

**Sustaining Core Values in a Turbulent World**  
**Keynote Address by Mrs Anson Chan GBM GCMG CBE JP**  
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I am very pleased to be back again at Tufts University. This year's US-China Symposium organised by SURGE has a very well-chosen theme "Moving Forward" and it is an honour for me to deliver the key note address.

I guess that most of us harbour the possibly naïve hope that, by the time we reach the end of our lives, the world will have moved forward to become a rather better place than when our lives began. At the moment, I think the best we can say is that the jury is out.

I was born during the Second World War and spared its immediate impacts, but the future hopes and well-being of my family were profoundly affected by the outcome of the Chinese Revolution that brought the Communist Party to power in 1949. Along with many thousands of our compatriots, we moved from Shanghai to Hong Kong and I was just eight years old when I began my life in the then British colony. I am grateful to have grown up in a city that enabled me to have a stable childhood, an excellent education, the opportunity to have a full and rewarding career and to combine it with a loving and supportive family life.

The generations born since 1945 have been spared the catastrophe of another global conflict, on a par with those that blighted the first half of the 20<sup>th</sup> century. But sadly, we cannot point to a time in which the world has been totally free of strife somewhere in the world. A relentless toll on the lives not just of the combatants, but the civilian populations trapped in war zones, has continued. In recent days, we have been reminded by horrendous terrorist attacks in the heart of Europe, the Middle East and Pakistan, just how vulnerable we all are,

even though thousands of miles from the seat of direct conflict. Blind hatred and mindless prejudice know no boundaries.

We cannot escape the reality of these events, even if not directly involved, because we are bombarded on a daily basis by media coverage that now reaches us not just via television, radio and the print media, but via our computers and smart phones. In an increasingly interconnected world, in a very real sense we bleed from each other's wounds as well as our own.

It is hard at times not to feel that we are surrounded by turmoil, not just on an international scale, but increasingly in our own backyards - whether in the form of economic downturns, social deprivation, ethnic tensions or moral and religious bigotry. It is hard to keep hold of our own moral compass in the face of sometimes strident polemic that can cause us to question our own value systems. But it is ever more essential that we do so.

The truth is that the turbulence that is currently besetting both highly-developed and less developed societies in today's world is fuelled by many shared problems. I am struck by the number of common challenges that we face: an ever widening wealth gap; wage and salary stagnation - except in certain fast track areas of our economies; education systems that are churning out graduates with expectations of well-paid employment, but qualifications that may no longer meet market needs; an erosion of middle income jobs as the demand for some former marketable skills is replaced by technology, or migrates to lower cost economies.

Stark moral, political, ethical, religious and gender issues are increasingly polarising our societies, the more one side pushes in one direction, the more the opposite side pushes back. It is becoming harder and harder to find any middle ground. In an increasingly intolerant environment, it can be all too easy to forget that while we have a right to our own opinions, we must also respect the right of others to hold theirs.

Over the past 30 years, Hong Kong has been blessed with being one of the world's most peaceful, cosmopolitan and economically successful cities – with exceptionally low levels of violent crime, high employment and a population that prides itself on its social mobility and self-reliance. Those who predicted doom at the time of the return of sovereignty to China in 1997 were proven decidedly wrong. Under the terms of the Sino-British Joint Declaration and the concept of 'one country, two systems', Hong Kong transited smoothly from British to Chinese rule.

Lately, however, cracks have been appearing in our social edifice. As elsewhere in the world, we are discovering that past tried and trusted economic formulae can no longer be relied upon to lead to increasing prosperity. The conventional capitalist theory of the trickle-down effect of economic growth is not working: the rich keep getting richer while levels of poverty remain stubbornly high. In Hong Kong it is estimated that some 18% of our population live close to or below our established poverty line, and this in a city where some 30% of the population lives in government subsidised housing and all permanent residents are eligible for free schooling, medical and an array of welfare services.

Young Hong Kongers in particular fear a bleak future in which their job prospects look increasingly limited and housing is largely unaffordable for young first time buyers, unless they have the benefit of generous parents to help them with the down-payment. At the same time, they are becoming increasingly disenchanted by a steady decline in the quality of governance and distrustful of the Central Government's long term intentions towards Hong Kong. Symptomatic of this unease is a recent sharp rise in the number of applications for US student visas at our local Consulate General.

