

A Game-Theory Model of Democratization and Political Reform in Hong Kong

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Abstract

This essay analyzes three attempts at political reform in post-handover Hong Kong by adapting game-theory models in studies of democratization. By modeling the strategic interactions and preferences of Beijing and the local democratic forces, the outcome of the political reform efforts are explained. As a conditioning factor in the model, it is argued that the strong strength of civil society in 2005 and 2015 ruled out any possible negotiation between the Beijing and the democrats, resulting in deadlocks and the eventual rejection of the proposals. In contrast, the weaker and apolitical nature of civil society in 2010 allowed moderate democrats to reach an agreement with Beijing over a proposed reform. This essay carries significant implications for Hong Kong-Beijing interactions, the political development of Hong Kong, as well as the literature on democratization.

Keywords: China, democratization, game theory, Hong Kong, transition.

The former British colony of Hong Kong became the Hong Kong Special Administrative Region (HKSAR) of the People's Republic of China in 1997, following years of negotiation between London and Beijing.¹ Although the colonial government attempted to partially democratize the colony prior to its departure, the progress was reversed by Beijing once it took control of the territory. Under the One Country, Two Systems arrangement, Hong Kong is promised universal suffrage as the “ultimate aim” in the Basic Law (article 45), the region's post-handover constitution, but the substance and schedule are not specified, leaving much room for manipulation, interpretation, and debate. As

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¹ In this essay, “Beijing” is used as a label for the Chinese government or its leaders.

the Basic Law outlines only gradual changes up to 2007, a political reform² process must be initiated for the promise of universal suffrage to be fulfilled.

Borrowing game-theory models of top-down transitions from the democratization literature,³ we focus in this study on three such proposals in 2005, 2010, and 2015.⁴ Because the ultimate goal of universal suffrage is prescribed, democratization in Hong Kong could be conceptualized as a top-down bargaining process between Beijing (and the Hong Kong government) and the democrats. This sets Hong Kong apart from the typical case of democratization, in which soft-liners among elites must be in power to make regime liberalization a possibility. Instead, in theory, political reform in Hong Kong is a recurring game until democracy is achieved. Therefore, allowing for suitable adaptations of the model, to be discussed, it is argued that this perspective can give us a theoretical understanding of both the political reform process and the interests of the different actors. Previous studies have placed little emphasis on the strategies and interactions between Beijing and the democrats. We do not have a clear idea about why they were able to strike a deal in 2010, but not in the reform efforts of 2005 and 2015. Thus, clarification is one of the major aims of this study.

The other aim is to enhance our understanding of democratization in Hong Kong. It should be noted that this essay is focused primarily on democratic development, not on political reform per se. There are debates about whether the proposed reforms (passed or not) can be regarded as genuine progress toward democracy. The details discussed below reveal that the political reform packages were piecemeal and only marginal changes to the existing system. While moderate democrats see them as a small step toward full democracy, other democrats argue that the proposed reforms have been too minimal to be meaningful. A focus on political reforms might also neglect important social actions outside the reform periods. However, instead of looking at democratization holistically, this study uses political reform

² “Reform” must be clarified as it is used, in the context of Hong Kong, in this essay. In Hong Kong, an assumption is made that Beijing will propose a so-called “reform” periodically. (The reasons for this are discussed later in the essay.) Such reform is understood to be a minimalist step to appease civil society and the opposition democrats, yet also continue to ensure Beijing’s absolute control over the trajectory of Hong Kong’s development. Debate always has centered on whether an *improvement* should be sought to Beijing’s initial proposal. Thus, with regard to prodemocracy activists, “reform” refers to an *improvement* to Beijing’s proposal, not to Beijing’s initial proposal itself. Many observers view Beijing’s proposals to date as insignificant vis-à-vis substantive democratization of the HKSAR. To democrats, “reform” refers to a change in policy or the political system that would be acceptable to that segment of society seeking meaningful advancement toward Hong Kong’s transition to a valid democracy in which, among other rights, the people would be free to choose their leaders and representatives through universal suffrage.

³ Adam Przeworski, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America* (Cambridge, UK: Cambridge University Press, 1991).

⁴ They are referred to by the year they were voted on. These proposals pertained to suggested reforms in 2007-2008, 2012, and 2016-2017, respectively.

attempts as scenarios during which political actors interacted in a relatively structured manner, allowing for repeated observations of the bargaining process. Implications regarding the democratization process derived from the analysis are discussed in the concluding section.

With the exception of the model used by Ngok Ma,⁵ who employed the “game of chicken” to analyze the Sino-British negotiations over the future of Hong Kong, such models never seem to have been applied to Hong Kong’s local politics. Although Ming Sing adopts a bargaining perspective to describe the process of democratization up to 2002, no explicit model is formulated.⁶ This is also the case for Dennis Hui, who focuses on political reform.⁷ However, this does not mean that such models are not applicable or useful. Although the vibrant and ever-changing political landscape of Hong Kong has created many one-off phenomena (e.g., the handover in 1997, and the recent Occupy Movement), limiting the explanatory power of this approach, this essay demonstrates that such a model can be satisfactorily formulated and applied. Through the exercise of modeling actors’ preferences, interactions, and strategies, it is hoped that the model presented in this essay can introduce a disciplined way of conducting political analysis to a field mainly focused on narrative accounts. This approach also perceives democratization as a continuing process (a repeated game). Unlike existing studies which usually focus on a particular social movement or political reform, this method grants us a better understanding of political dynamics over time.

The essay is organized as follows. First, there is a brief introduction to the transition model commonly used in the literature. This is followed by a discussion about how the model can be adapted to the political circumstances in Hong Kong. Next, the three political reform efforts of 2005, 2010, and 2015 are introduced and analyzed according to the adapted model. The last section concludes the study and outlines potential implications of the findings.

The Baseline Model

Democratic transition through bargaining has been a popular form of regime change, especially among third-wave democratizations.⁸ In particular, these cases usually have been characterized by elite-led (or top-down)

⁵ Ngok Ma, “The Sino-British Dispute over Hong Kong: A Game Theory Interpretation,” *Asian Survey* 37, no. 8 (1997): 738-751.

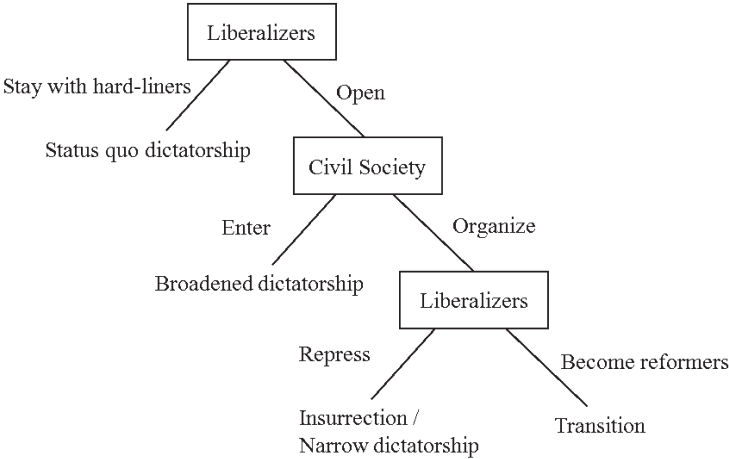
⁶ Ming Sing, “Governing Elites, External Events and Pro-Democratic Opposition in Hong Kong (1986-2002),” *Government and Opposition* 38, no. 4 (2003): 456-478.

⁷ Dennis L. H. Hui, “The Stalemate in Political Reform and the Rise of Contentious Politics in Hong Kong,” in *New Trends of Political Participation in Hong Kong*, ed. Joseph Cheng (Hong Kong: City University of Hong Kong Press, 2014).

⁸ Przeworski, *Democracy and the Market*, and Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman: University of Oklahoma Press, 1991).

liberalizations. To model the inherent instability surrounding the liberalization of a regime, such as the strategic decisions made by different actors which are interdependent, the application of game theory is useful. Here, we apply the classic transition model proposed by Adam Przeworski as the starting point.⁹ The model is reproduced in figure 1.

Figure 1. A Top-Down Model of Regime Transition



Source: Adapted from Adam Przeworski, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America* (Cambridge, UK: Cambridge University Press, 1991), 62.

