

Lau Siu-kai

THE PRACTICE  
of  
“ONE COUNTRY,  
TWO SYSTEMS”  
POLICY  
in  
HONG KONG

The Commercial Press

## **The Practice of “One Country, Two Systems” Policy in Hong Kong**

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- Published by: The Commercial Press (H.K.) Ltd.  
8/F, Eastern Central Plaza, 3 Yiu Hing Road,  
Shau Kei Wan, Hong Kong  
<http://www.commercialpress.com.hk>
- Distributed by: SUP Publishing Logistics (H.K.) Ltd.  
3/F, C & C Building, 36 Ting Lai Road,  
Tai Po, N. T., Hong Kong
- Printed by: Elegance Printing & Book Binding Co., Ltd.  
Block A, 4/F, Hoi Bun Industrial Building,  
6 Wing Yip Street, Kwun Tong, H.K.
- Edition: First edition, May, 2017  
©2017 The Commercial Press (H.K.) Ltd.  
ISBN 978 962 07 6593 3  
Printed in Hong Kong  
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## PREFACE

This year (2017) marks the 27<sup>th</sup> anniversary of the enactment of the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (hereafter referred to as the Basic Law) and the 20<sup>th</sup> year following Hong Kong's return to China, still 30 years from 2047, the last year of the 50-year period, within which the "one country, two systems" policy towards Hong Kong is to remain unchanged. Since Hong Kong returned to China in 1997, the "one country, two systems" policy (hereafter referred to as "one country, two systems") has been implemented in Hong Kong, with the Basic Law being the legal means of carrying out the policy. Throughout the subsequent 20 years, despite arguments in favour of "one country, two systems" along with the Basic Law, a portion of Hong Kong people, especially opposition activists, resisted the idea of Hong Kong's return. While Article 23 of the Basic Law regarding the local obligation to legislate on national security has also not yet been fulfilled, Hong Kong yet enjoys prosperity, stability, and continued development, though not without administrative difficulties. Although Western voices are occasionally raised in criticism of alterations in Hong Kong following the return, the international community, by and large, thinks highly of the progress Hong Kong has made. Generally speaking, "one country, two systems" has proven to be a wise and appropriate policy and has been successful on the whole.

Notwithstanding, we must be aware that "one country, two systems" – as a policy submitted during a specific historical moment and aimed at solving a problem left by history – has to take into consideration the interests, demands, and points of view of all parties concerned, as the policy also reflects the process and consequences of the rivalry among them. Therefore, it unavoidably includes content that is contra-

dictory or even “unreasonable”. As time goes by and the international order, domestic situation and Hong Kong society continue to change, “one country, two systems” and the Basic Law, aimed at keeping Hong Kong’s original system and lifestyle unchanged for 50 years, will inevitably encounter various difficulties and new challenges, some of which might have been anticipated before the return and others of which could not have been. Nevertheless, all of them have to be addressed within the dual frameworks of “one country, two systems” and the Basic Law, frameworks that may not be even slightly adjusted unless absolutely necessary. In this sense, the challenge of how to appropriately apply “one country, two systems” and the Basic Law, in order to resolve problems and to deal with challenges, presents a new, yet persistent task, testing the wisdom and courage of all the parties concerned, including the central authorities, the Government of the Hong Kong Special Administrative Region (hereafter referred as the HKSAR Government) and the Hong Kong people.

In my opinion, an analysis of the experience and lessons available 27 years after the enactment of the Basic Law, and that available 20 years after the establishment of the HKSAR, provides us with an opportunity to make a preliminary summary of the implementation of “one country, two systems” and helps us to put forward some questions that we must consider in order to implement “one country, two systems” more effectively in the years remaining. We can also take this opportunity to explore how to better practise the Basic Law, promote the prosperity, stability, development, and efficient governance of Hong Kong, and improve the relationship between the central authorities and the HKSAR Government. I also hope that this book will provide some reference materials pertaining to the question of whether to keep and how to carry on with the “one country, two systems” policy after the 50 years.