Under the terms of the Sino- British Joint Declaration and the Basic Law we are guaranteed a high degree of autonomy, with the exception of matters of defence

and foreign affairs. But, every day, we see evidence of increasing interference in Hong Kong's domestic affairs by Mainland cadres stationed in the Central Government's local Liaison Office.

Precious rights and freedoms guaranteed under 'one country, two systems' such as freedom of the press, of publication and of academic thought - are being chipped away, while our local government seems to turn a blind eye - more bent on pleasing the Central Authorities in Beijing than standing up for Hong Kong and its core values.

These fears and frustrations came to a head in the shape of the 2014 'Occupy Central' Movement - or Umbrella Revolution as it came to be known because protesters used umbrellas to shield themselves from tear gas and pepper spray. Coverage of the protest was beamed around the world, with every major international broadcaster and news organisation camped on our doorstep. Overseas commentators marvelled at the vision of thousands of people sitting peacefully in the roadways of our Central Business District, creating a virtual city within a city.

Some of us felt conflicted in our feelings about the protests. On the one hand we sympathised with the concerns of the young protesters and admired their willingness to place themselves at some personal risk to defend their beliefs. At the same time we could not ignore the fact that they were breaking the law and that, by blocking major highways to traffic, they were causing massive inconvenience to ordinary citizens trying to get to and from their places of work.

The occupation of the streets lasted for nearly 80 days and undoubtedly marks a watershed in Hong Kong's recent history. While the root causes of this unprecedented civil disobedience can be traced to the general economic and political malaise I have described, the actual trigger for the protests were decisions promulgated by China's highest law-making body: the Standing Committee of the National People's Congress in August 2014. These decisions

effectively quashed the hopes of Hong Kong people that we could elect our next head of government (known as the Chief Executive) by genuine universal suffrage in 2017. This right is promised to us in our constitution: the Basic Law of the Hong Kong Special Administrative Region but, nearly 20 years after the return of sovereignty to China in 1997, we seem no closer to achieving this goal.

The National People's Congress Decisions were preceded by a protracted period of public consultation during which many groups, including my own pro-democracy think tank: Hong Kong 2020 put forward constructive proposals for constitutional reform that were entirely consistent with the SAR's constitutional arrangements. In the event these were all completely ignored. It was clear that it did not matter what Hong Kong people said they wanted, what they were going to get was a form of managed democracy that would ensure that only candidates acceptable to the Central Government would be permitted to fill the post of head of government. In practice, we were told that, although every permanent resident would be allowed to vote for the Chief Executive, the candidates for election would be carefully pre-screened by a Nominating Committee, stacked with local Beijing loyalists, and only those that obtained the endorsement of a minimum of 50% of Committee members would be allowed to stand.

Addressing an American audience, I hardly need point out that a system of genuine universal suffrage carries with it the right to stand for election, on fair and equal terms, as well as the right to be elected – a right that is being very forcefully demonstrated in your on-going presidential primary campaigns. Even so, in the face of relentless government propaganda in favour of accepting the flawed package as better than nothing, the Hong Kong community ended up sharply divided as to whether to accept what was on offer, or stand firm on our principles.

In the end, the Beijing package was firmly voted down in the Hong Kong legislature, where endorsement by a two-thirds majority of members was

required. The outcome is that although we will be unable to move forward in 2017, we will have refused to mortgage the integrity of our future system of governance by accepting phoney democracy.

The late Martin Luther King Jr said: "We must accept finite disappointment but never lose infinite hope." I couldn't agree more: our struggle for full universal suffrage will continue. We value greatly the strong stand that has been taken by the current US Administration in support of this goal and look forward to that support continuing in the coming years.

Fifteen months on there are some in Hong Kong who choose to characterise the Occupy protests as a failure. I disagree. It is true that the protesters did not achieve their primary objective of winning genuine universal suffrage. However, the protest movement brought to the fore a new generation of highly educated young people, passionate about the future of the city they love and with the courage to stand up and be counted.

New political movements are springing up to give voice to this passion, some of which will morph into political parties and field candidates in forthcoming elections to our Legislature in September. Despite Government urgings that voters should punish those allied to the protest movement at the polls, the results of recent district elections have shown that the majority of the Hong Kong electorate has no intention of doing so.

On the contrary, at a recent by-election called to select a replacement for a legislator who had resigned, a young 'localist' candidate – with no previous political track record - garnered a significant number of votes and, in the process, succeeded in rattling the cage of the established parties contesting the seat.

