

On “One Country Two Systems” as Basic National Policy

LI Yanping*

As an important expression of China’s political wisdom, the “One Country, Two Systems” approach has multi-faceted features of significance. This paper examines the theoretical and practical issues relative to the “One Country, Two Systems” approach as a basic national policy.

I. Definition, functions and criteria for a basic national policy

1.1 Defining a basic national policy

Basic national policy refers to a fundamental policy adopted by a nation. Such a basic and national policy is a common term in politics of the modern state. It has evolved from the concept of policy, which is a product of historical progress of human society, accompanying the emergence of modern state and the class system. It shares the same etymological root as the word “politics” and is an outcome of political activities. According to the *Black’s Law Dictionary*, policy is “[t]he general principles by which a government is guided in its management of public affairs.”

Since the 19th century, with the increasing influence of western political ideas and technology in Asian societies, the oriental translation of the English word “policy” first appeared in Japan and then it was adopted later in China as “zhèng cè”.¹ This term was first used by Liang Qichao in his book written in 1899 entitled *The Reform Movement of 1898*, in which he argued that China’s greatest problems were inadequate education and lack of qualified people. The emperor’s priority policy concern should be on education. Since then, the word “zhèng cè” – meaning “policy” – had become popular in politics in China. According to the *Encyclopaedic Dictionary*, “zhèng cè” refers to guidelines for actions in pursuit of imperatives and tasks for a certain period of time adopted by state government and political parties. Government policies can be divided into fundamental policies and general policies. The former can be a set of action guidelines which are stable and long-term based and concern the development direction of a nation. The latter deals with specific issues with set timelines and can be a policy of expediency. The author argues in this article that a basic national policy refers to the guiding principles and major policy statement for a nation to secure fundamental and long term interests, resolving problems related to the nation’s long term stability and major strategic interest.

* Research Fellow of Associate Professor Grade, One Country Two Systems Research Center, Macao Polytechnic Institute

1.2 The functions of a basic national policy

In modern society, governments around the world use policies extensively as a tool of governance of their respective societies. Compared to formalized legal and other regulatory instruments, policies with flexibility and promptly responsive nature are more easily adopted by governments for governance actions. A basic national policy, however, is unique because it tends to be stable and of a long-term nature and performs functions different from general policies. Its unique features mainly are as followings. First, the basic national policy is at the highest level in a nation's policy framework, applicable to all spheres of the society. It provides guidelines and norms for all other government policies and norms. Second, the basic national policy provides the basic principles to be complied with in formulating other specific policies by the government. All specific policies of national and local governments, in all of their respective details, shall not contravene or be inconsistent with the basic policy. Third, the basic national policy provides the basis for policy coordination in related areas. In designating and adjusting distribution of resources and benefits accorded by policies, the basic national policy provides coordination of different policies when issues arise as to if protection of certain groups or interested parties is necessary and when policy preference or remedies are required. Fourth, the basic national policy is a nation's underlying policy to remain effective and play a positive role over an extended period of time.

1.3 Criteria for a basic national policy

Exactly what constitutes a basic national policy in China is a question subject to differing opinions. Some think that only the policies for family planning and environmental protection can be regarded as China's basic national policies. Some believe there are a larger number of basic national policies, including those for national rejuvenation through science and education and protection of intellectual property rights. Some scholars analyzed the reason for the lack of clarity regarding this. They believed that there have been no criteria for basic national policy, which has caused public confusion, and that specific provisions in relevant government documents should be used as actual criteria for determining what constitutes a basic national policy. These provisions refer to those found in laws, remaining in force for multiple years, and government working documents. Based on these, there are seven basic national policies currently in force in China, i.e. family planning, gender equality, rational use of land and effective protection of farmland, opening to the outside world, environmental protection, soil conservation, and resource conservation. Some scholars have suggested that basic national policies are mainly stipulated in these formats: law, work report or official documents of the national party congress, annual work report of the government, outlines of national plans, government whitepapers, government regulations, and government leaders' speeches. Therefore, "peaceful reunification" and "One Country, Two Systems" was first published in a government whitepaper. On 31st August 1993, the State Council's Taiwan Affairs Office issued a "Whitepaper on the Taiwan issue and China's reunification." Its third section entitled "The Basic Policy of the Chinese Government for the Settlement of Taiwan Issue" stated that "'peaceful reunification' and the 'One Country, Two Systems' approach is a key component for the theory and practice of socialism with Chinese characteristics and shall remain unchanged as a long-term basic national policy of the Chinese government." It consists of four components, i.e. one China, coexistence of two systems, a high degree of autonomy and peaceful negotiation.

