

**Speech made by Mr Gordon WU
on Development of Hong Kong's Political System**

I think Hong Kong enjoys a very high degree of success in the last several decades. It certainly has one of the highest per capita incomes and with one of the highest degrees of freedom, right of property, freedom of expression, rule of law and order. This is remarkable because Hong Kong does not have much resources apart from human resources. This is a great achievement and this is something we want to preserve. We certainly have seen continued full employment in Hong Kong until the last couple of years with the onset of the financial crisis in Asia. Although I do not know all the answers to Hong Kong's economic success, I believe there are two very important factors for that, i.e. the practice of a low taxation system and the Government's non-interference. Under this formula, the money taken from the better-off, the corporations and profit-makers in the form of tax revenue was sufficient to support the lower-income groups in terms of health-care, education, public-housing etc, and this is a system that has been working extremely well in Hong Kong.

If you look back at history, all sorts of models have been tried by other foreign countries. During industrial England days, there were no subsidies for the poor. Some people got richer and richer while others became poorer and poorer. That system did not work. We have also seen the swing of the pendulum going to some systems providing a lot of subsidy. The Swedish, Australian and the pre-Thatcher Government in UK, for instance, are examples of that. The ultimate subsidy is probably provided by some communist countries, which try to make everybody equal. Yet, they have been successful in making everybody poorer. So when you look at history and also look at the singular success of Hong Kong, we probably have come to the conclusion that Hong Kong has done something right.

We should also look at another country, the US, the largest economy in the world. The establishment of the United States of America was based on one idiom and that is, taxation without representation is not fair. In Hong Kong we have a very peculiar system in that only about one-third of the people pay taxes and the other two-thirds do not have to pay. However, this is a formula that has been working well because this one-third of the people pay a rather low rate of taxation but there is enough money to subsidize the right amount for the poorer strata of our community.

The question relating to the danger of Hong Kong going immediately into one-person-one-vote is, what happens to this one-third of the people who pay the taxes? Will these people be represented on this Council? Some may argue in the affirmative. I am trying to argue they may not. I am not pushing my case either way but I am just making this observation. I think it is an important consideration that if we already have a formula that has proven to be working well in Hong Kong for the last several decades, then it may be necessary to preserve it. As the old American saying goes, "if it ain't broke, don't fix it". I am not saying that we should have the present system going on forever. But rather in implementing changes, and certainly we would have to look for changes, how can we do the changes without jeopardizing the economic well-being of Hong Kong? This is the question that I want to ask. In other words, we want to have the best of both worlds.

Now looking back at democracy, one need to define what is democracy? I believe that democracy is not just one-person-one-vote but rather involves a whole range of things. Democracy started with the Magna Carta in 1215, as I was told in my history lessons, which guaranteed people a lot of things, such as the right to property and that one cannot take the other people's property away without compensation etc. When you look at UK today, after several hundred odd years, it still has the House of Lords being hereditary. If you look at United States of America, despite all the rhetoric of Thomas Jefferson - he said "All men are created equal" - certainly the women did not enjoy that kind of status until the 1920s. The black men did not get the vote, the universal suffrage, until the 1950s, and the country is still making a lot of civil right laws to guarantee their rights. So you can see that democratization is an evolutionary process. When we look at the African countries, we find that none of these countries have improved their economic well-being since they achieved independence. It is almost like juggling two balls at the same time when you practise one-man-one-vote and at the same time trying to get better economic well-being. I think it is easier to juggle one ball and then try to juggle the other ball more slowly. What I am trying to say is that we should have democratic changes. But we should also look at democracy in its overall context. If we already have made achievements we should preserve them by all means. However, if there is going to be too much changes resulting in the taxpayers' rights not being guaranteed, then the system probably will not work. An evolutionary process is better than a revolutionary process.

Recently last weekend we have seen the voting in Taiwan which is very interesting. What went through my mind was, if Taiwan had that kind of election in

1945, would Taiwan have been able to achieve its economic success as it has achieved in the last five decades? I don't think they would have. What I am urging is that we should have changes but we should look at the pace of implementing the changes. Hopefully we can devise some kind of formula that will guarantee the economic success of Hong Kong with democratization. After all, we do not have the natural resources as in some countries. Our resources are very fragile. As I said, the only resources we have are the human resources. Therefore, we should use our intelligence and our experience to preserve that and hopefully we will make a better Hong Kong.