

# Special Administrative Region and the System of Special Administrative Region

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*The successful practice of “One Country, Two Systems” in Macao constitutes a glorious new chapter in Macao’s history and is a magnificent achievement in the development of China.*

– Hu Jintao

## I. Introduction

A new socio-political system, i.e. that of “One Country, Two Systems”, has been practised in the Special Administrative Region (SAR) in accordance with the Basic Law of the Macao SAR of the People’s Republic of China (hereinafter as “the Basic Law”) under the framework established by the Constitution of the People’s Republic of China (hereinafter as “the Constitution”). Article 5 of the Basic Law stipulates, “The socialist system and policies shall not be practised in the Macao Special Administrative Region, and the previous capitalist system and way of life shall remain unchanged for 50 years.” This clearly defines the essence of “One Country, Two Systems” policy, which requires, with the prerequisite of ensuring integrity of China’s national sovereignty, a) retaining the “previous capitalist system and way of life”, and b) this to remain “unchanged for 50 years.” What are meant by “the previous capitalist system” and the “capitalist way of life”? Why and how should these remain unchanged? These are the questions demanding clear answers and thorough understanding so that we can be sure of keeping the policy unchanged for 50 years and ensure the long term prosperity and stability of the SAR.

One thing is certain: the reason for maintaining the previous capitalist system is its proven effectiveness. This does not mean however that only capitalism was previously in existence in Macao, or that no other advanced notions or practices, save the previous capitalist system and way of life, can be accommodated in the SAR. With China’s resumption of the exercise of sovereignty over Macao, the establishment of the Macao SAR and full implementation of the Basic Law, the SAR system enshrined in the Constitution and the Basic Law has gone into full operation since the return of Macao. In the SAR, matters concerning national sovereignty, such as national defense and foreign affairs, are handled directly by the Central Government. The Chief Executive and principal officials of the government are appointed by the Central Government. The Chief Executive is subjected to periodic reviews by the Central Government. All these are not part of the previous capitalism. The SAR enjoys an unprecedented high degree of autonomy, including the power of

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final adjudication, and preferential arrangements provided at various levels by the motherland, which again are not in the previous system. The enhancement of civic and patriotic spirit of the Macao residents and their newly gained sense of national identity did not exist before. Therefore, a better and precise understanding of the new SAR system has become a core component in civic education for the SAR residents.

## **II. The system – defining the concept and gaining thorough understanding**

The word “system” is defined as a “unified system of norms based on shared common values and value choices”. It could also be described as “conformity of behaviour based on social norms in accordance with common needs and normative values.”<sup>1</sup> At the macro level, this refers to “a system of political, economic, and cultural (cognitive) relationships,”<sup>2</sup> e.g. socialist, capitalist, and feudal tribal systems. At the micro level, this implies “procedures or behavioural norms to be followed by individuals as guidelines of their actions,”<sup>3</sup> such as workplace policies, welfare system, and financial system.

A societal system as understood generally at the macro level implies “a collective term for a society’s economic, political, legal and cultural systems. It defines the nature and outward characteristics of a society.”<sup>4</sup> The foundation of a society is always its economic system. The type of system adopted by a society should be defined by the nation’s fundamental law. Drawing upon historical lessons, Deng Xiaoping once commented, “we should endeavour to institutionalise democracy and enshrine it in the legal framework, and make sure that the political institution and legal framework do not change because political leaders, or their views or focus, have changed.”<sup>5</sup> The Basic Law, promulgated as early as 17 years ago by the nation’s highest legislative body, stipulates clearly the basic system and policy to be adopted in the SAR, so that they are enshrined in the legal framework in standard and unequivocal terms, and are practical and effective in implementation. The articles 11 and 18 of the Basic Law in particular define precisely the systems, policies and laws to be practiced in the SAR.

In Macao, there is a common perception that things have remained the same as before since the Basic Law stipulates no change for 50 years. This observation has a degree of truthfulness. However, its implied understanding seems lacking in thoroughness. Article 5 of the Basic Law provides a clear definition of the important principle and spirit of the “One Country, Two Systems” principle. The SAR established within a unified socialist country could retain the previous capitalist system that had long been accepted by the local residents. On the one hand, the previous capitalist system means the economic system which had been the fundamental basis of Macao society, with protection of private property at its core. On the other hand, a series of adjustments and modifications, described in the following paragraphs, had to be made in the political, legal, cultural and social spheres in accordance with legal requirements of the SAR and the provisions of the Basic Law.