In theory, the criteria mostly accepted for defining a basic national policy are: a) Strategic. A

basic national policy should be a systematic strategy dealing with holistic, long-term and strategic issues determined by basic national conditions. b) Specific. A basic national policy should focus on certain specific national conditions, be consistent with the country's basic development approach and comprehensively reflect the quality of development. c) Independent. Different national policies should each be equal and not be subordinated to and included in the other. Although criteria actually used can be different which will result in differing definitions of national policies, judging them at both theoretical and practical levels is a workable approach. This paper argues that being assessed at these two levels, the principle of "One Country, Two Systems" as key component of a basic national policy is both necessary historically and rational in current practice.

II. The theoretical basis of the "One Country, Two Systems" principle

From a theoretical perspective, the "One Country, Two Systems" principle concerns theories of national sovereignty, state structure and peaceful development, and has had profound impact on the development of these theories in the following areas:

2.1 The "One Country, Two Systems" principle is a breakthrough development for the theory of national sovereignty

National sovereignty refers to the supreme power of a state in independently handling its own internal and external affairs and in the administration of the country. "Sovereignty" is a very important concept in modern nation-state building, and implies special properties that differentiate a state from other social groupings. It is a fixed attribute of a nation-state. French political thinker Jean Bodin was the first in providing a complete definition for sovereignty. He provided an early theorization of the idea of sovereignty in his 1576 work *The Six Books of the Commonwealth*, defining it as "the absolute and perpetual power of a commonwealth", which "is a just government, with sovereign power, of several households and of that which they have in common".² The Dutch Jurist Hugo Grotius further stated that sovereignty implies the exercise of power being not subjected to another and that one country can handle its internal affairs without subordination to another. Sovereignty consists of a) supremacy of power internally; b) external independence; c) the power of self-defence. Sovereignty is the necessary prerequisite for a state to be a sovereign entity in international law and the mutual respect of national sovereignty is a basic principle recognized by modern international law. The loss of sovereignty for a nation means it becomes either a colony or dependent state. Sovereignty and geographic territory are closely linked. The state exercise administration and jurisdiction over all its land in accordance with state sovereignty. Likewise, sovereignty must reside in territories so as to function.

Although the notion of sovereignty now takes forms which are far different from when it was first proposed, it plays an undeniably important role in defining core national values and inspiring public pride in the state. Therefore, it is important to broaden the scope of studies on sovereignty and explore new approaches to theoretical interpretations. The notion of "One Country, Two Systems" provides a unique approach in dealing with the issue of sovereignty, with following characteristics:

First, the "One Country, Two Systems" approach fully upholds the external independence and integrity of sovereignty against any infringement. Through a flexible and nonetheless principled

approach to sovereignty, the dispute over the issue of sovereignty in the process of Hong Kong and Macao's return to China was successfully resolved. The modern notion of sovereignty in China arose in its struggle for national (state) independence and liberation against foreign invasion. Therefore the external implications of sovereignty, as an imported concept, are far more significant to modern China. On the issue of national independence and territorial integrity, i.e. the Chinese notion of national sovereignty, there is a strong independent sentiment and no room for compromise. The "One Country, Two Systems" approach conforms to this basic principle and stance.

Second, the "One Country, Two Systems" notion also expanded the internal normative functions of the sovereign power and enhanced their implementation. In modern democratic societies, where sovereign power has shifted from the monarch to the people, how to exercise sovereign power, which has become less concrete and specific, is an unavoidable issue in theoretical development on sovereignty. The scholars who take a structural view believe that generally speaking, although all power belongs to the people in a democratic society, the people in their multitude cannot directly and regularly exercise such power and have to delegate it to elected government while retaining its ownership. Such indirect and representative democracy most typically means certain separation of the sovereign power ownership and administration. The separation is not only not detrimental to the integrity of sovereignty, but conducive to maintenance of such integrity. This theory provides an interpretation for the exercise of sovereign power by a collective entity through indirect means. However, it does not address how separate could ownership and administration be and the constraints over administration. The "One Country, Two Systems" approach has to a certain extent provided an answer to this and demonstrated it in practice. In accordance with the Basic Law of the Hong Kong SAR and the Basic Law of the Macao SAR, the right to issue currency and the power of final adjudication which belong to the realm of sovereign powers, for example, are exercised by the local governments. This means that specific powers reflecting national sovereignty can be divided and delegated to a local government. This however does not entail dissolution of national sovereignty, but an expression of sovereign power in a local setting and is truly innovative. In addition, the authorization and delegation of sovereign powers implies an effective control over the exercise of such powers which has to be consistent with the goals of national sovereignty.

2.2 The "One Country, Two Systems" policy contributes to the advancement and improvement of the state structure theory

While "sovereignty" is an abstract notion, state structure is a specific form of governance. Typically, the state structure refers to the principles and methods for internal organization of a state and for regulating the relations between the state and its component parts. The state structure theory suggests that "unitary" and "federal" are two main structures of the modern state. A federal state consists of several member states, each of which has its own power authorities and administrative organs, in addition to the federal supreme authorities and administrative organs. Some member states even have powers for conducting foreign affairs.