In June of 2014, the State Council Information Office of the People’s Republic of China issued a *White Paper* entitled *The Practice of the “One country, Two Systems” Policy in the Hong Kong Special*

*Administrative Region*<sup>1</sup> (hereafter referred to as the *White Paper*). Based on the report of the 18<sup>th</sup> Communist Party of China (CPC) National Congress, the *White Paper* comprehensively states and summarises the experience and lessons from the practice of the “one country, two systems” in Hong Kong since Hong Kong’s return. In addition, it reiterates and expounds the central authority’s policy towards Hong Kong in a solemn and explicit manner by highlighting the power and responsibilities of the central authority under “one country, two systems”. As it aims to reiterate and further explain the consistent basic principles, strategic objectives, and core content of the central authority’s “one country, two systems” policy, the *White Paper* can be regarded as the most authoritative exposition on the practice of “one country, two systems”. On the one hand, the *White Paper* reiterates that the practice of “one country, two systems” “has proven the importance of the status, power and responsibilities of the country and the central authorities”; on the other hand, it criticises those views that only focus on the “two systems” aspect while overlooking the “one country” aspect. Undoubtedly, the *White Paper* serves as the most appropriate supplement to the Basic Law, with the two expounding the “one country, two systems” policy from the perspectives of law and policy respectively.

The purpose of writing this book is to explore and analyse how “one country, two systems” has operated in practice and to identify the difficulties it has encountered and the problems deriving from the policy. Whether viewed as a strategy or a policy, the principles, ideas and objectives of “one country, two systems” are bound to conflict with reality, especially in considering that the current, real situation is one of constant flux and considering that “one country, two systems” needs to mitigate the discrepancies among all parties concerned. Even though

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1 State Council Information Office of PRC (2014). *The Practice of the “One Country, Two Systems” Policy in the Hong Kong Special Administrative Region* (《“一國兩制”在香港特別行政區的實踐》). Beijing: Foreign Languages Press. See also *Guide Readings for the Report of the 18<sup>th</sup> CCP Congress* (《十八大報告：輔導讀本》) (Beijing: People’s Press, 2013), which provides references on Beijing’s Hong Kong policy. On pages 339-347 of the guide readings, the article “Enrich the Practice of ‘One Country, Two Systems’” (“豐富‘一國兩制’實踐” by Zhang Xiaoming (then the vice-director of the Hong Kong and Macao Affairs Office of the State Council) is of great help.

central-authority leaders had considered all kinds of possible scenarios when formulating the “one country, two systems” policy, it was difficult to anticipate all the possible future changes. Therefore, when encountering difficulties and problems during the practice of “one country, two systems”, we should address them with rationality, tolerance, and a realistic mindset rather than accuse our predecessors of short-sightedness or ill-judgment, or even to jump to the premature conclusion that “one country, two systems” is inappropriate.

Recognising the wisdom and contributions of the planners of “one country, two systems”, this book also points out the policy’s internal contradictions as well as the problems encountered during its practice. The contradictions and problems result not only from the conservatism, static thinking and compromising tendency of “one country, two systems”, but also from the rapidly changing situation in Hong Kong, mainland China, and the rest of the world. This book further points out that the contradictions and problems not only prevent the strategic objectives of “one country, two systems” from being realised, but also pose obstacles to the prosperity and stability of Hong Kong, the relationship between the central authorities and the HKSAR Government, and the effective governance of Hong Kong.

When contradictions and problems became increasingly apparent and unavoidable, both the central authorities and different sectors of Hong Kong attempted to put forward suggestions and enact measures to address them. However, opinions and actions from different sectors consistently contradicted each other, triggering frequent political conflicts and pronounced social divisions, which were reflected in the perennial political struggles centring on political-system reform. Political struggles would in turn damage Hong Kong’s social and economic development. This book also attempts a description of the above situation.