(1) In its relations with the Central Government, the SAR as an inalienable part of the national territory is a local administrative region, directly under the Central Government of a socialist country.

(2) In terms of the source of its authority, the SAR is vested with a high degree of autonomy by the highest organ of state authority which includes the executive, legislative and independent

judicial powers.

(3) In terms of the scope of its authority, the SAR enjoys a high degree of autonomy in all matters with the only exception of foreign affairs and defence.

(4) In the exercise of its authority, all members of its government, including the Chief Executive, shall be Macao local residents who comply with the principle of "Macao people Ruling Macao."

(5) The level of autonomy, which includes the power of final adjudication, is unprecedented and far exceeds that before the handover, fully reflects the principle of "Macao people Ruling Macao" and a high degree of autonomy as core components of the "One Country, Two Systems" approach.

(6) In legal protection, the SAR system operates under the protection of both the national Constitution and the Basic Law, the latter being a special law supplemental to the Constitution, which provides for the SAR's official bilingual language system and the SAR emblem and flag to be used alongside the national emblem and flag of China.

(7) In its self-administration, the SAR maintains relative independence in financial policies and taxation and its status of free port and separate customs territory. It maintains its existing network of external relations, and continues to issue currency and postage stamps, while some substance and requirements of the administration have undergone fundamental changes.

From the above analysis of the SAR system, it is not difficult to come to the conclusion that Macao entered a new era of historic development upon the establishment of the SAR. A brand new SAR system in keeping with the "One Country, Two Systems" principle and reflecting features of contemporary civic government started practical operation as the Basic Law officially went into effect. This is a new form of constitutional democracy with Chinese characteristics mandated and defined by the Constitution and its supplemental law, the Basic Law. This new constitutional system expanded the scope of socialism with Chinese characteristics, adding positive and useful elements. A special new member of the motherland came into being. The dynamic and healthy growth of the SAR for more than a decade has proved the innovativeness of the "One Country, Two Systems" approach at both theoretical and institutional levels. It has also demonstrated that two different social systems can be mutually complementary, and that rational elements of capitalism can be of service in a socialist system.

### **III. Maintaining the supremacy of constitutional norms**

Constitution is the fundamental law of the state, comprising a complete set of fundamental principles and rules governing the state. The Constitution, adopted at the Fifth Session of the Fifth National People's Congress (NPC) on December 4, 1982, clearly stipulates: "The state may establish special administrative regions when necessary. The systems to be instituted in special administrative regions shall be prescribed by law enacted by the National People's Congress in light of specific conditions." (Article 31). "To decide on the establishment of special administrative regions and the systems to be instituted there" is one of the functions and powers of NPC (Article 62). This indicates that the SAR is a regional entity beyond the scope of provinces, autonomous regions and municipalities and can practise a socio-political system different from that of the unitary state. Decision for the establishment of an SAR and its social system is the responsibility of

the highest authority of the state. The Standing Committee of the Sixth NPC passed a motion in September 1989 to set up the Drafting Committee for the Basic Law of the Macao SAR. Over a period of four years and five months, the Drafting Committee went through three submissions and repeated revisions to finalize the drafting of the Basic Law in early 1993. On March 31 of the same year, the Basic Law which provides comprehensive and systematic definitions for the systems and policies to be practised by the SAR was passed with an overwhelming majority at the first session of the Eighth NPC following vigorous review and consideration. The Legislation Law of China, adopted at Third Session of the Ninth NPC on March 15, 2000, defines the system of special administrative region to be of the same nature as the other two fundamental political systems, i.e. for autonomy of ethnic regions and autonomy at grass-root level. All matters related to these fundamental political systems need be addressed through legislative process. Article 7 of the Legislation Law also provides that “the NPC enacts and amends criminal, civil, and state organ laws and other basic laws.” The Basic Law, enacted by the First Session of the Eighth NPC was therefore one of the basic laws of the nation.

