



CNN – Quest Means Business

Honk Kong Protests, China

Robert Lawrence Kuhn, July 1, 2019





Host: Hi, joining me now we've got Robert Kuhn, he's a longtime advisor to Chinese leaders and corporations. He's written a book called "How Chinese Leaders Think," and is a chairman of the Kuhn Foundation, thank you much sir, thank you so much for joining us. Interesting, interesting stuff. We just heard that Carrie Lam should come out and speak. She's going to do that in an hour. What is the message she should be sending? Because we know the protestors want a change. They want you to see the extradition bill revoked and they also want to see her resign.



RLK: Well, she's not going to resign, but what she's likely to do is to say she has made mistakes and that she will listen to the people. But the violence does the cause no good. We had almost 2 million people out in peaceful protest and they were making a very strong statement. Violence by a few hundred undercuts that.

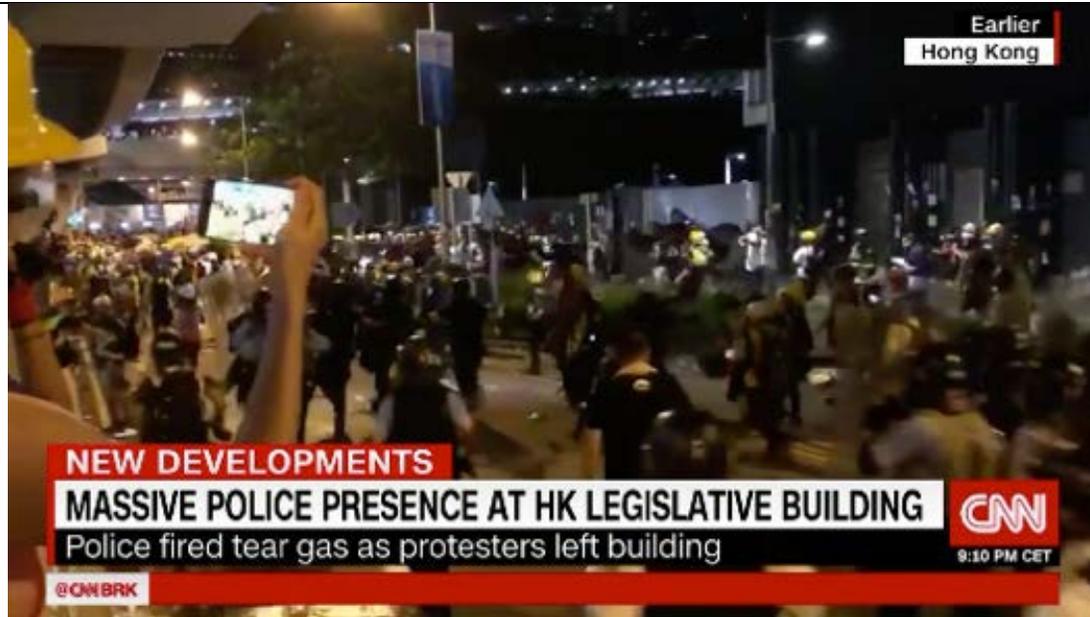
Host: Yeah. So what's interesting to know – we were talking about this earlier – is why police were hesitant to come in. Why did they show that reticence?





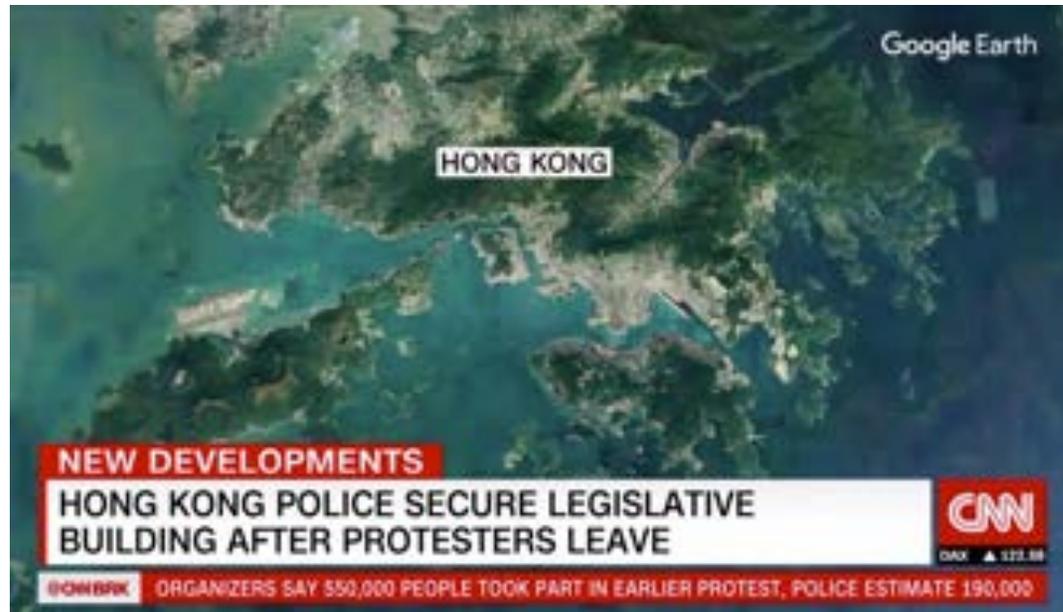
RLK: They didn't want to have martyrs on their hands, that would do no one any good. That would be additional cause for anger against the government. That was very smart.