Twenty years have passed since the return, and there are still a fair number of Hong Kong people, especially the political opposition, who hold an understanding of “one country, two systems” that is at odds with that of the central authority. One reason is that these people

tend to understand “one country, two systems” from the perspective of “Hong Kong-centrism”. Most importantly, the opposition in Hong Kong has always deliberately interpreted “one country, two systems” from the “unique” perspective of “Hong Kong as an independent political entity”, and unscrupulously distorted the central authority’s exposition of “one country, two systems”, claiming that their own “version” was the most authoritative one. For quite a long time after the return, based on the “non-interference” principle, the central authorities did not criticise or correct the opposition’s misrepresentative interpretation, which generated widespread misconceptions of “one country, two systems” in Hong Kong, severely distorting the practice of “one country, two systems” and damaging the relationship between the central authority and the Hong Kong people. As a result, when the central authority later took actions toward “rehabilitation”, they were criticised by many Hong Kong people for violating “one country, two systems”.

In this book, the reason why I so often cite remarks from Deng Xiaoping (鄧小平) and other leaders and officials before Hong Kong’s return is that I want to present the original and true intention and understanding of “one country, two systems”, hoping to tackle it at the source, clarify doubts, resolve conflicts, restore the truth and clear up the misconceptions of some Hong Kong people. I am convinced that only after the central authority and Hong Kong people reach a consensus on the understanding of the “one country, two systems” policy will the practice of the policy go smoothly and its strategic objectives be realised. Here I would like to remind readers that in this book I usually refer to the Chinese Government as “the central authority” and the totality of national political institutions as “the central authorities”. However, in order to indicate the fact that Hong Kong was a colony of Britain before the return, I still use “the Chinese Government” or “the Chinese side” when I describe the situation before the return.

As a preliminary review of and outlook on the Basic Law and the “one country, two systems” policy, which were enacted 27 years ago and implemented 20 years ago respectively, this book aims to analyse experiences and draw conclusions regarding lessons that have been

learned in order to pose questions worthy of in-depth discussion. I am sure that there are a large number of people who hold unlike views of and arrive at different conclusions about the topics discussed. This book only represents my personal observations, and I welcome any suggestions and comments.

Lau Siu-kai  
Hong Kong, 2017

# INTRODUCTION

The “one country, two systems” policy is an important national policy and strategy that has helped maintain the stability and prosperity of Hong Kong, enhance the relationship between the central authorities and the Hong Kong Special Administrative Region (HKSAR), and make full use of Hong Kong’s economic value to China after the Chinese Government regained sovereignty over Hong Kong, taking over from Britain in a peaceful manner. At first, “one country, two systems” was put forward for the prospective peaceful reunification of both sides of the Taiwan Straits. But, even without this background, the Chinese Government would have been very likely to come up with a similar policy when addressing the Hong Kong issue left over from history. From the perspective of its essence and objective, “one country, two systems” is a continuation of the “long-term planning and full utilisation” policy which was set forth towards Hong Kong after the establishment of the People’s Republic of China. Both policies were intended to support and coordinate the strategy for national development and international relations formulated by a Chinese government led by the CPC [Communist Party of China]. In essence, the two policies are an important part of the strategy. “One country, two systems” has enabled Hong Kong to continue to make contributions to the nation after the central authority took it back in 1997.

However, the specific content of “one country, two systems” was influenced by the international landscape, Sino-British relations, the political challenges facing the CPC, as well as the situation in mainland China and Hong Kong at a time when the issue of Hong Kong’s future was emerging. In other words, as a solution for addressing the issue of Hong Kong’s return, “one country, two systems” was a special

product crafted in a special historic period, its objective being to ensure a peaceful and smooth transition in reclaiming sovereignty over Hong Kong from Britain and to maintain Hong Kong's stability and prosperity in the long term. Its core idea was to preserve the present state of affairs in Hong Kong in the late 1980s for an extended period, to disperse Hong Kong citizens' political doubts and fears, and to boost their confidence in Hong Kong's future. Its core content such as "Hong Kong people governing Hong Kong with a high degree of autonomy and original system and lifestyle remaining unchanged for 50 years" expresses the very solemn commitment of the Chinese Government to accommodate the interests and concerns of all the parties both at home and abroad.

"One country, two systems" undoubtedly demonstrates that the CPC-led Chinese Government is rational, pragmatic, flexible, and innovative in administering the nation. Meanwhile, it is essentially an expression of conservatism and static thinking, for it proposes that the "current state" of Hong Kong is to remain "unchanged" for 50 years. Undoubtedly, since changes take place all the time in Hong Kong, it is hardly possible to "remain unchanged for 50 years". Still, the Chinese Government's promise of "Hong Kong remaining unchanged for 50 years" plays a significant part in comforting Hong Kong people amidst their worries about the future of Hong Kong and their fear of change.