In Przeworski’s model, regime elites are split into two groups, namely liberalizers (or soft-liners) who are willing to consider liberalizing the regime, and hard-liners who prefer otherwise. The game starts when the liberalizers have the upper hand and contemplate two options: (1) do nothing (decide not to oppose the hard-liners), or (2) issue signals that they are willing to work toward liberalization of the political system. Nothing changes when the former option is chosen, while the game continues when the liberalizers choose the latter. When the latter option is chosen, civil society must decide whether to join the regime (resulting in a broadened dictatorship, typically involving some form of power sharing; in this case, the liberalization strategy is successful), or turn down the offer and continue to organize autonomously. If the latter option is chosen, the liberalizers can choose to reunite with the hard-liners and repress the mobilization—which would end the game and result in a narrow dictatorship or a state of insurrection (depending on the outcome of the repression). Alternatively, liberalizers can decide to become

⁹ Przeworski, *Democracy and the Market*, 62.

reformers, resulting in democratic transition. Once the final node is reached, liberalization attempts either are reversed (the defeat of the soft-liners), or continued, resulting in democratization.¹⁰

Analyzing the preferences of each actor and assuming complete information (defined below), by backward induction, the only possible outcomes of the described game are maintenance of the status quo or broadened dictatorship. This is because, in brief, the liberalizers will not be amenable if they know for certain that civil society will organize; and civil society will join the regime if it is certain that the liberalizers will repress.¹¹ According to the model, democratic transition is possible only when liberalizers actually prefer democratization but make the hard-liners believe otherwise, or when the liberalizers are uncertain about the strength of the opposition (thus, unable to repress);¹² in other words, only when the transition is not a complete information game. Indeed, this model accurately depicted the dynamics underlying many democratizations in the past, such as those in Eastern Europe, and to a certain extent the recent attempts at democratization in the Middle East.¹³

A Model of Political Reform in Hong Kong

This section adapts Przeworski's model to the process of political reform in Hong Kong. Similarly, there are two players in the game. Unlike the model above, however, Beijing is constitutionally bound to gradually liberalize Hong Kong, without necessarily requiring the existence of soft-liners among the ruling elite. Until the ultimate aim, election through universal suffrage of the Chief Executive (CE), is achieved (Basic Law article 45, and similarly, for the legislature in article 68), Beijing cannot claim to have fulfilled its promise to Hong Kong's people. Therefore, Beijing acts as the first player in the game.¹⁴

¹⁰ Przeworski, *Democracy and the Market*.

¹¹ For a detailed discussion, see William Clark, Matt Golder, and Sona Golder, *Principles of Comparative Politics*, 2nd ed. (Thousand Oaks, CA: CQ Press, 2012), 293-302.

¹² Przeworski, *Democracy and the Market*, and Clark, Golder, and Golder, *Principles of Comparative Politics*.

¹³ Timothy Garton Ash, *The Magic Lantern: The Revolution of '89 Witnessed in Warsaw, Budapest, Berlin and Prague* (New York: Vintage Books, 1999); Ellen Lust-Okar, *Structuring Conflict in the Arab World: Incumbents, Opponents, and Institutions* (New York: Cambridge University Press, 2005); and Przeworski, *Democracy and the Market*.

¹⁴ The reasons why Beijing, instead of the HKSAR government, is considered the main player in the game are that, first, Beijing has the power to interpret and issue decisions regarding the Basic Law, the framework underlying the reform process. Through such mechanisms, Beijing has tightened control by making its consent a necessary condition for the initiation of the reform process. Second, it also openly took matters into its own hands by negotiating directly with local democrats in 2010, bypassing the Hong Kong government, as will be discussed below. Finally, the Chief Executive of Hong Kong is selected by a Beijing-controlled electoral college and their interests will converge, unless this arrangement is changed. In any event, we always can treat the first player as a combination of Beijing and the government of Hong Kong, and it will not affect the analysis in any way.

The prodemocracy camp and its civil society allies are treated as the second player (the opposition). It is important to note that, in the case of Hong Kong, this group of actors is at times not unified.¹⁵ How this condition can affect the game is discussed later.

Democratization in Hong Kong involves reforms in two major institutions: the executive and the legislative branches of government. The CE is currently selected by a 1,200-member electoral college, who, in turn, are chosen by about 250,000 political, business, and professional elites.¹⁶ With a biased composition, the electoral college is designed to minimize the influence of the democrats. Although the democrats have been able to meet the nomination threshold to field a candidate in recent elections, the outcome of the election (plurality voting among 1,200 members) always has been a foregone conclusion. On the other hand, the Legislative Council (LegCo) consists of two sections of equal size, the geographical section which is directly elected, and the functional constituency section which also is reserved for selected elites.¹⁷ As a result, democratic development in Hong Kong depends on reform of both the election method used to choose the CE and the functional constituency section of the legislature. Because reforms are considered constitutional amendments and passage requires a two-thirds majority in the legislature, democrats have been able to be veto players in the process, justifying their collective role as the second player in the suggested game.

Instead of prompting the regime to co-opt opposition groups or create a broadened, semi-competitive dictatorship,¹⁸ the suggested game starts with the initiation of the political reform process. Two default steps are assumed to take place before we formally entertain the model: (1) the introduction of an initial reform proposal by Beijing (or the Hong Kong government) at the start of the process, and (2) the proclaimed rejection of the proposal by the democrats. These default steps are ignored because of the certainty of their occurrence. As noted, the provisions of the Basic Law imply that the reform process will be repeated at regular intervals until universal suffrage is achieved. As a closed one-party regime which does not view democracy in a positive light, Beijing will propose reforms of only limited nature. In response, the democrats are expected to demonstrate fierce opposition to such proposals, as it is almost impossible for Beijing to grant what the democrats ideally want (immediate and unrestricted full suffrage). Also, the democrats might find it advantageous

¹⁵ Ngok Ma, "Hong Kong's Democrats Divide," *Journal of Democracy* 22, no. 1 (2011): 54-67.

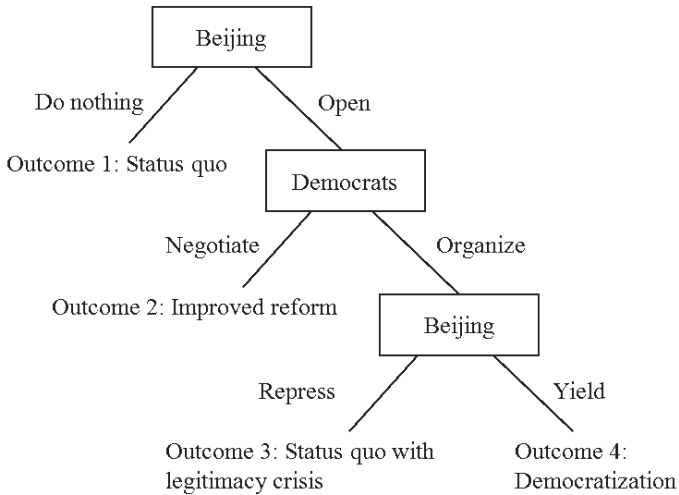
¹⁶ Simon N. M. Young and Richard Cullen, *Electing Hong Kong's Chief Executive* (Hong Kong: Hong Kong University Press, 2010).

¹⁷ Ngok Ma, *Political Development in Hong Kong: State, Political Society, and Civil Society* (Hong Kong: Hong Kong University Press, 2007).

¹⁸ Jennifer Gandhi and Adam Przeworski, "Cooperation, Cooptation, and Rebellion under Dictatorships," *Economics and Politics* 18, no. 1 (2006): 1-26, and Steven Levitsky and Lucan Way, "The Rise of Competitive Authoritarianism," *Journal of Democracy* 13, no. 2 (2002): 51-65.

for subsequent bargaining to adopt such a stance, even if Beijing were to offer a generous package (unlikely). Therefore, the two steps are implicitly assumed prior to the game outlined here. Subsequent events are shown in figure 2.

Figure 2. A Model of Political Reform in Hong Kong



Note: See footnote 2 for an explanation of “Improved reform.”