A constitutional amendment adopted at the Third Session of the Tenth NPC on March 14, 2004 added SAR to Article 59 of the Constitution, stating that “The National People’s Congress is composed of deputies elected from the provinces, autonomous regions, municipalities directly under the Central Government and special administrative regions and of deputies elected from the armed forces.” This means that NPC delegates elected by Macao SAR together with those by the provinces, autonomous regions, municipalities, and the armed forces form the highest organ of state authority. This amendment is of great significance and has far-reaching impact. It increases the total number of articles in the Constitution that are directly related to the SAR to three, and places SAR alongside provinces, autonomous regions and municipalities, the SAR system alongside the two other basic political systems for autonomy of ethnic regions and autonomy at grass-root level. Macao, of a relatively small size, now has direct bearing on the nation’s constitutional development. It is of concern to the state in its considerations on major issues and fundamental national policies.

The Constitution, as the fundamental law of the state, takes precedence over the Basic Law. It provides the constitutional mandate and guidelines for the Basic Law and the establishment of the SAR. Therefore, the residents of Macao, enjoying dual protection by the Constitution and the Basic Law as beneficiaries of the new SAR system, should adequately and rationally further identify with the motherland, the Chinese nation and culture, respect the authority of the Constitution reflecting the state’s core interests, respect the authority of the Basic Law reflecting extensively the interests of the SAR, and be citizens of the SAR with patriotic and civic spirit.

The Basic Law is a codified constitution for the SAR defining all aspects of its system. The Basic Law contains two direct references to the system of the SAR, i.e. “In accordance with the Constitution of the People’s Republic of China, the National People’s Congress hereby enacts the Basic Law of the Macao Special Administrative Region of the People’s Republic of China, prescribing the systems to be practiced in the Macao Special Administrative Region, in order to ensure the implementation of the basic policies of the People’s Republic of China regarding Macao” (The Preamble), and “In accordance with Article 31 of the Constitution of the People’s Republic of China, the systems and policies practiced in the Macao Special Administrative Region, including the social and economic systems, the system for safeguarding the fundamental rights and freedoms of its residents, the executive, legislative and judicial systems, and the relevant policies, shall be based on the provisions of this Law.” (Article 11) The systems practised in the SAR cover

three areas: a) the social and economic systems, b) the system for safeguarding the fundamental rights and freedoms of its residents, c) the executive, legislative and judicial systems. In fact, the entire Article 145 of Chapter IX contains provisions and rules for the SAR system. The First Session the Eighth NPC, when formally adopting the Basic Law on March 31, 1993, also passed a motion for four decisions which were all directly related to the SAR system to be implemented. On May 24, 2000, the State Council specified the ranking of Macao in the list of administrative entities of China, in a document entitled State Council Communications [2000] No. 51. It defines the abbreviated name for the Macao SAR and that "the Macao SAR shall be placed in the sequence of administrative entities immediately after the Hong Kong SAR and before the province of Taiwan." This means that the Macao SAR is the 33rd administrative region of province-ranking. The NPC also established under its Standing Committee a working committee for the Basic Law of the Macao Special Administrative Region comprising five members from the mainland and five from Macao, which was tasked "To study questions arising from the implementation of Articles 17, 18, 143 and 144 of the Basic Law of the Macao Special Administrative Region and submit its views thereon to the Standing Committee of the National People's Congress." The committee was marked by its high level, prominent stature, special tasks and flexible working mechanism. This was the only high level working group established by the national legislature for the implementation of a national law. This is a breakthrough and provides an extra level of support to the implementation of the Basic Law.

The Basic Law as one of the basic laws of China adopts a constitutional format and is a supplemental law to the Constitution. Its unique nature accords it a very high status, accommodating the need for safeguarding national sovereignty and the reality of Macao. It ensures the long-term prosperity and stability of the SAR, and captures the needs and aspirations of the SAR residents and the people of China. In short, the SAR system, born in the context of peaceful national reunification, embodies both theoretical and institutional innovativeness and is one of the basic political systems of the state. Its impact as a pioneering example is irreplaceable, long lasting and demonstrative.

