

FACTS ABOUT ASIA

Taiwan and Hong Kong: Economic and Political Freedom

Editor’s Introduction: By the 1990s, the dynamic economic growth of four polities—Hong Kong, Singapore, South Korea, and Taiwan—earned them the nickname “Four Little Dragons.” Each of the little dragons also obtained moderate to significant levels of political freedom (Freedom House ranks South Korea and Taiwan as free and Hong Kong and Singapore as partly free). Hong Kong and Taiwan are featured in the first of two *Facts About Asia* columns on the Four Little Dragons.

Economic Freedom

Despite their modest sizes, Taiwan and Hong Kong both possess very strong economies, ranking 20th and 30th in GDP (the market value of all goods and services) in a ranking of the top fifty world leaders. Taiwan has massive information and communication technology industries, as well as acting as a major international supplier of goods, while Hong Kong’s four key industries are in financial services, tourism, trading and logistics, and professional and producer services.

Since 1996, the Fraser Institute, a top Canadian think-tank, has annually published the *Economic Freedom of the World (EFW)* report, which measures the degree to which the policies and institutions of countries are supportive of economic freedom. The cornerstones of economic freedom according to the institute, are personal choice, voluntary exchange, freedom to enter markets and compete, security of the person, and privately owned property. Forty-two data points construct a summary index in the publication for each country to measure the degree of economic freedom in five broad areas: size of government, legal system and property rights, sound money, freedom to trade internationally, and regulation. For 2018, 162 countries and territories received a score in each category where 0 is the lowest possible rating and 10 the highest.

For over twenty years in the *EFW* report, Hong Kong has received the top rating among all countries and territories while Taiwan has consistently ranked in the top twenty-five (with a ranking of 12 in 2018).

Summary Economic Freedom ratings from *Economic Freedom of the World 2018*

1. Hong Kong	8.97
2. Singapore	8.84
3. New Zealand	8.49
4. Switzerland	8.39
5. Ireland	8.07
6. United States	8.03
7. Georgia	8.02
8. Mauritius	8.01
9. United Kingdom	8.00
10. Australia	7.98
10. Canada	7.98
12. Taiwan	7.89

Report Summary of Taiwan:

Rank: 12
Score: 7.89/10

Rank	Score (out of 10)	Category
47	7.21	Size of Government
27	6.77	Legal System and Property Rights
8	9.72	Sound Money
51	7.73	Freedom to Trade Internationally
27	8.03	Regulation

Report Summary of Hong Kong:

Rank: 1
Score: 8.97/10

Rank	Score (out of 10)	Category
4	8.59	Size of Government
10	7.92	Legal System and Property Rights
19	9.57	Sound Money
1	9.32	Freedom to Trade Internationally
1	9.44	Regulation

Sources: “World Economic Outlook Database, April 2019,” *International Monetary Fund*, April 10, 2019, <https://tinyurl.com/y5ksfq52>; “The Four Key Industries and Other Selected Industries in the Hong Kong Economy,” *Census and Statistics Department, Government of Hong Kong SAR*, May 2019, <https://tinyurl.com/y3bz2aeb1>; “Economy,” *Government of Taiwan*, accessed September 4, 2019, <https://tinyurl.com/y3geeawc>; “Economic Freedom of the World 2018,” *Fraser Institute*, accessed September 4, 2019, <https://tinyurl.com/y7wjbe2m>.

Democracy

Freedom House, an American independent watchdog organization dedicated to the expansion of freedom and democracy around the world, has released a report each year since 1973 assessing the condition of political rights and civil liberties around the world titled *Freedom in the World*. The report rates 195 countries and fourteen territories using a combination of on-the-ground research, consultations with local contacts, and information from news articles, nongovernmental organizations, governments, and a variety of other sources. Each country and territory receives a score from 0 to four in twenty-five indicators in political rights (40 points) and civil liberties (60 points) where a total score of zero is the least free and 100 the most free. A description of free, partly free, or not free is then given to each based upon their final score.

For 2019, Taiwan received a score of 93/100, free. Hong Kong received a score of 59/100, partly free.

Most Free Countries and Polities, *Freedom in the World 2019*

1. Sweden	100
1. Finland	100
1. Norway	100
2. The Netherlands	99
2. Canada	99
3. New Zealand	98
3. Uruguay	98
3. Australia	98
3. Luxembourg	98
4. Ireland	97
...	
8. Taiwan (tie with seven countries)	93
...	
15. United States (tie with one country)	86
...	
40. Hong Kong (tie with two countries)	59

Summary of Taiwan

Free

Aggregate Score: 93/100

Political Rights: 37/40

Civil Liberties: 56/60

Overview:

Taiwan's vibrant and competitive democratic system has allowed three peaceful transfers of power between rival parties since 2000, and protections for civil liberties are generally robust. Ongoing concerns include Chinese efforts to influence policymaking, the media, and Taiwan's democratic infrastructure; foreign migrant workers' vulnerability to exploitation; and disputes over the rights of LGBT (lesbian, gay, bisexual, and transgender) people.