As the first-mover, Beijing can decide to do nothing (to improve the offer, or seek negotiation), which would result in maintenance of the status quo as the first possible outcome (Outcome 1). Alternatively, it could opt to reach out to the democrats to search for a mutually acceptable proposal. Faced with this option, democrats could enter negotiations with Beijing and eventually agree to a reform (Outcome 2), or mobilize as they sense a weakness in the regime. Once this were to happen, Beijing would take the final step to decide whether it would concede to full democratization (Outcome 4), or deal with the mobilization. As the Hong Kong government and Beijing are supported by the security forces and a strong military presence, it is expected that social movements could be quashed rather easily.¹⁹ The chance of a successful social movement that could overcome Beijing’s repression is very slim and thus not included in this model. If repression were chosen, the outcome, again, would be maintenance of the status quo, only this time, the legitimacy of Beijing’s

¹⁹ One could argue that this is not the case, as we saw in the Occupy Movement in 2014. The point here is that, if Beijing chooses to take a strong hand, the outcome of the repression is set in stone. Alternatively, “repress” could be changed to “do nothing” (the strategy of waiting for occupiers to run out of momentum). The outcome and the entire analysis would be unchanged.

rule over Hong Kong and the entire One Country, Two Systems arrangement would be called into question (Outcome 3).

Next, the preferences of each actor regarding the potential outcomes are discussed. Starting with Beijing, according to Sing,²⁰ during the transition period, the interests of Beijing with respect to Hong Kong were (1) to maintain Hong Kong's pragmatic value; (2) to achieve national unity and provide a model of reunification for Taiwan; and (3) to preclude rapid democratization, which would undermine Beijing's control. Conversely, Beijing's interest would be threatened by democrats' accusation of Beijing's betrayal of the One Country, Two Systems policy and the promise of democracy.²¹ It is argued that these considerations have not changed much over time, resulting in the following preference order for Beijing: *reform* > *status quo* > *status quo with legitimacy crisis* > *democratization*.

From Beijing's perspective, a strong preference for reform might be questionable and require justification. In particular, why would Beijing prefer reform over the status quo, when the latter would give more power to Beijing? It is suggested that Beijing has a strong incentive to reach an agreement with the democrats. Besides Hong Kong's serving as a model of the One Country, Two Systems design as discussed, reform practically could improve the legitimacy of the system and governance. Of course, this is based on the reality that Beijing has almost full power to control the political reform process. In part, this is because it has issued an interpretation of the Basic Law that grants itself the power to rule out not only passage but also even discussion of any proposal it considers undesirable.²² This guarantees that proposals will be sufficiently conservative, even if subsequent improvements are granted. This dynamic was demonstrated in 2010, and is discussed below.

Turning to the preferences of the other player, full democratization obviously is ideal for the democrats, while maintenance of the status quo (without any backlash against Beijing) is the worst possible outcome. The remaining two outcomes are more ambiguous: reform means negotiation with Beijing and carries the risk of losing the moral high ground (as democrats no longer could cast Beijing as an obstacle to democracy) in exchange for more concessions; a continued status quo with legitimacy crisis suits the agenda of those who are keen to maintain mobilization and pursue more radical strategies. The "legitimacy deficit" thesis is popular in society, as it emphasizes

²⁰ Ming Sing, *Hong Kong's Tortuous Democratization: A Comparative Analysis* (London: Routledge Curzon, 2004), 24.

²¹ *Ibid.*, 26.

²² The Basic Law outlines three steps required for the passage of political reform proposals: (1) two-thirds majority in the LegCo; (2) consent of the Chief Executive; and (3) approval of the National People's Congress Standing Committee (NPCSC). However, following an NPCSC interpretation, the NPCSC's agreement is required prior to the above procedures. This essentially restricts the range and nature of proposals to be deliberated in Hong Kong.

keeping pressure on officials through mass mobilization and delegitimization of the government.²³ Depending on whether the democrats are practical (moderate) or idealistic (radical),²⁴ reform and continuation of the status quo with legitimacy crisis are somewhat equivalent. As a result, the following ordering can be assumed for the democrats: *democratization* > (*reform/status quo with legitimacy crisis*) > *status quo*. The next section discusses how the democrats' preferences regarding the two middle options change in keeping with the strength of civil society.

Conditional Factor: Strength of Civil Society

Civil society generally is considered to have a facilitative role in democratic transitions due to its potential for mobilization and delegitimization of authoritarian rule.²⁵ In democratizing societies, civil society also can supplement political parties in promoting political participation and democratic citizenship, both of which can affect the process positively.²⁶ However, given their distinct ideologies and natures, it is not uncommon for cleavages to develop between civil and political societies.²⁷ Compared to civil society, actors from political society are more likely to adopt a moderate position, negotiate, compromise, and be less confrontational due to their greater awareness of mainstream opinion.²⁸ Political society also mediates the interests between the state and civil society, as it ultimately aims to attain state power.²⁹ Civil society groups, on the other hand, tend to focus more on issue-based concerns. Thus, they place an emphasis on monitoring political society in addition to the state—and this holds true for the case of Hong Kong.³⁰ These arguments reflect the fact that political actors and civil society groups perhaps will pursue different strategies, even though they have the same objective. For the purposes of our

²³ Brain C. H. Fong, *Hong Kong's Governance under Chinese Sovereignty: The Failure of the State-Business Alliance after 1997* (Oxon, UK: Routledge, 2015).

²⁴ Another factor is the extent of improvement extracted from Beijing. For example, the moderate democrats were criticized for getting too little in their negotiations in 2010.

²⁵ Guillermo O'Donnell and Philippe Schmitter, *Transitions from Authoritarian Rule: Tentative Conclusions about Uncertain Democracies* (Baltimore: Johns Hopkins University Press, 1986); Larry Diamond, *Developing Democracy: Towards Consolidation* (Baltimore: Johns Hopkins University Press, 1999); and Huntington, *The Third Wave*.

²⁶ Diamond, *Developing Democracy*, 242.

²⁷ Ruth B. Collier, *Paths towards Democracy: The Working Class and Elites in Western Europe and South America* (Cambridge, UK: Cambridge University Press, 1999).

²⁸ Juan J. Linz and Alfred Stepan, *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe* (Baltimore: Johns Hopkins University Press, 1996).

²⁹ Marcia Weigle, *Russia's Liberal Project: State-Society Relations in the Transition from Communism* (University Park: University of Pennsylvania Press, 2000).

³⁰ Ngok Ma, "Civil Society and Democratization in Hong Kong: Paradox and Duality," *Taiwan Journal of Democracy* 4, no. 2 (2008): 155-175, and Sing, "Governing Elites, External Events and Pro-Democratic Opposition in Hong Kong."

discussion, political society is much more willing than civil society to enter negotiations with the state and to accept less than ideal proposals.

Since political development became a social issue in Hong Kong in the 1980s, it is undeniable that civil society has had a crucial role in the democracy movement. Sing maintains that the weakness of civil society was a major factor behind the slow pace of democratization, as internal divisions within the opposition limited the mobilization power required to overcome China's resistance.³¹ However, the other side of the coin is that the strength of civil society might overwhelm the capacity of political society to act independently. This, in turn, has made moderate democrats reluctant to negotiate with the state, making it difficult to achieve regime liberalization through bargaining. Although civil society is crucial to promoting bottom-up mobilization, such as the July 1, 2003 protest and the Occupy Movement, such activism might not be suitable for extracting concessions from Beijing, known for its uncompromising stance toward mass mobilizations, as seen in the 1989 Tiananmen crackdown. Ma concurs with this view, as he argues that Hong Kong civil society is good at defense against infringements on liberties, but not so good at sustaining a push for political reform.³²

Ma's logic is incorporated into the suggested model of this essay and reflected in the preferences of the democrats. It is argued that, when civil society is strong, political society will be "held hostage" and the option of negotiating for reform will be less attractive than fomenting a crisis of legitimacy (under the status quo). The latter is especially appealing to civil society actors, given their strength, as they can continue to mobilize and take advantage of the regime's weakness. The reverse is true when civil society is relatively weak. Actors from political society, notably politicians from moderate parties, are no longer limited by the uncompromising stance of civil society. In this case, they will prefer reform over a legitimacy crisis, as they can expect to benefit from expansion of the political arena. This argument is in line with Ellen Lust-Okar, who suggests that successful liberalization is most likely to be achieved when the opposition is divided rather than unified.³³ Adding this to the above arguments, the preferences of Beijing and the democrats regarding the potential outcomes are shown in table 1 in terms of expected payoffs. The two options in the middle are reversed for democrats, depending on the strength of civil society.