'Localism' is a new phenomenon on the Hong Kong political scene which places top priority on the defence of Hong Kong's core values and way of life. It has been fostered directly by perceptions that, on the one hand, the Central Government is not fulfilling its side of the bargain in implementing 'one country,

two systems' while, at the same time, Hong Kong's Government is not doing enough to defend the rights and freedoms that underpin this concept. In its extreme form, some sectors of the 'localist' movement are advocating independence for Hong Kong; but this is not supported by the vast majority of Hong Kong people who accept that independence is neither a desirable nor realistic aspiration.

Hong Kong people do not want independence from China; they simply want to preserve the values, freedoms and lifestyle that make the city so special. If Hong Kong becomes just like any other Chinese city, it will lose the ability to continue its current unique and enormously valuable contribution to China and to the world.

As China has risen in economic power and influence on the global stage there has been a tendency to downplay Hong Kong's continuing importance as a bridge between east and west and a powerful force for economic freedom. The reality is that Hong Kong is still the foremost international city in China and many countries have huge stakes in the city's future, both in its own right and as a gateway to business and investment in the Mainland.

To cite just a few examples. According to the 2015 World Investment Report by the UN Conference on Trade and Development, Hong Kong is the world's second largest recipient of foreign direct investment, behind Mainland China, and the world's second largest source of FDI after the US.

Hong Kong is the world's 8<sup>th</sup> largest trading economy and the 15<sup>th</sup> largest exporter of commercial services. Seventy of the world's top 100 banks operate in Hong Kong and we are home to the world's premier off-shore RMB centre, the largest IPO market, fifth largest foreign exchange market and sixth largest securities market,

Despite the rise in importance of Shanghai, Hong Kong is still:

- the most important entrepôt for the Chinese mainland

- the largest foreign investment source of the Chinese mainland
- the key offshore capital-raising centre for Chinese enterprises.

The terms of the Sino-British Joint Declaration and our constitution: the Basic Law that flows from it, enable Hong Kong to have a swathe of bilateral relationships in its own right. Hong Kong was a founding member of the World Trade Organisation and is an active member of the Asia-Pacific Economic Cooperation (APEC) the Asian Development Bank (ADB), the World Customs Organization (WCO) and a raft of United Nations organisations.

Hong Kong is signatory to over 60 air services agreements; visa waiver agreements with 42 countries, double taxation agreements with 35 countries and regions, legal assistance agreements with 35 countries and investment promotion and protection agreements with 17 countries. The city hosts 61 foreign consulates-general and 59 honorary consuls and some 3.800 foreign companies have made Hong Kong their regional headquarters or representative office, of which US firms make up the largest number at some 21%.

In short, the international community has a big stake in little Hong Kong, with the US playing a particularly important role in the business life of the city, through your Consulate General and a very active Chamber of Commerce.

Hong Kong's ability to take its place as one of the world's leading economies and a trusted treaty partner rests firmly on the fact that, despite many current shortcomings in our system of governance, the rule of law still prevails alongside a robust and independent Judiciary. It is this fact that enables the US and many other overseas jurisdictions to enter into cooperation with Hong Kong authorities on a wide range of matters.

By way of example, I know that US law enforcement agencies particularly value their professional and effective partnerships with the Hong Kong Police, Customs and our Independent Commission Against Corruption, including the sharing of

information and intelligence and coordinating investigative activities into criminal enterprises.

We know that adherence to the rule of law is pivotal, not just to the health of society and the well-being of Hong Kong people, but to the city's continuing role as a leading service-based economy in the fields of law, banking, fund management, accounting and insurance. These services can only flourish effectively in a regulatory environment that is transparent, fair and free from corruption.

In June 2014, in defence of the rule of law, some 1,800 members of our legal profession and their supporters – all wearing black - marched in silent protest at the contents of a policy document issued by the Central Government authorities that described members of the Judiciary as quote 'administrators' unquote who should be 'patriotic' when it comes to exercising their duties.

The concept of the separation of powers is an anathema to China's Communist system which believes that the executive, legislative and judicial arms of government should work together to maintain social stability and underpin Party control. In consequence, sustaining the rule of law and our other core values will require constant vigilance and the courage of our convictions.

This has been exemplified by a particularly shocking recent event that captured worldwide attention and sent a chill through the entire Hong Kong community.