On the eve of the founding of the Macao SAR, the NPC Standing Committee approved a series of important documents on December 20, 1999, including the Decision on Disposition of the Existing Laws of Macao Pursuant to Article 145 of the Basic Law of Macao SAR, the Decision of the NPC Standing Committee on Expanding the List of National Laws to Annex III of the Macao Basic Law, Interpretations of the NPC Standing Committee Concerning Questions on the Implementation of the Nationality Law of the People's Republic of China in the Macao SAR and the Measures for Election of Delegates of the Macao SAR to the Ninth National Peoples Congress. The Macao SAR Preparatory Committee also issued a total of 11 binding decisions, seven opinions and four measures to ensure smooth handover of government power, smooth transition and full establishment of the SAR system. During the same period, the State Council issued the Decision on Authorizing the Government of the Macao SAR to Take Over Assets from the Former Macao Government, the Ministry of Foreign Affairs issued a notice advising that "the People's Republic of China shall effect the use of passports of and travel documents for Macao SAR upon the resumption of its exercise of sovereignty over Macao on December 20, 1999."<sup>6</sup> Jiang Zeming, Chairman of the Central Military Commission, issued a decree to the Chinese People's Liberation Army troops to be stationed in the Macao SAR to enter Macao and take up defence duties. Thus, Macao SAR, one of the two SARs of China practising the policy of "One Country, Two Systems",

came into being with an entirely new image in the Orient.

## **IV. Validation through decade-plus practice**

As a new political and administrative entity at the local level, the significant development and progress that Macao SAR has achieved over the past decade is for all to see. The SAR as a brand new form of political system has demonstrated its viability and superiority, becoming an extraordinary embodiment of theoretical and institutional innovativeness in accordance with the state's constitutional development and design. Through more than a decade of implementation and practice, the new system has proved an important contribution to the "Chinese characteristics" and a lever for the eventual final unification and rise of China.

### **4.1 Tremendous superiority of the new system**

"To fully and accurately understand and implement the 'One Country, Two Systems' principle, the key is to align the love of Macao with national patriotism. It is imperative to both maintain Macao's existing social and economic systems and way of life, and uphold national sovereignty, unity and security, respecting the practice of socialist system on the mainland of China. It is equally important to uphold the high degree of autonomy enjoyed by the Macao SAR, fully protect the status of Macao compatriots in being masters of their own affairs, while respecting the power of the Central Government to resolutely oppose any interference in Macao affairs by external forces."<sup>7</sup> Clearly the SAR still has a long way to go and may even encounter some resistance while moving forward. In other words, it may be necessary that this entirely new socio-political system be further improved in actual practice. However, its development and achievement so far has clearly demonstrated the following advantages.

**4.1.1 Political advantage:** The SAR system is not only imperative but also practical, with support in many specific areas by the central and other local governments, in addition to being granted the continuation of the previously existing system. The positive elements of the capitalism and competition have been given better play, while extraordinary privileged policies have also been granted by the motherland. In fact, the SAR has become an embodiment of a rationally optimized integration of two socio-political systems. The decision adopted on June 27, 2009 by the Ninth Session of the Standing Committee of the Eleventh NPC to authorize the Macao SAR to administer the new campus of Macao University on Hengqin Island (an area under jurisdiction of China's Guangdong province) again proved that the implementation of the "One Country, Two Systems" policy is an evolutionary process of innovation and experimentation.

**4.1.2 Economic advantage:** With its close proximity to increasingly prosperous mainland, the SAR has been enjoying a boost to its economy as "a rising tide lifts all boats." The gaming industry, while not allowed on the mainland, continues to operate there. All tax revenues are kept and used for local development. Its existing network of international contacts has been retained. Allocation of resources has been sufficiently provided for with The Mainland and Macao Closer Economic Partnership Arrangement (CEPA) and its six supplementary agreements delivering remarkable benefits over the six years since its entry into force. The integration in the Pearl River Delta was also accelerated, following the official start of construction of the Hong Kong-Zhuhai-Macao Bridge project.

**4.1.3 Cultural advantage:** The SAR has been described as a high-energy accelerator, with tremendous energy generated by the accommodating, open-minded, harmonious and coherent structure of the Macao society. Its residents have patriotic passion for both the motherland and Macao. They enjoy unique international connections while benefiting from the support of the motherland. They support national reunification and unity, and can play a positive and special role in cross-strait relations between the Chinese mainland and Taiwan.