Solving the Game

After adapting the game to the conditions of Hong Kong, this section solves it through backward induction. Figures 3a and 3b show the game under strong

³¹ Sing, "Governing Elites, External Events and Pro-Democratic Opposition in Hong Kong," and id., *Hong Kong's Tortuous Democratization*.

³² Ma, "Civil Society and Democratization in Hong Kong."

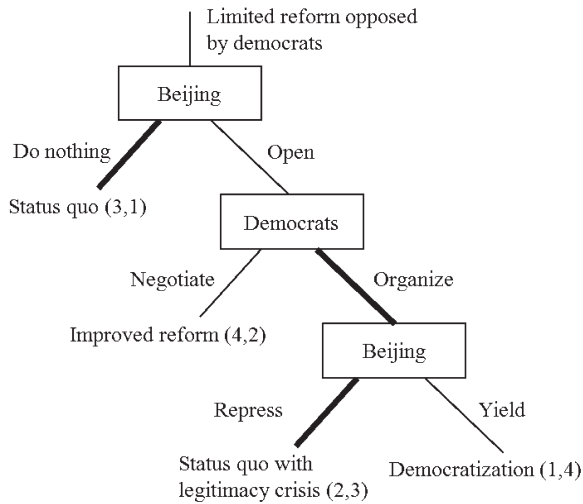
³³ Lust-Okar, *Structuring Conflict in the Arab World*.

Table 1. Expected Payoffs in the Political Reform Game

| Outcome | Beijing | Democrats | |
|-------------------------------------|---------|-----------------------|---------------------|
| | | Civil Society: Strong | Civil Society: Weak |
| 1 Status quo | 3 | 1 | 1 |
| 2 Reform | 4 | 2 | 3 |
| 3 Status quo with legitimacy crisis | 2 | 3 | 2 |
| 4 Democratization | 1 | 4 | 4 |

Note: A higher number represents a more preferred outcome.

Figure 3a. Political Reform Game with Payoffs (Strong Civil Society)

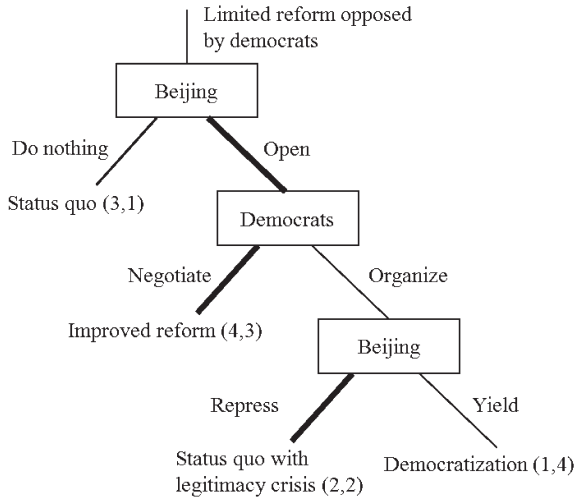


Note: See footnote 2 for an explanation of “Improved reform.”

and weak civil society, respectively. The expected payoffs for Beijing and the democrats are shown in parentheses, in that order, and the optimal choice at each node is drawn in bold lines. We start with a strong civil society in figure 3a. At the lowest node, comparing the two outcomes, Beijing will choose to repress, resulting in a status quo with a crisis of legitimacy. Given this option, democrats will choose to organize, as they will be slightly better off. Finally, in anticipation of this outcome, in the uppermost node, Beijing will do nothing and accept the status quo, which will be better than the status quo with a legitimacy crisis if it supports reform. Therefore, the equilibrium in this game is for Beijing to not signal the possibility of negotiation and reform, and to let the initial proposal be rejected by the democrats by means of their veto in the legislature.

Turning to the case when civil society is weak in figure 3b, Beijing still will choose to repress at the final stage, regardless. What is different, here,

Figure 3b. Political Reform Game with Payoffs (Weak Civil Society)



Note: Expected payoffs for Beijing and the democrats are shown in parentheses. The optimal choice at each node is shown in bold. See footnote 2 for an explanation of “Improved reform.”

is that the democrats now will consider negotiation and reform better than the status quo with legitimacy crisis (under a weaker civil society). Faced with this possibility, Beijing will choose to be open to talks after its initial reform proposal is opposed by the democrats. The equilibrium outcome in this scenario is thus reform.

Finally, the whole process is assumed to be a complete information game in that both players know the details of the game, including the choices available, possible outcomes, each other’s preferences, and so on. The strength of civil society, the only conditional factor in the game, should be observable as the extent of popular mobilization. The possibility that an underestimation of civil society’s strength leading to full democratization is slim in our case, as, again, it is traditionally assumed that Hong Kong’s people are practical and that Beijing’s repression is almost certainly going to be successful (which are the reasons why the lower-most options are designed as they are). In any event, the assumption of complete information is revisited in the concluding section. After formulating the game, the three political reform efforts in Hong Kong are discussed accordingly.

The July 1st Protest and the First Political Reform Effort (2003-2005)

The first HKSAR government led by Tung Chee-hwa was plagued with problems that were partly attributable to the flaws in the design of the political

system. This led scholars to argue that there was a “disarticulation” of the system,³⁴ or even “political decay.”³⁵ The legitimacy deficit set the stage for the first major governing crisis of the HKSAR.³⁶ In addition to the usual political blunders, 2003 also featured the outbreak of the fatal severe acute respiratory syndrome (SARS) epidemic, which took the lives of three hundred people, as well as a sluggish economy still struggling to bounce back from the 1997-1998 Asian financial crisis. After he was re-elected in 2002, Tung decided (perhaps on Beijing’s cue) that the timing was opportune to enact legislation to implement Basic Law article 23 regarding national security.³⁷ The nature of the legislation and the vaguely defined terms in the consultation papers led to widespread suspicion that the legislation would serve as an instrument to restrict civil liberties. The militant and uncompromising attitude of the officials responsible for the legislation did not help to alleviate the fears of Hong Kong’s people.³⁸

As a result, on July 1, 2003, about a week before the expected passage of the bill, 500,000 people participated in a demonstration to call for the bill’s suspension and to express their dissatisfaction with poor governance. The turnout was remarkable, given the city’s population of seven million; the figure vastly exceeded the expectations of government officials and even of the organizer, the Civil Human Rights Front (CHRF). Although the government still tried to push through the legislation by suggesting some minor changes, the bill was shelved following the defection of the pro-Beijing Liberal Party, reducing the government’s support in the legislature to a minority. Besides achieving its primary goal of stopping the legislation, the protest led to the immediate resignation of two top officials and, arguably, to Tung’s own resignation two years later.³⁹

The historic protest event had profound implications for the political trajectory of Hong Kong. A sizable spill-over effect of civil society into political society could be observed. First, benefiting from the so-called “July 1 effect,”⁴⁰ prodemocracy parties won a major victory in the district elections four months after the protest march. For example, the Democratic Party (DP), the traditional prodemocracy party then considered to be in decline, won 79 percent of its

³⁴ Ian Scott, “The Disarticulation of Hong Kong’s Post-Handover Political System,” *China Journal* 43 (2000): 29-53.

³⁵ Sonny Shiu-hing Lo, *Governing Hong Kong: Legitimacy, Communication and Political Decay* (New York: Nova Science Publishers, 2001).

³⁶ For a review, see Fong, *Hong Kong’s Governance under Chinese Sovereignty*.

³⁷ Ma, *Political Development in Hong Kong*.

³⁸ Stan Hok-Wui Wong, *Electoral Politics in Post-1997 Hong Kong: Protest, Patronage, and the Media* (Singapore: Springer, 2015), 65.

³⁹ Sonny Shiu-hing Lo, “One Formula, Two Experiences: Political Divergence of Hong Kong and Macao since Retrocession,” *Journal of Contemporary China* 16, no. 52 (2007): 359-387.

⁴⁰ Francis L. F. Lee and Joseph M. Chan, *Media, Social Mobilization and Mass Protests in Post-colonial Hong Kong: The Power of a Critical Event* (New York: Routledge, 2011).

contests in this election. Over 260 prodemocracy candidates, coordinated by a group called Power for Democracy, adopted a common platform and generally did very well by riding the momentum created by civil society.⁴¹ The victory was so remarkable that the democrats continued to cooperate in subsequent LegCo and district elections (albeit with less satisfactory results).⁴² Second, the protest also provided a new generation of politicians for the prodemocracy camp. Notably, several leaders of the movement, with no prior experience in politics, ran successfully in the legislative elections in 2004. Most of them belonged to the Basic Law Article 23 Concern Group, which was later transformed into the Article 45 Concern Group (about universal suffrage), and finally into the Civic Party in 2006. It is currently a major party in the prodemocracy camp.