The issue of Hong Kong's future arose in a historic period when China walked out of the shadow of the Cultural Revolution, abandoning the route centring on political struggles. Meanwhile, the CPC set economic development, centring on "reform and opening up" as China's national strategy and strived to rebuild its political prestige through economic growth as well as the improvement of people's livelihood. Hong Kong played a remarkable role in carrying out the national development strategy at that time, so the Chinese Government decided to offer Hong Kong the preferential policy of "one country, two systems", which fully alleviated the worries of Hong Kong people and satisfied their demands. From a historical perspective, the period signified the most favourable time for Hong Kong people to "bargain" with the

Chinese Government whenever the issue of Hong Kong's future arose. From another perspective, it was also a time when the interests of the Chinese Government and Hong Kong people were more closely intertwined. Taking into account the existing conditions of the time, the "one country, two systems" policy served as a wise arrangement in line with the common interests of both sides.

The policy of "one country, two systems" was put forward in the 1980s when China experienced amicable relations with Western countries, especially the U.S.. At that point, China's reform and opening up policy needed to obtain recognition and support of the Western world. It was a time when Britain and the U.S. were trapped in diplomatic, economic and political predicaments. China and the U.S. intended to team up to cope with the threat from the Soviet Union; both Britain and the U.S. were disinclined to see Hong Kong's return to China, but neither did they harbour a strong intention to prevent China from taking it back. Instead, they hoped that Hong Kong, after returning to China, would push China onto the path of "peaceful evolution". Meanwhile, China was not willing to fall foul with Western countries or to weaken their mutual strategic partnerships over the Hong Kong issue. The country understood that support from Western countries was indispensable to the continuous stability and prosperity of Hong Kong. The relatively positive political atmosphere and relationships between China and Western countries provided a favourable environment for all stakeholders to accept "one country, two systems".

Since "one country, two systems" is attentive to the interests, points of view, concerns and hopes of China, Britain, Western allies, as well as mainland and Hong Kong people from various classes and backgrounds, there are unavoidable contradictions and a tendency to compromise on principles. In other words, some arrangements, promises or policies in "one country, two systems" conflict with others or cannot be achieved simultaneously with others. From time to time, the contradictions have provoked political conflicts among the parties concerned, which hampered the practice of "one country, two systems", weakening all parties' confidence in "one country, two systems" and diminishing

the effects of its practice.

What is worse, the British, the political opposition in Hong Kong and cross section of Hong Kong people refused to accept the CPC and “one country, two systems”; furthermore, their understanding of “one country, two systems” was at odds with that of the central authority. These parties deliberately distorted the central authority’s “one country, two systems” by interpreting it in a “special” way and successfully implanted the “special” version in the minds of Hong Kong people. The essential gist of this “special” “one country, two systems” lies in that it regards Hong Kong as an independent political entity, denying the central authority’s jurisdiction over Hong Kong as well as the power and responsibilities that it was obliged to shoulder in the practice of “one country, two systems”.

The UK’s pursuit of “exit with honour”, in tandem with its need to maintain effective governance in Hong Kong before the return, impelled them to carry out a series of political reforms, some of which reinforced the political opposition with its “special” understanding of “one country, two systems”, and meanwhile promoted a continuation of their political power following the return. Actually, in the “long” transition period, the British had enough time to change Hong Kong’s current conditions by installing various political arrangements in Hong Kong according to their own understanding of “one country, two systems”, and they managed to force the Chinese Government to accept the changes to a certain extent. As a result, immediately following the return, Hong Kong was faced with a number of conditions incompatible with the central authorities’ vision of “one country, two systems”. Residual elements collided with some content of “one country, two systems” and intensified its internal contradictions while exacerbating the friction between some Hong Kong people and the central authority as well as between different factions in Hong Kong.