History has proved and will continue to prove that the establishment of the SAR in accordance with the "One Country, Two Systems" policy is absolutely necessary and appropriate; the practice of the Macao SAR in accordance with the national Constitution and the Basic Law is scientific and practical. The Macao model of "One Country, Two Systems" with its own unique set of characteristics is an inevitable outcome of social progress. Commitment to this model will be important to greater success of the "One Country, Two Systems" principle.

## **4.2. The nature and theoretical basis of the SAR Government**

Firstly, the Basic Law defines at the outset that "Macao Special Administrative Region is an inalienable part of the People's Republic of China" (Article 1), and is a "a local administrative region of the People's Republic of China, which shall enjoy a high degree of autonomy and come directly under the Central People's Government" (Article 12). According to the national Constitution, "The country is divided into provinces, autonomous regions and municipalities directly under the Central Government" (Article 30), and the special administrative region is therefore a local administrative area of equivalent status as the provinces, autonomous regions, municipalities directly under the Central Government. Meanwhile, the Constitution provides: "The division of functions and powers between the central and local state organs is guided by the principle of giving full play to the initiative and enthusiasm of the local authorities under the unified leadership of the central authorities" (Article 3). The provinces, autonomous regions and municipalities are different from the SAR in that they do not enjoy a high degree of autonomy, which includes executive, legislative and independent judicial power, including the power of final adjudication. These powers were separately granted by the NPC to the SAR only. The uniqueness of SAR vs. other local administrative regions lies in the combination of its NPC mandate, local administrative entity status, being directly under the central government, and being a beneficiary of preferential policies.

Secondly, the Macao SAR system is based on the Basic Law which states: "In accordance with the Constitution of the People's Republic of China, the National People's Congress hereby enacts the Basic Law of the Macao Special Administrative Region of the People's Republic of China, prescribing the systems to be practiced in the Macao Special Administrative Region, in order to ensure the implementation of the basic policies of the People's Republic of China regarding Macao" (Preamble). The Basic Law as a special and supplemental law to the Constitution provides the principles and guidelines regarding the nature of the SAR Government, legal status, mandate for its power, the relationship between the SAR and the central authorities, and external affairs. The Basic Law provides a set of scientific and practical standard, rules and systems for the SAR with clear definitions of the source of its authority and adequate and comprehensive mechanisms for smooth operation. From a theoretical perspective, the new SAR system is unique in that it is inclusive, pragmatic, innovative, experimental, exemplary and overall a breakthrough. It fulfills the mission of a) unswervingly upholding national sovereignty and safeguarding the basic rights of the

SAR residents; b) maintaining the long-term prosperity and stability of the SAR and making it a great example of the new system and development model which continuously evolves with times.

## V. Enhanced understanding of the new SAR system

Based on the principles defined in the Basic Law and the actual operations of the SAR, we may arrive at the following understanding of the new SAR system:

### 5.1 Basic features

**5.1.1 The subordinate governance relationship.** The SAR is not an independent political entity, but rather a local administrative region enjoying a high degree of autonomy within a state. Therefore, neither the principal officials nor the residents of the SAR should under any circumstances harbour notions or allow actions that challenge the central authorities.

**5.1.2 The source of granted authority and autonomy.** The source of governance authority in the SAR is the direct authorization by NPC. The level and extent of autonomy in the exercise of such authority is truly unprecedented.

**5.1.3 Innovativeness in both theoretical thinking and institutional practice.** The SAR system is definitely a product of positive innovation rather than passive reaction, representing a breakthrough in political thinking and finding the optimal systems.

**5.1.4 Alignment of established goal and practical interests.** The SAR system, reflecting the fundamental national strategy, is designed to effectively ensure the long term prosperity and stability of the SAR and reliably enhance the well-being of its residents. It will also serve as a lever in the peaceful reunification of the motherland and national rejuvenation.

**5.1.5 The far-reaching impact as an inspiring model.** The SAR system will serve as an inspiring and illuminative model for both constitutional development and social well-being, in China or elsewhere in the world, with profound, illuminating and irreplaceable impact.

### 5.2 A Few Outstanding Issues

The key to proper implementation of the “One Country, Two Systems” policy and practice of the SAR system is establishing a healthy and stable relationship between the central authorities and the SAR, for the following reasons:

**5.2.1 The relationship concerns the core interests of the nation and SAR.** It will have extensive impact on the long term prosperity and stability of the SAR, and on peaceful reunification and rise of China. It should be handled with utter care.