Another event illustrates that, during the period, political society, especially its opposition parties, was subordinated to civil society. Keen to capitalize on the success of the July 1st march, a civil society front, the Democratic Development Network, organized another rally on July 13, 2003, with the explicit goal of securing universal suffrage in 2007-2008. The protest was joined by twenty thousand people, but the important point is that traditional prodemocracy politicians were notably missing from the picture, even though they had been working on this very issue for decades. Instead, academics, religious leaders, and the new generation of politicians emerging from the July 1st protest took center stage.⁴³ Very similar observations can be made regarding another demonstration joined by 100,000 held on January 1, 2004, by the CHRF.

The Rejection of the 2005 Proposed Political Reform

It was against this background that the first political reform in post-1997 Hong Kong was proposed. As the Basic Law stipulated the method of electing the LegCo and the CE for ten years following the handover, political reform and even full suffrage was theoretically possible in 2007. This was exactly what the democrats wanted. However, despite (or because of) the strong demonstration of people's power and the partial success of the July 1st march, Beijing was adamant about not yielding on implementing democracy. In 2004, the National People's Congress Standing Committee (NPCSC), which has the power to interpret the Basic Law, ruled out the possibility of universal suffrage in 2007.

⁴¹ Joseph Y. S. Cheng, "The 2003 District Council Elections in Hong Kong," *Asian Survey* 44, no. 5 (2004): 734-754.

⁴² Most democratic candidates in the New Territories East constituency in the 2004 LegCo election ran on a single ticket, which was considered a strategic failure. Most prodemocracy parties also participated in coordination in district elections in 2007 and 2011 to avoid clashing in first-past-the-post elections.

⁴³ For example, politicians from the DP and the Frontier, the two leading prodemocracy parties at the time, were barely mentioned in media coverage (as reported by *Apple Daily*, *Metro Hong Kong*, and *Ming Pao*, July 14, 2003).

As noted above, owed to the ambiguity of the Basic Law, Beijing also added two additional steps prior to initiating political reform which allow Beijing to intervene and preclude deliberation over any proposal it deems undesirable.

A highly conservative proposal was tabled in 2005. It suggested that the electoral college for electing the CE would be expanded from 800 to 1,200 members by including all district councilors, and that ten seats would be added to the LegCo. Five of them would be directly elected, while the other five would be elected by district councilors (thus maintaining the 50:50 ratio of geographical to functional constituency seats). Although the proposal might not look so bad on paper, one must note that the pro-Beijing camp has a clear advantage in district elections,⁴⁴ and that all five “district” seats might go to the pro-Beijing camp because of the voting method.⁴⁵ Taken together, the reform package was so minimal that it could barely be considered a positive development toward democracy. Consequently, the democrats made clear their dissatisfaction with the proposal from the very start. Although there were some low-profile talks between the government and some democrats, the offered improvement was so minimal that it failed to secure any support from the democrats, nor did the democrats mobilize in response to the failed negotiations (the proposal also received very little media and public attention). The proposal arguably did not constitute reform. During the run-up to the final voting, while there was always a suspicion about possible defections,⁴⁶ all legislators considered part of the prodemocracy camp voted against the package, rejecting it with a one-third minority of LegCo members. Thus, the first political reform effort of the HKSAR ended in failure.

Analyzing the events in relation to the essay’s model, it is obvious that the attempted political reform took place when there was a strong civil society capable of influencing political society. The influx of civil society forces into the political arena also reflected the stronger capacity of the former. Referring to figure 3a, the model accurately predicted the strong stance of Beijing and the Hong Kong government not to grant too many concessions, despite the certainty of rejection of the reform (although some talks took place). Against the background of strong popular mobilizations, it was highly unlikely that the democrats would consider compromising unless the reform proposal

⁴⁴ While their advantage dwindled in the 2003 district elections following the July 1st protest, this was compensated by a higher proportion of appointed members from the pro-Beijing camp, who would have the same status as the elected members in this proposed political reform. The pro-Beijing camp quickly bounced back in the 2007 district elections with its superior resources and constituency services.

⁴⁵ The government did not specify how the five seats would be elected from among district councilors. However, they would be added to the existing District Council constituency, which is elected by means of first-past-the-post voting. The pro-Beijing camp would be able to secure all six seats if a plurality-at-large method were used (which is used for some functional and electoral college elections).

⁴⁶ *Hong Kong Economic Times*, October 20, 2005.

were substantial. From Beijing and the Hong Kong government's viewpoint, attempted reform (making an offer sufficient to persuade some democrats) might be interpreted as a sign of weaknesses and encourage further mobilization, thus, they did not choose the option. The attempted reform accordingly ended in a stalemate, and the status quo was maintained.

The “De Facto Referendum” and the Second Political Reform Effort (2010)

Compared to the previous period, this essay argues that the strength and unity of civil society, at least of its prodemocracy segment, were weakened in the period prior to the second political reform effort in 2010. Although the July 1, 2003 protest invigorated civil society with a sense of empowerment and solidarity,⁴⁷ important transformations underlying civil society took place afterward. First, despite the momentum gained in 2003, there was a massive drop in participation in subsequent social movements. For example, according to University of Hong Kong Public Opinion Programme estimations, the average participation in the July 1st protest was only about 29,000 from 2005 to 2009 (compared to around 460,000 and 200,000 in 2003 and 2004, respectively). This can be attributed to Beijing's decision to rule out full democracy (discussed below) and corresponding “fatigue” experienced by the people.⁴⁸

Second, while the loose, ad hoc nature of the CRHF arguably contributed to the success of the 2003 protest by maximizing participation from different groups, it did not enhance or consolidate the mobilization power of civil society. When some democrats attempted to improve the coordination of the democratic movement by enhancing the formal organization of the CHRF after 2003, the front rapidly disintegrated, as many member groups did not want to become involved in politics or lend their support to political parties.⁴⁹

Following the 2003 protest, civil society's agenda also diversified, as more attention was paid to new areas of concern such as the environment, heritage, and town planning.⁵⁰ This diversification was reflected in subsequent July 1st protests, as they were no longer limited to concerns about democracy and universal suffrage, but instead featured demands ranging from protection of labor, to environmental protection, welfare, and LGBT rights. Although

⁴⁷ Shuk-mei Agnes Ku, “Constructing and Contesting the ‘Order’ Imagery in Media Discourse: Implications for Civil Society in Hong Kong,” *Asian Journal of Communication* 107, no. 2 (2007): 186-200, and Lee and Chan, *Media, Social Mobilization and Mass Protests in Post-colonial Hong Kong*.

⁴⁸ Ma, “Civil Society and Democratization in Hong Kong.”

⁴⁹ Ma, *Political Development in Hong Kong*, and id., “Civil Society and Democratization in Hong Kong.”

⁵⁰ Elaine Chan and Joseph Chan, “The First Ten Years of HKSAR: Civil Society Comes of Age,” *Asian Pacific Journal of Public Administration* 29, no.1 (2007): 77-99.

it could be suggested that these concerns were all unified under the political banner of suffrage,⁵¹ they also could be interpreted differently, depending on one's ideological persuasion.⁵² The inclusion of more issues further weakened the CHR, as demonstrated when various religious groups boycotted the 2005 movement because some LGBT groups led the march.⁵³

Finally, young people have become much more active in the mobilization and organization of social movements. The label “post-80” (referring to those who were born after 1980) was coined to explain young people’s political activism, which is distinct from that of earlier Hong Kong generations. As followers of the “New Social Movement” paradigm,⁵⁴ they are thought to be dissatisfied with traditional social organizations and conventional tactics of protest. As a result, they seek to distance themselves from traditional political parties. Two of the most high-profile social movements in the 2000s and 2010s in terms of participation and media coverage, were not directly related to political development (the Anti-Express Rail Link Movement in 2009-2010 and the Anti-Patriotic Education Movement in 2012). The organizers of the latter movement consciously attempted to depoliticize the movement by keeping a distance from political groups in fear that the movement would be regarded as a political struggle.⁵⁵

The political environment has been unfavorable for the democrats since 2003. Following the rejection of the 2005 reform effort and the elimination of the hope of achieving democracy in 2007, they set their sights on fighting for universal suffrage in 2012. In response, the NPCSC ruled out this option again in 2007. However, the resolution also stated that the CE could be popularly elected in 2017, and, afterward, the entire legislature as well. Yet, the details of how the CE would be popularly elected and those of “universal suffrage” were not specified. Based on the NPCSC’s decision that the election method for the CE and the legislature would remain unchanged in 2012, in late 2009, the government initiated a consultation process regarding political reform. Despite the previous defeat, the proposed reform package was virtually identical to the one in 2005, with only minor adjustments.⁵⁶

To express their dissatisfaction with the slow pace of democratization and to reinvigorate public interest, two prodemocracy parties, the Civic Party

⁵¹ Ho-Fung Hung and Iam-Chong Ip, “Hong Kong’s Democratic Movement and the Making of China’s Offshore Civil Society,” *Asian Survey* 52, no. 3 (2011): 504-527.