A unitary state consists of several administrative territorial units, with a single constitution, one supreme administrative authority and single entity in international affairs. One unitary sovereign state has only one political system. The "One Country, Two Systems" policy is a breakthrough to the traditional unitary state model, allowing the adoption of a different form of

political organization in designated regions within a unified sovereign state.

Further, specially designated administrative regions enjoy autonomous legislative powers which are more extensive and of higher level than those enjoyed by local governments within a unitary state. The Court of Final Appeal in the Macao SAR enjoys the power of final adjudication which is unprecedented in any other unitary state. The Macao SAR also maintains independent finance and taxation systems, and independence in monetary and financial policies and policies for education and culture. All these features demonstrate that the "One Country, Two Systems" policy is a form of state structure with Chinese characteristics and a brand new state structure unprecedented in history. Elinor Ostrom's theory of common pool resources proposed that single governmental unit of power authority tends to concentrate and monopolize power dominating over, and at the expense of, other interest groups. To an extent, the "One Country, Two Systems" policy allows effective local autonomy while reaffirming a unitary centre of state authority. On one hand, smaller interest groups are organized according to the principle of autonomy in the management of their own internal affairs. On the other, the ultimate and supreme authority of the unitary state still maintains its effective control. Therefore, the "One Country, Two Systems" policy expanded the human capacity for shaping the future state and provided a new model in the practice of public administration.

2.3 The "One Country, Two Systems" policy contributes to the theory of peaceful development

Peace and development are two main themes of modern international relations. Peace is related to geopolitics while development concerns the economy. They interact in the following way: Peace is the prerequisite and foundation. Only in a peaceful international environment, can countries maintain normal economic relations and achieve their respective national development goals. Focus on economic development can provide a strong guarantee for world peace. The cause for promoting world peace also requires a certain economic foundation. Economic and trade transactions will enhance friendly relations between peoples. Specifically, the development of world economy has resulted in further division of labour among nations and enhanced their interdependence and integration, which may inhibit the outbreak of world wars. Economic development also helps to diminish factors for instability around the world, reducing the likelihood of military conflicts. The growth of world economy, especially growth in developing countries, will be conducive to the growth of forces for world peace. Therefore, peace and development are mutually enabling and interrelated and have impact on each other.

The notion of "One Country, Two Systems" provides not only the best approach for peaceful reunification of China, but also an example of realistic and practical solution to resolving international disputes. Deng Xiaoping remarked in July 1984, following conclusion of the Sino-British talks on Hong Kong issue which resulted in a basic agreement, that "I am confident in the feasibility and success of 'One Country, Two Systems'. This will create very good international responses and provide an example for resolving legacy disputes between nations around the world. When we proposed the concept of 'One Country, Two Systems', we also took into consideration solutions needed for resolving international disputes. There are many legacy problems in the world which are difficult to resolve. I believe our approach will provide a workable solution for some of these international disputes. The essence is to find a way to solve a problem that is acceptable to all parties. In the past, many disputes flared up and led to military conflicts. If rational and reasonable

measures can be adopted, we can defuse explosive hot points and stabilize international situation.” Achieving national reunification through the “One Country, Two Systems” approach is in keeping with the contemporary trend for world peace and development, the trend toward democratization, pluralism and global integration, and the fundamental and long-term interest of the people of the world. It is a great innovation by the Chinese people in political science and has significant bearing on the mankind’s cause for peace and justice.

In summary, the “One Country, Two Systems” principle has greatly broadened the scope of the theories regarding sovereignty, state structure and peaceful development, adding new dimensions to the development of these theories. The “One Country, Two Systems” approach as a basic national policy to evolve continuously over the long term will play a positive role in their continuous development, conducive to their improvement and logical self-consistency.

III. The practical significance of the “One Country, Two Systems” approach as a basic national policy

For the sake of national construction and development, it was practically necessary and feasible to adopt the “One Country, Two Systems” approach as a basic national policy. In fact, the adoption of the “One Country, Two Systems” approach was closely related to the national development strategy. From the perspective of China’s historical tasks in the new era and its national development strategy, the “One Country, Two Systems” policy is also closely hinged to the long-term prosperity and stability of Hong Kong and Macao, the peaceful settlement of the Taiwan issue, and the harmonious development of different regions in China. It has profound significance and practical values, which include:

3.1 The “One Country, Two Systems” policy is a safeguard of the long-term prosperity and stability of Hong Kong and Macao