Summary of Hong Kong

Partly Free

Aggregate Score: 59/100

Political Rights: 15/40

Civil Liberties: 44/60

Overview:

The people of Hong Kong, a special administrative region of China, have traditionally enjoyed substantial civil liberties and the rule of law under their local constitution, the Basic Law. However, the chief executive and half of the Legislative Council are chosen through indirect electoral systems that favor pro-Beijing interests, and the territory's freedoms and autonomy have come under threat in recent years due to growing political and economic pressure from the mainland.

Source: *Freedom House*, "Freedom in the World 2019," accessed September 4, 2019, <https://tinyurl.com/y66h5scf>.

Relations with China (PRC)



Incumbent president, Tsai Ing-wen (left), of the liberal Democratic Progressive Party, and Han Kuo-yu (right) of the conservative Kuomintang Party. Source: *Wikipedia* at <https://tinyurl.com/yynoylzd>.

The 2020 Taiwanese Elections

Taiwan is preparing for its presidential election in 2020 where the incumbent president, Tsai Ing-wen of the liberal Democratic Progressive Party (DPP), will face off against Han Kuo-yu of the conservative Kuomintang Party (KMT) although there is the possibility of an independent candidate. Tsai Ing-wen won election in 2016. Beijing strongly prefers the KMT, which is viewed as more cooperative toward the PRC. Since Tsai's assumption of the presidency, Beijing has intensified military and international pressure on Taiwan. The PLA has engaged in numerous flights and at least one over the center line of the Taiwan strait and its warships have circumnavigated Taiwan. Beijing has also pressured five countries

to cease formal diplomatic relations with Taiwan. Neither of Taiwan's two major parties favor unification with the PRC. President Tsai inflamed tensions with the PRC when she called then-President-elect Donald Trump in December 2016, the first such call between leaders of the United States and Taiwan since 1979. Tsai's party, the DPP, would later suffer major defeats in the 2018 elections where the KMT would gain control of sixteen of twenty-two municipalities and cities. Whether the DPP wins or loses the 2020 elections, deteriorating relations with the PRC and how to avoid further PRC escalation of tensions without sacrificing sovereignty will be major campaign issues.

The 2019 Hong Kong Protests



July 2019: Hong Kong citizens march in Sha Tin against Hong Kong's extradition bill. Source: © Shutterstock. Photo by Jimmy Siu.

Recent events in Hong Kong express the fear of many of its citizens that mainland China is slowly erasing Hong Kong's special status and autonomous political and economic systems.

In late 2018, the brutal murder of Poon Hiu-wing by her boyfriend, Chan Tong-kai, both of whom were Hong Kong residents, while visiting Taiwan became very problematic after Chan fled back to Hong Kong. Since Hong Kong does not have an extradition treaty with Taiwan, negotiating extradition is impossible because the PRC does not recognize the sovereignty of Taiwan; thus, Chan could not be extradited to Taiwan to face trial. In response, the government of Hong Kong proposed an amended extradition bill in early 2019 that would give the chief executive of Hong Kong the authority on a case-by-case basis to order the transfer of fugitives to any jurisdiction Hong Kong lacked a formal extradition treaty which not only included Taiwan, but also Mainland China.

The inclusion of Mainland China in the bill was very troublesome to many of Hong Kong's residents (especially youth) who fear an erosion of the "one country, two systems" agreement in place since 1997, which allows Hong Kong to retain its own economic and administrative systems, and Hong Kong opening itself up to Mainland China's laws. By June 12th, 2019, thousands of protestors began marching in the streets of Hong Kong demanding the withdrawal of the bill. On June 15th, Chief Executive Carrie Lam agreed to suspend the bill, viewed by many as merely a delay tactic to quell the protests. Tensions escalated between local police and the protestors over the next several weeks, including the storming of the Legislative Council building on July 1st—the anniversary of the British handover of Hong Kong. Protestors' demands increased for an independent investigation of police brutality toward protestors, the release of arrested protestors, a retraction by the government describing the protests as "riots" (which carries strict penalties), and the resignation of Lam.

As of publication, the protests in Hong Kong are still ongoing; however, on September 4th, Lam agreed to fully withdraw the bill, but would not concede to any of the other demands of protestors. ■

Sources: "News and Commentary: Hong Kong," and "News and Commentary: Taiwan," *The New York Times*, accessed September 5, 2019, <https://tinyurl.com/y5ols5g2> and <https://tinyurl.com/y4dom4ld>; "Hong Kong's Huge Protests, Explained," *Vox*, June 24, 2019, <https://tinyurl.com/y5m85fvf>; Shelly Rigger, "Taiwan on (the) Edge," *Foreign Policy Research Institute*, May 17, 2019, <https://tinyurl.com/y482dtrz>.