RLK: Look, it's really important to understand why Hong Kong is so important in the world scene today because it's so important to Beijing, to China. There are four reasons, two economic and two political. Economic—Hong Kong has been the gateway to China for decades.





RLK: That is actually less important today with the rise of Shanghai and Shenzhen. But the new importance of Hong Kong is its the key to what's called the "Guangdong Hong Kong Macau Greater Bay Area". This is a coordinated economic plan, which is at the core of China's economic transformation. There's one in the north, Beijing-Tianjin-Xiong'an, and one around Shanghai. But this is important—the Greater Bay Area around Hong Kong has a GDP of \$1.5 trillion or more dollars, 12% of China's entire GDP. So that's really important.





RLK: Politically, there are also two reasons. One is that it exemplifies the "one country, two systems" approach that China would like to apply also to Taiwan. And it also shows Beijing's soft power. So, a lot is at stake here.

Host: Exactly. And I wonder if this is the litmus test to how semi-autonomous Hong Kong really is. Because the question is who's making these decisions? Who's actually pulling the strings here?





RLK: Right. Well, certainly, Hong Kong is a part of the People's Republic of China. They've been so for 22 years; this is not a secret. Beijing has let the Hong Kong government run its own government. That's their approach. Clearly there's communications behind the scenes, that's obvious. But Beijing is going to want, in every situation, as much as possible, for the Hong Kong people to maintain their self-rule.





RLK: Now there are red lines - pardon the pun - that China will not allow. There won't be any moves towards quasi-independence. If chaos would extend further, other means would be taken. The central government in China will do the minimum that it has to do, but it will maintain order.

Host: You mentioned that they didn't want any kind of violent confrontation and that's why the police were standing by and watching this.

Host: But was there perhaps another political reason why the police allowed protesters to go into parliament and deface parliament?



RLK: Well, one can always make up conspiracy stories – and I'm sure every possible story has somebody behind it. And so there's some truth in everything that you can say. But I think we agree that the violence undercuts the cause, which was promulgated by Hong Kong's biggest demonstrations ever. That was a very powerful statement. This is mixed at best.

Host: So, what do you think it does for the movement overall?





Host: I think today hurts it. Hong Kong people are not, at their core, political, they're economic human beings. I mean, they're focused on business — Hong Kong has been the number one, or certainly in the top three, places to do business in the whole world for decades. They want to maintain that. That's their DNA — doing business. Now, there was a real issue with what they perceived was an erosion of Hong Kong's semi-autonomous way of doing things and that's why you saw two million people on the street. But the violence will undercut that. Most Hong Kongers will not support what we saw today.





Host: Okay. So, you've got protest action that doesn't seem to be letting up. So, what is the next step here? Because it seems that the government is standing its ground. We're going to hear from Carrie Lam. That's going to be interesting, to see how it plays out.

RLK: Sure. And I think they will have to stand their ground, but I think she has said already, and she will continue this, to show some flexibility; that she has admitted she made mistakes, she needs to reach out more. I expect we will hear some of those—

Host: What is the fate of this extradition bill? Do you think it needs to be done away with?





RLK: That's a tricky question because de facto it has been done away with. I don't know what may happen in three, four, five years from now, but de facto, they've let it die. They don't want to specifically say that because that might give too much fuel to the protest and encourage more. So, the moves that the government will make — backed by Beijing I'm sure — will be to make the kinds of moves that will minimize the likelihood of additional protests. And that will include letting the bill sort of die a kind of a quiet death, but not make it obvious, because that would give too much of a reward to the protesters.

Host: Interesting. Thank you very much sir. Great to have you in the studio with me.



