrative Region of the People’s Republic of China – to use its full name – is part of China but separate. It is not separate in the sense of Taiwan with its de facto independence. Nor is it one of the PRC’s notorious ‘autonomous regions’ where riots are routinely quelled.

True, a certain democratic disquiet pervades the political atmosphere of Hong Kong: an attempt to add an anti-sedition clause to Hong Kong’s ‘Basic Law’ constitutional document in 2003 was dropped. However, neither the threat of invasion (as with ‘renegade’ Taiwan) nor deployment of China’s People’s Armed Police (as occurred
in Tibet and Xinjiang) is necessary. Hong Kong has already reunified with China and has its own police force. Hong Kong’s seven million residents enjoy more freedoms than China’s 1.3 billion. For example, the June 4 Beijing ‘massacre’ is openly commemorated and the spiritual movement Falun Gong, which is banned in China, is legal in Hong Kong. Hong Kong issues its own currency and passports, levies its own taxes, controls its own financial reserves, its immigration and is a separate Customs territory. Hong Kong has an independent executive, legislative, and judicial powers; plus limited autonomy in international relations.

How did this paradoxical but comparatively civilized state of affairs come about? After all there was no revolution, invasion or Cold War division to mark Hong Kong’s change of political system. The historical thread of international law and the profitability of Hong Kong offer a conventional explanation. Supplementing this is a philosophical one.

**The Conventional Explanation – Treaty & Trade**

This ‘barren rock’ as Hong Kong was described by the British in the 19th century became the centrepiece of a laissez-faire capitalism under 155 years of colonial rule. When Hong Kong was returned to Chinese rule in 1997 it was done in accordance with the norms of international law under Britain’s treaty obligations. These obligations were incurred under the norms of the imperial age: ‘gunboat diplomacy’. The infamous ‘unequal treaties’ were obtained through the ‘Opium Wars’ in which Britain sought to rectify its unequal balance of trade with imperial China through the illegal sale of opium to the emperor’s subjects.

As a result of Britain winning the First Opium War, Hong Kong Island was ceded in perpetuity by China to Britain in 1842 (the Treaty of Nanking). Kowloon Peninsula and Stonecutter’s Island were ceded in perpetuity in 1860 (the Treaty of Peking). The New Territories, consisting of more mainland and about another 200 small islands, were leased to Britain for a term of 99 years under the Convention of 1898. This region comprises about 90% of Hong Kong’s total area. Although only the New
Territories came under the expiry date of 99 years, all of Hong Kong was returned as a single entity comprising approximately one thousand square kilometres.

The Philosophical Explanation - Yin Yang & Wu-Wei

The ‘one country, two systems’ formula and Hong Kong’s laissez-faire capitalism find a philosophical reflection in yin-yang correlativity and wu-wei governance, respectively. The Chinese yin-yang philosophy holds that there is no black and white, but black-in-white and white-in-black. The yin-yang symbol of the circle with two entwined systems may be regarded as a metaphor for one China in which apparent ‘contradictions’ are not only accommodated but subject to a mutually determining relationship. This is sometimes referred to as Chinese dialectics.

As to wu-wei governance, Confucius said: ‘To have done nothing (wu-wei) and yet have the state well-governed - [sage-king] Shun was the one. What did he do? He merely made himself reverent and correctly occupied his royal seat.’ (Analects, XV:4) Wu-wei is governing through non-assertion (as distinct from Legalism which is governing through assertion in times of national crisis). Wu-wei fulfils both Confucian and Daoist ideals. Its counterpart in Western economic terms is laissez-faire, the doctrine of governmental non-interference in commercial affairs.

This was Hong Kong’s blessing of contradictions: although debased to colonial status it enjoyed governance by non-assertion; while independent Mainland China underwent governance by assertion in order to stabilise a fragile society. Now that the socialist polity of China has incorporated capitalist economic practices, Hong Kong has not so much faded in economic lustre compared to glittering Shanghai or Beijing. They all glitter. Rather, it has increased its salience as a political pathway to wu-wei governance. This is the quieter yin side of the equation. Taiwan is too contentious to for this role. Hong Kong admittedly still has a way to go, but it is acting within the sovereign circumstances of One China. The circle permits dynamism on both sides and in more than just an economic direction.
Like Hong Kong harbour, there is both dazzle and depth.