Even without the deliberate political reforms, the international landscape, national development and Hong Kong’s situation would still have undergone tremendous and continuous changes following the middle 1980s. The changes that did occur further intensified the internal

## CHAPTER ONE

# Domestic and International Situations of “One Country, Two Systems”

The issue of Hong Kong's future arose in a historical period when domestic and international circumstances favoured an arrangement acceptable to all “stakeholders”. During this period, China, Britain and the U.S. were seeking strengthened strategic cooperation in order to cope with military and diplomatic threats from the Soviet Union. At the moment, China urgently needed to actively participate in and take advantage of the western-dominated economic globalisation and marketisation in order to achieve its economic modernisation and “Reform and Opening up”; the U.S. and Britain were mired in grave international situations, domestic political instability, economic difficulties and popular discontent and needed to boost their economies by revitalising the market. As a result, China and Western countries both cherished warmer ties and hoped to discover a perfect solution that would resolve the issue of Hong Kong's future on the premise that it would not do harm to their cooperative relationship, and take into account interests of all parties. The perfect solution meant policies that could help to maintain and enhance Hong Kong's prosperity and stability, consolidate residents' confidence in Hong Kong's future, secure the interests of Western countries in Hong Kong, and maintain Hong Kong's role as an economic bridge connecting China and the world following the return of Hong Kong to China.

## International Situations

The issue of Hong Kong's future appeared between the late 1970s and the early 1980s. For over a decade, the New Cold War had been ongoing, with the Soviet Union and the Western Bloc engaged in fierce contests around the world. At that time, the national power, especially the armed forces, of the Soviet Union was on an upward trajectory, and the pitfalls of its model of economic development had yet to emerge. In contrast, the capitalist systems of the U.S. and Britain were undergoing a period of poor economic growth and stagflation. The Soviet Union was ambitious in diplomatic and military affairs, while the U.S. and U.K. were both plagued by self-doubt and pessimism. Overall, the early 1970s and 1980s was a time of dramatic global transformations that led to a favourable international environment for the peaceful and smooth resolution of the issue of Hong Kong's future.<sup>1</sup>

To give a historical perspective, not long before the close of the Second World War, the Soviet Union found itself at odds with the U.S. and its allies, particularly in Poland, Eastern Europe, Turkey, and Iran. The widening rift led to the breakdown of the Yalta Agreement and the subsequent Potsdam Agreement (co-designed by the U.S., Britain and the Soviet Union and aimed at rebuilding the postwar world milieu) which eventually led to the outbreak of the Cold War.<sup>2</sup> Later on, with the founding of new China and the outbreak of the Korean War, the Cold War intensified. However, eventually, the East and the West began to acknowledge each other's sphere of influence and basic interests in order to reduce conflicts. With the emergence of "détente" between the U.S. and the Soviet Union, the international "order" formed by the Cold

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1 Thomas, Borstelmann (2012). *The 1970s: A New Global History from Civil Rights to Economic Inequality*. Princeton: Princeton University Press; and Daniel J, Sargent (2015). *A Superpower Transformed: The Remaking of American Foreign Relations in the 1970s*. New York: Oxford University Press.

2 Fraser J. Harbutt (2010). *Yalta 1945: Europe and America at the Crossroads*. Cambridge: Cambridge University Press; John Lewis Gaddis (2005). *The Cold War: A New History*. New York: Penguin; and Michael Neiberg (2015). *Potsdam: The End of World War II and the Remaking of Europe*. New York: Basic Books.

War entered a stable period that lasted for as long as 50 years.

In form, the Helsinki Accords between the Soviet Union and the West in 1975 marks the peak of the “détente”. The Accords officially confirmed the Soviet Union’s sphere of influence in Europe in return for its promise to promote human rights within its territory and in the Eastern European countries. Unfortunately, due to the widening of the Soviet Union’s sphere of influence around the world, the Accords soon amounted to hollow promises. Following the breakup of the Helsinki Accords came the Second Cold War and the second round of the arms race between East and West.