A Hong Kong bookseller, Mr Lee Po, who also happened to have a full British passport, was apparently spirited across the boundary into Mainland China last December by Mainland security agents. He did not tell his wife he was leaving and wasn't carrying any form of travel document. His wife filed a missing person report with the Police, but shortly afterwards was contacted by her husband to say that he had gone into China of his own volition to help with an investigation.

It then emerged that the owner of the publishing house, and three other employees of the Hong Kong bookstore, were also in detention having been picked up outside Hong Kong jurisdiction. It seems their 'crime' is to be involved in publishing books that are banned in Mainland China, including works that delve into the private lives of the top leadership and the less savoury inner workings of the Communist Party elite.

Despite well-established channels of communication with their Chinese opposite numbers, the Hong Kong Police and boundary control authorities have been effectively powerless to secure any explanation of how and why Mr Lee left Hong Kong in such mysterious circumstances. Meanwhile the detainees have been coerced into proffering a series of public explanations for their disappearances that would be laughable if they were not so Orwellian in their grotesqueness.

Some of the booksellers have been allowed to return briefly to Hong Kong, only to make an almost immediate U turn back to the Mainland. Local and international pressure, including by overseas press associations and rights organisations, has clearly forced the Mainland authorities to deal with these cases in a more transparent way than they intended, but the bottom line is that Mr Lee and his colleagues are still far from being free agents.

This is one of the most extreme examples, since the 1997 Handover, of our sovereign power feeling it can act with impunity and complete disregard for 'one country, two systems' when its national interests are deemed to be under threat. It cannot be stressed too strongly that Mr Lee and his colleagues have not broken any Hong Kong law. The action they have faced seems to be symptomatic of Beijing's trend towards increasingly authoritarian rule, including zero tolerance of any form of dissent at home and an uncompromising stance on many issues of foreign policy.

It is troubling that China's much vaunted 'peaceful rise' is being discredited by its expansionist behaviour in the South China Sea. China has the potential to be

a force for tremendous good in the world. Already she is using her considerable fiscal reserves to invest heavily in economic and transport infrastructure, particularly in the African continent where she is supporting the construction of much needed roads, railways, ports and mines. Some will see this as primarily a strategy to gain access to the many strategic commodities that China needs to feed her growing industrial and manufacturing industries. I am not so cynical, but it is my hope that China will do more to demonstrate ethical as well as economic leadership in the developing world.

One thing is clear, constructive engagement – particularly between the US and China is essential. The world's two superpowers need each other; they can and should build on their growing inter-relationship to promote global peace and stability and improve the livelihoods, not just of their own people, but across the world.

One area where I see particular scope for enhanced bilateral US/China cooperation is in the development of strategies to combat global warming and protect the environment. The threats to our planet's ecosystems and living environment, posed by climate change, make us feel helpless in the face of developments that, as individuals, we can do so little to remedy.

The fact is that those of us who have the luxury of living in developed countries - with all the benefits of a plentiful water supply at the turn of a tap and electricity at the flick of a switch - want our cake and eat it too. We want to be able to get on a boat or a plane and go wherever we want, when we want; we want to enjoy air-conditioned comfort in summer and central heated warmth in winter. At the same time we want to do everything we can to protect the future for our children and grandchildren, not to mention our fellow citizens in the poorer half of the world who don't see why their economic development should be held back because rich nations have already guzzled a disproportionate share of the world's resources and continue to do so.

In common with many countries that have industrialised rapidly, China is now suffering the impacts of widespread environmental degradation; winter air pollution in Beijing and other northern Chinese cities has reached life threatening levels, due primarily to a continued reliance on coal-fired power generation. There is no doubt that China recognises the magnitude of the challenges she faces to repair the damage that has been done to the living environment of millions of its citizens.

The December 2015 Paris Agreement, that followed four years of negotiations under the auspices of the UN Framework Convention on Climate Change, yielded much more positive and constructive results than many could have hoped for and provides a beacon of hope. The agreements reached would not have been possible without both developed and developing countries being prepared to show flexibility. As the world's largest emitters of greenhouse gases, I hope that China and the US will continue to work together to speed up development of green technology solutions, including renewable and other non-carbon emitting energy sources.

I also hope they will continue to build on other opportunities for cooperation on economic and trade issues. Anti-China rhetoric may be a vote winner on the campaign trail, but it overlooks just how mutually inter-dependent the economies of the world's two largest economies have become.