⁵² For example, pro-Beijing newspapers highlighted the diverse nature of the demands and downplayed the political aspect of the demonstrations (e.g., *Ta Kung Pao*, July 10, 2008).

⁵³ Ma, *Political Development in Hong Kong*.

⁵⁴ Ma, “Civil Society and Democratization in Hong Kong.”

⁵⁵ Wong, *Electoral Politics in Post-1997 Hong Kong*, 91.

⁵⁶ For example, it was specified that the five newly added seats (added to the existing one) would be elected from among district councilors through proportional representation. Appointed district councilors would not have this privilege and would not have a seat in the electoral college.

and the League of Social Democrats, jointly initiated the so-called “*de facto* referendum” campaign. It was triggered by the resignation of five legislators, one from each of Hong Kong’s five electoral districts, leading to simultaneous by-elections covering all of Hong Kong. The five legislators then participated in the by-elections on a common platform. The organizers argued that votes cast for them would be treated as votes in support of universal suffrage; the elections, in effect, would be a referendum in the absence of any statutory provisions for such a vote. However, because the by-elections were boycotted by pro-Beijing parties, all five legislators were re-elected with the low turnout of 17.1 percent of Hong Kong’s registered voters. This was considered to be a dismal performance.⁵⁷

In summary, although it might appear that civil society was still rather active in the years following 2005, the political segment within civil society was largely dormant. Previous civil society groups either became part of political society (e.g., the Civic Party), or kept a distance from politics. Attempts by political society to initiate a mass-based social movement failed to ignite political activism as planned. All of these setbacks illustrate that civil society was in a weaker position (voluntarily or not) vis-à-vis political society following 2005. This presented an alternative equilibrium outcome, according to the essay’s model, which actually followed. While the *de facto* referendum campaign was heading toward its anticlimatic end, ongoing negotiations were taking place between other democrats and Beijing, eventually leading to an agreement on political reform.

The Successful 2010 Political Reform Effort

As noted, the government proposed a reform package similar to the one in 2005 with minimal progression, much to the frustration of the democrats. The democrats were wary of the consequences of rejecting the proposed reform, however, as it would mean five more years of political stagnation, as well as a reduced possibility of achieving democracy in 2017.⁵⁸ While the radical wing of the democratic camp initiated the *de facto* referendum, the DP and several other prodemocracy legislators formed the Alliance for Universal Suffrage (AUS) to seek progression under the existing framework. Based on the government’s proposal, they suggested that the five newly added functional constituency seats could be nominated by District Councilors (thus, functional in name), but popularly elected by all franchised voters. On this basis, initial contacts between the AUS and Beijing began in February 2010 and direct talks were scheduled for May.⁵⁹

⁵⁷ The two parties initially set a high benchmark for success (winning all five seats, gaining more votes than their opponents, and drawing a turnout of over 50 percent). However, even though they lowered the standard afterward, they still failed to meet their target turnout. See Wong, *Electoral Politics in Post-1997 Hong Kong*, 84.

⁵⁸ *Apple Daily*, September 1, 2014.

⁵⁹ Ma, “Hong Kong’s Democrats Divide.”

There are implications behind the timing of the two parallel developments. The uneventful by-elections took place on May 16 and negotiations between the Liaison Office (the Central Government's organ in Hong Kong) and the AUS commenced about a week later. Initially there was little progress, as Beijing regarded the AUS proposal as unconstitutional, while the AUS insisted that guarantees of full democracy beyond 2012 had to be made. A breakthrough was finally achieved before the legislature was to vote on the proposal. The DP dropped its insistence on future guarantees for democracy, as long as its proposed reform for 2012 was accepted. This was considered a major concession, and after some lobbying within the pro-Beijing camp, the electoral formula suggested by the AUS suddenly was regarded as constitutional by Beijing.⁶⁰ An agreement was reached and the revised reform proposal was passed in the legislature days later with the support of the DP and some other legislators.

Although some regarded Beijing's agreement to the proposal as a "retreat" and attributed it to the popular mobilization in support of the *de facto* referendum,⁶¹ moderate democrats who backed the reform were criticized fiercely by their allies who took part in the *de facto* referendum campaign. In particular, the DP came under attack for conducting negotiations with Beijing, abandoning its electoral platform, and conceding too much for too little in return. The fact that the negotiations took place secretly while the *de facto* referendum campaign was underway strengthened the impression that the DP had "betrayed" and taken advantage of the democracy movement. Just as it is difficult to regard the *de facto* referendum campaign a success, few would consider the proposal extracted from Beijing a significant gain due to its incremental nature.

Consequently, the agreement was rather costly for the moderate democrats, especially the DP. Although the negotiations with Beijing were nominally held under the banner of the AUS, which was formed by eleven organizations with some civil society participation, the process was dominated by the DP as the strongest political force within the AUS.⁶² Besides the resignation of a legislator and the splitting off of a faction due to the compromise, the DP suffered a heavy electoral setback in 2012, when its geographical seats halved from eight to four. During the campaign, the DP was the primary target of

⁶⁰ *Ming Pao*, June 17, 2010. The very same proposal was criticized previously by Chinese officials as violating the definition of a functional constituency and the Basic Law (*Ming Pao*, June 8, 2010).

⁶¹ Hung and Ip, "Hong Kong's Democratic Movement and the Making of China's Offshore Civil Society," 514.

⁶² It might be telling that the DP, instead of the AUS, published a report explaining the details of the negotiations in an attempt to pacify public opinion. See "Six People Political Reform Working Group Report," http://www.dphk.org/image/data/2010/07/fullreport_6ppt2.pdf (in Chinese) (accessed June 24, 2015).

criticism by its prodemocracy allies.⁶³ These results further point to the delicate nature between negotiating and mobilizing for the democrats.

Going back to this essay's game-theory framework, civil society was either dormant or apolitical immediately before the 2010 reform process began. Instead of being subordinated to civil society, political society attempted to take the lead to mobilize by initiating large-scale social movements. Without being overshadowed by civil society, moderate democrats did not find it difficult to reach a compromise with the regime (although they might regret it afterward). Therefore, it is argued that the success of the 2010 political reform effort fits the model of a weak civil society (figure 3b). After the original reform package was proposed and the democrats raised predictable opposition, Beijing opted to open negotiations with moderate democrats, and finally secured their support by providing concessions on the conservative proposal. Thus, a reform was the eventual outcome of the game in 2010.

It could be argued that, instead of a weak civil society allowing for the moderate democrats to bargain, the latter's conciliatory position might have weakened civil society.⁶⁴ The DP, at best, half-heartedly participated in the *de facto* referendum campaign, which might have led to the failure of the movement. If this is true, the process described in the game reversed the underlying causal relationship. While there is no way to tell whether the movement would have been a great success had the DP participated (this is highly unlikely), the weakening of civil society was apparent, as illustrated by various examples provided above. Even the *de facto* referendum campaign was initiated by political parties, and the fact that the DP did not participate was a telling sign of the dominate position of political society at the time. This logic is even more evident when we compare the actions of the DP in the other two attempted reform scenarios in this essay.