In the heyday of the “Second Cold War”, the U.S.’s disastrous defeat in the Vietnam War not only damaged its national reputation and gave rise to economic difficulties, but it also weakened Americans’ confidence and desire to intervene in international affairs. Therefore, the U.S. entered its “retrenchment” stage in diplomatic and military affairs. Sestanovich, a former senior American official responsible for foreign affairs, pointed out that “The story of American foreign policy... is not one of dogged continuity but of regular, repeated, and successful efforts to change course.”<sup>3</sup> Such a tendency can be seen from strategies of ‘maximalism’ and ‘retrenchment’ that bear an obvious, cyclical relation to each other.<sup>4</sup>

During President Nixon’s administration, the U.S. entered a new round of “retrenchment”. In the 1970s, “It was less and less about whether America was too strong, and more and more about whether it had become too weak. Those concerned about American weakness were not just imagining things. During the Nixon, Ford, and Carter administrations, the U.S. economy was in recession almost one-fourth of the time. It was battered by ‘energy crises,’...and by chronic inflation.... With the dollar’s decline, American troops in Europe began to have trouble making ends meet....The 1970s turned into one of the sourest,

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3 Stephen Sestanovich (2014). *Maximalist: America in the World from Truman to Obama*. New York: Alfred A. Knopf. P7.

4 Ibid, P9.

most frustrating, least successful periods of U.S. foreign policy.”<sup>5</sup> From the international perspective, “Checking Soviet influence in the Middle East was not the only challenge for American policy. The war produced an embargo by Arab oil producers on exports to the United States and other Western countries.... Suddenly Americans were aware of a new kind of vulnerability—a threat to their economic confidence and well-being that was, for many, far more worrying than Soviet military might.”<sup>6</sup>

Iran had been the most important and the most reliable ally of the U.S. in the Middle East, safeguarding the oil interests of the U.S. and protecting its national interests in the region. In 1979, the Iranian Revolution broke out, unseating the then extremely pro-American Shah and establishing a new theocratic regime rooted in Islamic Fundamentalism, the first of its kind after the Second World War. This new regime not only held a completely negative attitude towards modern Western civilization, but was utterly anti-American. The Iran Hostage Crisis that occurred shortly after the revolution greatly humiliated the U.S.. The Iranian Revolution represented a defeat of the West in its contest with the East. Later, it spread throughout the Middle East and other Islamic areas, thoroughly changing the political situation and the balance of powers in the Middle East and the world as a whole. The revolution also marked a serious defeat in the diplomacy and military of the U.S., delivering a heavy blow to its global influence.<sup>7</sup>

Although the deployment of American military forces still focused on Europe and Northeast Asia, Southeast Asia was displaced by the Middle East in terms of strategic importance because of the tensions in the Middle East. Subsequently, the influence of the U.S. declined in Southeast Asia, creating conditions for China to strengthen its influence there in the years ahead. America’s diplomatic and military “retrenchment” and the expansion of the Soviet Union enabled many countries

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5 Ibid, P193.

6 Ibid, P195.

7 Christian Caryl (2013). *Strange Rebels: 1979 and the Birth of the 21st Century*. New York: Basic Books.

in the Third World to take “aggressive” actions for their respective interests by taking advantage of the contradiction between the U.S. and the Soviet Union. More often than not, the U.S. and the Soviet Union were dragged into the conflicts or internal struggles of other countries, frequently causing the U.S. to end up in the dock or to suffer embarrassment.

In terms of economics, the U.S., and its “special” ally, Britain, were both trapped in financial predicaments. The strong performance of the U.S. dollar came to an end due to the enormous financial costs of the Vietnam War. In 1971, the U.S. dollar had little choice but to unpeg from gold, leading to the collapse of the Bretton Woods system established by the U.S. after the Second World War to protect its core interests. Thereafter, American global economic and financial dominance was greatly weakened.

Meanwhile, the U.S. and Britain were facing enormous challenges from the Federal Republic of Germany, Japan and other European countries. Western countries had various disputes concerning the monetary, fiscal and economic policies, with individual countries seeking to maximise their own interests while at the same time preserving an open international trade system. In the early 1970s, the U.S. began to be challenged by a series of economic problems, including economic stagnation, inflation, high unemployment, and particularly, the surge in oil prices caused by war in the Middle East. The British economic situation at that time was as frustrating as that of the U.S. after the Second World War; Britain had been carrying out British socialism, which led to the excessive power of labour unions, uncontrollable welfare expenses, economic slowdown, and a withering entrepreneurial spirit, together making the U.K. become “the sick man of Europe”. The presence of various problems in the U.K. engendered intense discontent with government among the British people. In order to find its way out of the economic turmoil, Britain had to carry out thorough structural adjustment in its economic system.