The “One Country, Two Systems” policy is conducive to maintaining Hong Kong and Macao’s prosperity and stability. Studies in political science and constitutional theories have already demonstrated the importance of local self-government in a constitutional state. Influential studies such as *Democracy in America* by Alexis de Tocqueville discussed self-government in towns and communities in North America. The local self-government movement in China in the early 20th century was another example. Such studies and example proved that local self-government was critical (even fundamental) to achieving and maintaining a stable constitutional system. In reality, more and more countries around the world allow and expand local self-government. The “One Country, Two Systems” approach allows a high degree of autonomy for Hong Kong and Macao which far exceeds what are allowed for states under a federal system. This means that Hong Kong and Macao can give full play to local initiatives and create optimal conditions for their own development. The achievements of Hong Kong and Macao under the “One Country, Two Systems” policy have demonstrated that their traditional strengths are retained and positive changes have occurred in political, economic and cultural areas. The independent civic awareness and social participation have been enhanced and stability and growth maintained. Leung Chun Ying, former Secretary-General of the Hong Kong Basic Law Consultative Committee, commented at a forum commemorating the tenth anniversary of the Basic Law that Hong Kong’s

experience as the first special administrative region to have successfully adopted the "One Country, Two Systems" policy will be important to research and development of the concept. "Further enrichment of the 'One Country, Two Systems' theory based on the experience of Hong Kong will be a major contribution to theories of political science."

3.2 The "One Country, Two Systems" approach has important practical significance to peaceful settlement of the Taiwan issue

For the people of China, the settlement of Taiwan issue, a legacy issue in their historical efforts for national unification, concerns the fundamental interest of the nation. Although the "One Country, Two Systems" policy has been first adopted in Hong Kong and Macao, rather than Taiwan, it nonetheless has important practical significance to the settlement of the Taiwan issue. The "One Country, Two Systems" principle can accommodate the differences between the mainland and Taiwan to the greatest possible extent. *A Message to Compatriots in Taiwan*, extended by the Standing Committee of National People's Congress in as early as January 1979, stated that we "will take present realities into account in accomplishing the great cause of reunifying the motherland and respect the status quo on Taiwan and the opinions of people in all walks of life there and adopt reasonable policies and measures in settling the question of reunification so as not to cause the people of Taiwan any losses." The "One Country, Two Systems" approach aims not only to maintain status quo but also be favourable to Taiwan so that Taiwan will not incur any losses but gain advantages in addition to status quo. The "One Country, Two Systems" theory is a great innovation by the Chinese people who can be even more creative in the settlement of cross-strait issues.

3.3 The "One Country, Two Systems" approach is an important measure to achieve national harmony and development

Since ancient times, harmonious development has been an ideal pursued by human societies. The concept of harmony is inherent in social progress. In modern societies, people who have gained understanding of freedom, democracy, human rights and the rule of law aspire for harmonious development whereby they can work to the best of their ability and receive what they deserve in a society that is diverse and harmonious. A harmonious society is not staid without contradictions and conflicts, but rather a society regulating and resolving conflicts and frictions through institutionalized democracy and political process to achieve peace, order and stability.

In this sense, the "One Country, Two Systems" approach is one of the important means for harmonious development, as it has provided a successful solution to issues regarding sovereignty and territorial integrity and created a favourable international environment for China's harmonious development. The "One Country, Two Systems" approach has addressed China's concern for resumption of sovereignty and territorial integrity and the inviolability of Chinese sovereignty over Hong Kong and Macao, while allowing a convergence of positions by both sides involved at legal and technical levels, through the adoption of the "One Country, Two Systems" policy, resulting in final agreements. The conclusion of the Sino-British Joint Declaration and the Sino-Portuguese Joint Declaration allowed decent exits for the British and Portuguese and the continuation of sound bilateral relations with Britain and Portugal. The "One Country, Two Systems" approach provided a solution to a major incongruity of political systems within one state and successfully enabled peaceful coexistence between different systems. Before the handover, Hong Kong and Macao had

long practiced modes of governance different from the mainland area and a capitalist system based on free competition. The value systems, social structure and level of development had been fundamentally different from those on the mainland. If the residents of Hong Kong and Macao were to have been asked to reluctantly accept changes to their social system, chaos would have followed, resulting in unnecessary panic and depression in the regions, if not violent clashes. This ultimately would have endangered the fundamental interest of the Chinese nation. The “One Country, Two Systems” approach has accommodated the differences between two social systems to the greatest possible extent and provided conditions for continuous and stable development in Hong Kong and Macao.

Notes:

- ¹ The Japanese translation of “policy” was “せいさく” in hiragana and “政策” in kanji. Later the Japanese kanji translation was directly adopted in Chinese. From then on, the Chinese characters “政策(zhèng cè)” was used to mean “policy”.
- ² Bodin, J. (2003). *On Sovereignty*. Beijing: China University of Political Science and Law Press. (Photocopy of Cambridge Texts in the History of Political Thought Series). 1.