The Occupy Movement and the Third Political Reform Effort (2014-2015)

After the successful 2010 reform, much to the disappointment of the moderate democrats, relations with Beijing did not improve. Instead, in 2014, Beijing put forward its preferred suffrage proposal by maintaining a tight control over the nomination process. The so-called 8.31 decision (the date of its announcement) stipulated that Hong Kong's people could vote for their CE in a popular vote, but only among candidates who are preapproved by Beijing. The democrats fiercely opposed this, as they saw this stipulation as a move backward (previously, they could manage to nominate a candidate) and were wary that Beijing could claim to have fulfilled the promise of universal suffrage

⁶³ Wong, *Electoral Politics in Post-1997 Hong Kong*.

⁶⁴ Deep gratitude is extended to an anonymous reviewer for highlighting this point.

if this reform were passed.

The Occupy Movement (or the Umbrella Movement) in late 2014 took everyone by surprise. Originating in the long-planned Occupy Central campaign initiated by two scholars and a pastor, the actual movement unfolded in a rather different manner. In response to a sudden breakthrough created by student-led protests, large crowds appeared and started a prolonged occupation of several districts of Hong Kong. This prompted the organizers of Occupy Central to support their actions. Although the occupation finally failed to extract any concessions from Beijing, it demonstrated the reinvigoration of the prodemocracy movement, especially the participation of civil society. It is noteworthy that prodemocracy parties and politicians had minimal impact on the unfolding of events throughout the occupation.

The strength of civil society was apparent during the movement. Even before the Occupy Movement, there had been a resurgence of contentious politics.⁶⁵ As compared to the previous low turnouts (less than thirty thousand on average), 100,000 people participated in the 2012 and 2013 July 1st protests, according to University of Hong Kong Public Opinion Programme data. In addition, similar to the situation after 2003, another wave of civil society forces flowed into political society, especially the younger generation. This was best illustrated by the rise of Scholarism, an organization formed by students during the above-mentioned campaign against patriotic education. Although the Occupy Movement was fluid in structure and largely spontaneous, Scholarism was widely considered one of the leading organizations behind the movement.

Against this background, again similar to the reform effort in 2005, political society actors had little option but to toe the line of civil society. There were barely any discussions about the possibility to accept the proposal, unless major improvements were granted. As the strength of political society was overshadowed by that of civil society, politicians were not at liberty to deviate from the uncompromising position. For example, the DP, which was rather keen on negotiating with Beijing several years before, expelled a member for merely showing willingness to consider the proposal.⁶⁶ Of course, it also could be owed to the lesson learned through the costly compromise in 2010, but the Occupy Movement highlighted the eclipse of political society by a much stronger and active civil society. No political actor could risk going against the core supporters of the democracy movement. The proposal was put to a vote in the legislature in June 2015. While a blunder by the pro-Beijing camp during the voting stage made the task easier, the rejection of the proposal never seemed to be in doubt.

Therefore, the outcome of the political reform effort in 2015, like the one in 2005, can be explained by a strong civil society in the game (figure 3a).

⁶⁵ Hui, "The Stalemate in Political Reform and the Rise of Contentious Politics in Hong Kong."

⁶⁶ *Oriental Daily*, July 16, 2015.

Because civil society was active and ready to mobilize, Beijing did not adopt a conciliatory position. Instead, Beijing's insistence against any improvement upon the proposal put forth by pro-government forces was clear throughout; therefore, the reform eventually was rejected. Again, similar to 2005, the game ended with Beijing choosing the option to do nothing in the first node. While the model successfully explains the failure of the attempted political reform (status quo), it is interesting to note that, subsequently, mobilizations still occurred, in keeping with the lower half of the model, resulting in the Occupy Movement, as well as a governing crisis for the Hong Kong government and a legitimacy problem concerning the promise of One Country, Two Systems.

Conclusion

Borrowing from a branch of established top-down transition models, this essay investigates the dynamics underlying the political reforms in post-1997 Hong Kong through a comparative approach. After adaption for the local constitutional reform process, it is found that the model can satisfactorily explain the failure of the reform efforts in 2005 and 2015 and the success of the one in 2010. The two major actors in the game, Beijing and the democrats, have distinct preferences and considerations. When the reform efforts failed, the strength of civil society made negotiations and incremental improvements less attractive and forced moderate democrats to think twice before compromising with Beijing. In turn, these reform efforts were rejected, as Beijing did not demonstrate enough willingness to negotiate. Beijing would have considered negotiating only if it had believed that an agreement could have been reached with moderate democrats in an environment of weak civil society, as in the case of the 2010 reform proposal.

This essay contributes to the literature in the following ways. First, for good reasons, studies of Hong Kong politics always have emphasized pivotal events such as the July 1st march. However, although these accounts are important, they do not contribute to the formation of a systematic theoretical framework. This essay attempts to bridge this gap by developing a theory-based model, while also incorporating major societal factors into the analysis. Such a design not only strengthens the theoretical underpinnings of research and the conclusions drawn from it, but also provides a foundation for further studies. For example, it is expected that the suggested model can be applied to the analysis of future political reform scenarios. Second, as this study utilizes top-down transition models, it opens an avenue for the comparative analysis of democratization between the Hong Kong case and others. This is an interesting avenue for future research, as it can draw stronger inferences than single-case studies.

Lastly, the findings carry implications for studies of democratization. Many countries, especially those in Asia, such as Korea, Taiwan, and the Philippines, democratized with civil society groups playing an active role. Sing notes that

democratization in Hong Kong has been seriously curtailed by the weakness of civil society.⁶⁷ However, this essay demonstrates that political stagnation may be attributable to the strengthening of civil society (with the limited nature of the improvements in mind). As Hong Kong is a liberal authoritarian regime with civil liberties largely protected, intense competition for dominance exists both within and between the HKSAR's civil and political societies. This conclusion complements the findings of Wong that highlight the difficulties faced by democratic supporters in the context of such a political background,⁶⁸ and also the literature concerning how the strength of the opposition affects the success of liberalization.⁶⁹ Furthermore, according to Ma, the role of political society in the study of democratization is often downplayed or even overlooked, while too much emphasis is placed on civil society.⁷⁰ This essay provides a unique perspective by investigating how political society and civil society interact to affect the democratization process.

The major limitations of this study are similar to those usually directed toward game-theory approaches, in general. The validity of the assumptions placed into the models determines their utility and explanatory power. In the case, here, the formation of a complete information model might be debatable. We will discuss this first with reference to particular reforms, and then, more generally, in terms of game-theory models. First, the model assumes that both actors are aware of all parameters of the game they are playing. A question can be raised whether Beijing had full information regarding the strength of civil society before the proposed reform of 2015. Although the timing of the first two reform proposals allowed Beijing to observe the strength of civil society, arguably the Occupy Movement occurred precisely because of the limited framework provided by Beijing in 2014. Two responses can be offered, here. As discussed, there were signs of a resurgence in contentious politics even before the reform process. The Anti-Patriotic Education campaign, for example, was a strong one and Beijing should have anticipated what was to come. In addition, the negotiations leading to the agreement in 2010 took place only months before the final voting. Arguably, there was still sufficient time for Beijing to seek negotiations had it not been for the mass mobilization. Viewed this way, Beijing, indeed, was playing the political reform game strategically, in keeping with this essay's model.

Regardless, the analysis contained in this essay still can be formulated as incomplete information games, presented in greater detail in the appendix. Although the incomplete information games arguably are more comprehensive by also taking uncertainty into account, the current models based on complete

⁶⁷ Sing, *Hong Kong's Tortuous Democratization*.

⁶⁸ Wong, *Electoral Politics in Post-1997 Hong Kong*.

⁶⁹ For example, Lust-Okar, *Structuring Conflict in the Arab World*.

⁷⁰ Ma, *Political Development in Hong Kong*. See also, Alfred Stepan, *Rethinking Military Politics: Brazil and the Southern Cone* (Princeton, NJ: Princeton University Press, 1988).

information are kept for several reasons. First, as discussed in the previous paragraph, the complete information environment is arguably a realistic assumption, given the ease of observing the strength of civil society (as we have done above). Although the democrats might not have known whether Beijing was hard-lined, they could quickly arrive at the conclusion that it was. Even though we could start with an incomplete information game at first, it would turn into one with complete information as the process repeated itself. Second, to incorporate more dynamics into the analysis, the incomplete information model requires the estimation of additional parameters, such as how likely it would be that Beijing would find civil society to be strong (see appendix). However, the additional analytical power derived from the more complex models might be limited, at least in our case. There also is little difference between the conclusions reached by the two specifications. The availability of only three cases up to this point, and thus the lack of variations in different factors, also limits the complexity of the analysis. Therefore, the complete information models are kept for their simplicity and ease of interpretation. Further studies in this area would do well to revisit the validity of these assumptions, as they might change in the future; the preliminary works presented in the appendix provide a basis for doing so.