To overcome economic difficulties and boost confidence, the U.S. and the U.K. moved to cut economic intervention and to shake off the

constraints of Keynesianism, stimulating economic growth and relying on the private sector and market mechanisms. Britain made even bigger strides than the U.S. in this regard. Its government not only reduced its intervention in economic activities, but also loosened its grip on enterprises and individuals while streamlining the laws and rules regulating economic activities. As such, there was adequate room for private capitalists and entrepreneurs to play their roles.

In such a context, liberal economics rapidly spread from the U.S. and Britain to European countries and a number of other countries. As countries consecutively opened their economies, capital began to circulate across the globe, combining with advances in information technology and a lowered cost of transportation to create an increasingly closer international economic cooperation. At the same time, transnational corporations flourished, acting as a new driving force for global economic growth. The 1970s witnessed the onset of economic globalisation which afterwards spread swiftly and aggressively throughout the globe, reshaping the global economic landscape.

In contrast, after suffering a setback in the Cuban Missile crisis and then losing its close relationship with China, particularly after the Soviet leaders claimed that it was unlikely for the socialist revolution to take place in the Third World, the Soviet Union restrained itself to some extent in its diplomatic and military activities throughout the 1960s.

In the 1970s, however, the U.S. retreated from Vietnam in dismay and lost its important ally—Iran—in the Middle East due to the outbreak of the Iranian Revolution in 1979. As a result, its foreign policy towards the Third World entered into the “retrenchment” stage. In contrast, the Soviet Union was entering into a period of diplomatic and military expansion. The collapse of the Portuguese empire in Africa offered a prime opportunity for the Soviet Union to send troops to Angola and help the pro-Soviet forces within Angola to win the civil war and seize power. The country also actively supported the pro-Soviet forces in Yemen and Mozambique and intensified its influence in Iraq and Syria. After the revolution in Ethiopia, the new government came to the side of the Soviet Union, which helped to extend the country’s influence to

strategically important places such as the Red Sea and the Indian Ocean, thus posing a grave threat to the supply line of oil to the West. The Soviet influence could also be seen throughout Rhodesia (later renamed Zimbabwe), Southeast Africa (Namibia), South Africa and other African areas.

In spite of condemnation from the international community, the Soviet Union invaded Afghanistan in 1979 and occupied the country in order to protect the “Communist” regime in Afghanistan. This directly threatened the interests of the West in the Middle East.<sup>8</sup> Despite opposition from the West, the Soviet Union took frequent actions in Europe and Latin America. For instance, the Soviet Union deployed medium-range missiles in its western territory pointing at Western Europe. What posed a grave threat to the U.S. regime was the emergence of a new left-wing in Nicaragua, located in the American “backyard”, with considerable support from the Soviet Union.

In order to reduce threats from the Soviet Bloc and curb its diplomatic and military expansion of the Soviet Union, the U.S. needed to draw China onto its side. With the improvement of Sino-American relations, the U.S. could also successfully withdraw from Vietnam. From a strategic perspective, President Nixon’s visit to China in 1972 and the reestablishment of Sino-American relations was a political masterstroke. Such strategic action completely changed the international order and greatly benefited the interests of both countries. According to an American analyst, “China also got protection from America against the Soviet Union, as well as the economically resurgent Japan. This would provide China with the security it needed to liberalise its economy to the great benefit of the entire region a few short years later.”<sup>9</sup>

Australian diplomat and scholar White holds a similar view: “At the heart of the [Sino-American 1972] deal were assurances given by Washington to both Beijing and Tokyo. In return for acceptance of U.S.

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8 Odd Arne Westad (2007). *The Global Cold War: Third World Interventions and the Making of Our Times*. Cambridge: Cambridge University Press.

9 Robert D. Kaplan (2014). *Asia’s Cauldron: the South China Sea and the End of a Stable Pacific*. New York: Random House. P28-29.