Two-way trade between the United States and China has grown from US\$33 billion in 1992 to over US\$598 billion in goods in 2015. China is the third largest export market for U.S. goods (after Canada and Mexico), and the United States is China's largest export market. Total foreign direct investment by China in the US totalled US\$63 billion at year-end 2015, up from US\$9 billion just five years ago. The composition of this investment has become considerably more diverse and spread across a wide range of sectors. On the downside, the global economy is already feeling the effects of the slowing down of economic growth in China: the price of oil has crashed and demand for commodities slumped.

But it is also important to remember that the ties that bind nations together are not just about trade. In 2014, China was the fourth largest source of inbound tourism to the US - with some 2.2 million visitors - and the second largest source of visitor spending, at a whopping \$21 billion. China also topped the list for the largest number of foreign students in the US at over 300,000, or 31% of total overseas students.

I started this address on a somewhat bleak note, saying that I thought the jury is out as to whether the world is moving forward. In our turbulent world, we are presented with a patchwork of light and dark that, for the time being, seems more dark than light.

The challenges are enormous. But I take heart from the fact that they are now being confronted more honestly and openly. We may still have a long way to go to achieve a world that has rid itself of the curses of racial and religious prejudice, human trafficking and slavery, discrimination and violence against women; but at least we are acknowledging these problems and recognising that nations must work together to solve them.

I am proud to see that, in many parts of the world, brave women are in the vanguard championing humanitarian reform and social justice. German Chancellor Angela Merkel, at some political cost to herself and her party, has stepped into a crucial leadership role in the on-going Syrian refugee crisis that threatens to overwhelm the combined resources and compassion of European Union members.

British film maker Leslee Udwin's searing documentary 'India's Daughter' dealt explicitly with the huge problem of sexual harassment and violence against women in India, which is still too often callously ignored by a patriarchal society, or worse still blamed on the women rather than the perpetrators. But Indian women are now fighting back. The so-called Gulabi Gang of women who dress in bright pink saris, claim a network of 400,000 members who are not afraid to

take on men guilty of domestic violence and lobby police and legal authorities relentlessly to get justice for abused women and their families.

Worldwide, NGOs like the Kering Corporate Foundation are helping tens of thousands of victims of sexual violence and spearheading legislation to provide women and girls with better protection and redress. Here in the US, the Foundation notes that one in five young women will be the victim of sexual assault at some point during her university studies. These are problems of truly global proportions. The world is moving forward but there is still a very long way to go to ensure that women in all societies are treated with equal respect and offered equal opportunities to obtain an education, decide when and if they want to marry and how many children they give birth to.

The question is often asked as to whether universal values exist. Former United Nations Secretary General Kofi Annan answered this question with a resounding 'Yes' in a lecture he gave in December 2003 to the Global Ethics Foundation. I think I can do no better than bring this address to a close by quoting some of his words on that occasion:

***"Today, as globalisation brings us all closer together, and our lives are affected almost instantly by things that people say and do on the far side of the world, we also feel the need to live as a global community. And we can do so only if we have global values to bind us together."***

Referencing the Millennium Declaration, Mr Annan noted that all the signatory states had reaffirmed certain fundamental values as being "essential to international relations in the twenty-first century": freedom, equality, solidarity, tolerance, respect for nature, and shared responsibility. I would add to this list the rule of law, without which it is impossible to safeguard the rights of the individual to enjoy the benefits from these values.

As a proud Chinese, it is my sincere hope that my country can strengthen its role as a nation that is helping the world to move forward on all fronts. While

Chinese overseas investment is helping to raise the living standards of millions, the picture at home is not so encouraging. The dynamics of the current leadership in Beijing are opaque, but it is clear that the instincts of the Communist Party are, as ever, to suppress freedom of thought and clamp down firmly on those who appear to challenge its doctrine in any way. The leadership also seems to continue to believe, in my view mistakenly, that as long as you can sustain economic growth, the populace will be happy to forego basic political rights and freedoms.

My most cherished hope is that, over time, China can evolve peacefully into a nation where basic human rights are guaranteed and where every individual has an equal right and opportunity to influence how and by whom he or she is governed. Providing we hold fast to our core values, I am certain that Hong Kong can play a key role in helping to chart a course towards more democratic government on the Mainland, something that I am sure all of us here today earnestly wish for.

I thank you for this opportunity to address this Symposium and look forward to participating in the forthcoming Panel Discussion.