Besides theoretical contributions, this research also sheds light on the ongoing democratization of Hong Kong. As argued by Guillermo O'Donnell and Philippe Schmitter, an opening in an authoritarian regime without internal divisions is impossible, regardless of how strong civil society might be.⁷¹ However, more recent studies demonstrate that elite divisions might not be necessary for democratic transition.⁷² This is the case for Hong Kong. Regardless of the substance of “democracy” it envisages, Beijing at least will have to initiate the political reform process regularly for the foreseeable future, even if soft-liners are not in power. In addition, Beijing has a strong incentive to reach an agreement on democratic reform, at least when some conditions are met. This can be illustrated by the unprecedented negotiations in 2010 between Beijing and the democrats, who always have been regarded as “subversives” by Beijing.⁷³ Therefore, before the promise of suffrage can be regarded as fulfilled, such interactions are expected to recur, making the process a long-term, repeated game. This keeps the issue of democratization alive among the people of Hong Kong and provides the potential for bargaining or mobilization, which might be crucial for the future political development of Hong Kong. Considered this way, the democrats might have been justified in refusing to compromise on the latest political reform effort in 2015, which

⁷¹ O'Donnell and Schmitter, *Transitions from Authoritarian Rule*.

⁷² Barbara Geddes, “What Do We Know about Democratization after Twenty Years?” *Annual Review of Political Science* 2 (1999): 115-144, and Collier, *Paths towards Democracy*.

⁷³ Ma, “Hong Kong’s Democrats Divide.”

resembled universal suffrage but lacked its broadly honored substance (a nonrestricted nomination process), as support could have allowed Beijing to end the bargaining game once and for all.

Appendix: Incomplete Information Game

In the models described in the essay, it is assumed that there is complete information, meaning that both actors know everything about the game, including the types of players they are facing, their preferences, and so on. As discussed in the concluding section in the essay, the assumption of complete information is defensible, if not more appropriate. The simplicity and ease of interpretation offered by the complete information games also make them much more useful. In any event, to make the discussion more comprehensive, this appendix provides a variation of the games with incomplete information. It is noted that this fits rather nicely with the analysis presented in the essay. Rather than seeing this as an alternative, mutually exclusive way of looking at events, the exercise, here, aims to provide a generalizable method of understanding the dynamics of political reform. This would be especially useful if, in the future, process changed and further adaptations were required.

In the incomplete information game, we assume that Beijing is less certain about the true strength of civil society. Following the conventions in such models, we create “Nature” as a new actor who determines whether civil society is strong. This is illustrated in figure A1 in this appendix. At the start of the game, Nature decides whether civil society is strong (with probability p) or weak (with probability $1-p$). However, as the next mover, Beijing must pick the next action without knowing which option is selected. This essentially forces Beijing to consider both games simultaneously, as in figure A1. The dotted lines linking the two branches below reflect this uncertainty. The two sub-branches are identical to the games in this essay with strong/weak civil society (figures 3a and 3b).

In the setup with incomplete information, Beijing must choose between doing nothing or liberalizing the regime as in the original game, but without knowing which version it is playing. The way to analyze this game is to examine how the probability (p) affects the choice. If Beijing were convinced that civil society was strong (thus, the game on the left-hand side), it would choose to do nothing, just as in the complete information game; and vice versa if it believed otherwise. To arrive at an estimation of p , we need to compare the expected payoffs of both possible actions.⁷⁴

The expected payoff for doing nothing is simple, as it does not depend on p . It equals 3 if Beijing decides to stick with the status quo, thereby ending the game regardless of the strength of civil society. If Beijing opens up (“opens up” refers to any attempt to liberalize, including extending an invitation to civil society to negotiate), however, the payoff is 2 (status quo with legitimacy crisis), if civil society is strong, and 4 (reform) if weak. Thus, the expected

⁷⁴ Switching to an incomplete information game, the payoffs are now assumed to be cardinal rather than ordinal. For a discussion, see William Clark, Matt Golder, and Sona Golder, *Principles of Comparative Politics*, 2nd ed. (Thousand Oaks, CA: CQ Press, 2012), 320.

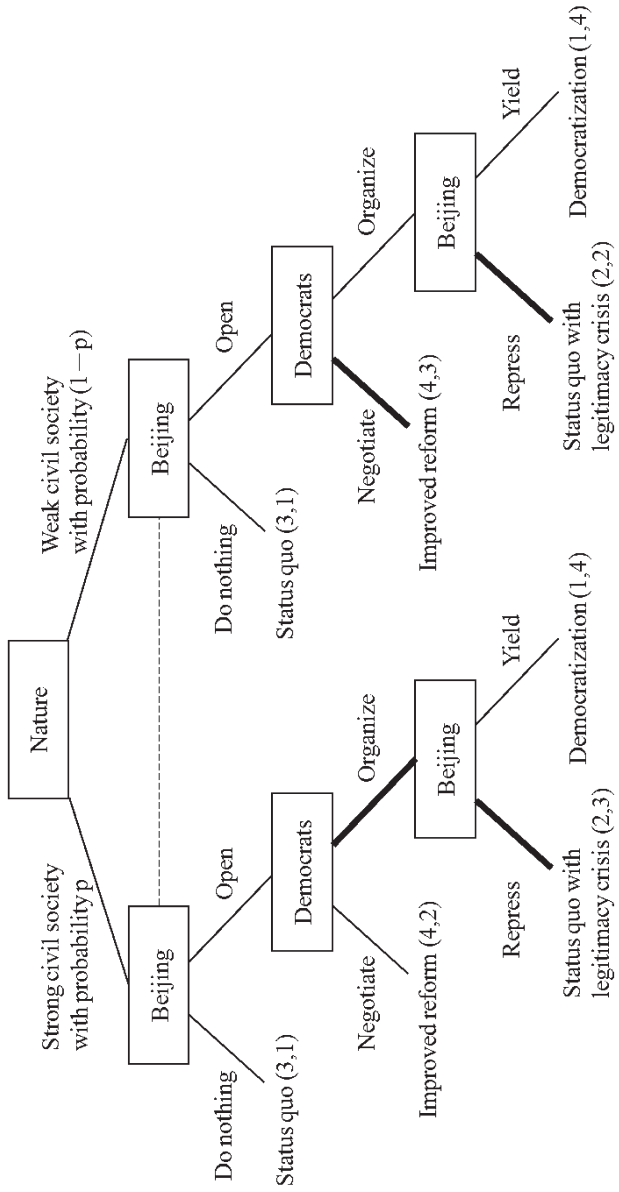
payoff for opening up is $2 \times p + 4 \times (1-p) = 4-2p$. In order to maximize payoff, rationally speaking, Beijing would consider opening up only if the expected payoff of this option were higher, resulting in the following:

$$\begin{aligned} \text{Expected payoff (Opening)} &> \text{Payoff (Doing nothing)} \\ 4-2p &> 3 \\ p &< 1/2 \end{aligned}$$

Therefore, by incorporating the incomplete information environment into the analysis, we can conclude that Beijing would seek negotiations only if it did not find it likely (less than half a chance) that civil society was strong. While this finding does not seem to be very interesting (which is also the reason why it is not included in the essay), again, the game presented serves as a foundation mainly for future development, as presently there are more interesting dynamics. The reverse case, that civil society might not know whether Beijing was soft-lined or tough, is omitted, here, as the analysis is even simpler than the one presented. Similarly, those who are interested might form a model in which both actors are not certain what types of players they are facing.⁷⁵ Based on the current dynamics, however, it is suggested that the simple model used in the essay should be sufficient.

⁷⁵ Lisa Blaydes and James Lo, "One Man, One Vote, One Time? A Model of Democratization in the Middle East," *Journal of Theoretical Politics* 24 (2012): 110-146.

Figure A1. The Political Reform Game with Incomplete Information



Note: Expected payoffs for Beijing and the democrats are shown in parentheses. The optimal choice at each node is shown in bold. See footnote 2 for an explanation of “Improved reform.”