**5.2.2 The relationship also concerns the well-being of the SAR residents as a whole.** Any breach of the “One Country” prerequisite and debasing the relationship will be detrimental to the prosperity and stability of the SAR and directly harm all its residents.

**5.2.3 The need to adopt appropriate notions of the state and nation.** The rise of China is on an inevitable course and it is a shared aspiration of the people of all China, including residents of Macao.

**5.2.4 Testing the wisdom and potential of the SAR leadership and its residents.** As there are changing and unpredictable factors in Macao society, the test and even challenges will remain over the long term.



**5.2.5 The need to guard against possible infiltration by external forces.** The potential threats, including interferences and infiltration by external forces, are not implausible against which we can not sit back and relax. In a broader sense, such external forces include political dissidents and opposition personalities from outside Macao engaging in irrational and confrontational activities in the name of democracy either openly and clandestinely.

### **5.3 Relationship to be Handled Properly**

**5.3.1 The relationship between the national authorities and regional administration.** It has been proven that they both share common interests and destiny, with the existence of the local entirely dependent on the national.

**5.3.2 The relationship between the central authorities and local government, with the latter being subordinate to the former.** There should be sincere subordination by the local government to the central authorities, with the former not exerting pressure and passing problems upward.

**5.3.3 Authorization relationship.** For the SAR, the high degree of autonomy was granted by the central authorities with both trust and expectations by the central authorities and the people of China. The SAR should endeavour to adequately implement "One Country, Two Systems" policy and ensure proper administration, development and growth in the SAR.

**5.3.4 The relationship between prosperity and stability vs. gradual evolution of democracy.** The two are interrelated and mutually complementary. The prosperity and stability should be of primary concern which brings about real well-being of the residents, while democracy is a positive ideal which should be subject to gradual evolution and cannot be achieved overnight.

**5.3.5 Diversity and mainstream values.** While increasing globalization, diversity in political aspirations and democracy movement are inevitable trends. However, the SAR Government and residents should uphold correct mainstream values.

**5.3.6 Fairness, justice and competition.** Upholding fairness and justice to the greatest possible extent should be a core concern of a society under rule of law while the principle for sufficient and fair competition should not be ignored under any circumstances.

**5.3.7 Tradition and innovation.** As Macao's social structure undergoes rapid optimization, there bound to be challenges to stability and harmony, which cannot be adequately handled with a passive mentality. Changing the dependent mentality and adopting an innovative mindset in keeping with the times should be an inevitable choice.

### **5.4 Establishing a New Value System**

As first-generation residents and builders of the new Macao SAR, in addition to having the honour to bear witness to and be beneficiary of the new system, we need to further adjust our mindset and enhance civic awareness. Participation in the development of a new value system compatible with the new SAR system has particular significance. This new value system should include a) a respect for the central authorities and the subordinate relationship to the state; b) upholding the Constitution and the Constitution-mandated political system; c) the concept of people-centric civic governance; d) innovative and pioneering spirit; e) patriotism and love for Macao as core values; f) relentless self-improvement and keeping pace with the times. In short, the "One Country, Two Systems" policy provides for an entirely new framework for a civilized socio-political system and the SAR Government and residents are all practitioners of such a system.

Further education and cultivation of a “One Country, Two Systems” civic mentality, so as to ensure effectiveness, efficiency and sustainability of the SAR administration and civil society, will be critical to the SAR development.

## VI. Conclusion

Macao under the new SAR system underwent a profound transformation in the first decade since its return to China. It has not only accelerated its historic progress, but also developed a pioneering model with its own characteristics for the “One Country, Two Systems” approach. Its speedy progress has been billed as setting a Macao record or creating a Macao phenomenon, while gaining enhancement in the quality of its growth and public value system. President Hu Jintao remarked not too long ago that “Over the decade since Macao’s return to the motherland, Edmund Ho Hau Wah, the Chief Executive of Macao SAR, with strong support from the central authorities and the mainland, led Macao people of all circles in endeavouring to achieve constant progress in the face of challenges posed by Asian financial crises, SARS endemic and international financial crisis, in overcoming difficulties in Macao’s development and ensuring prosperity and stability in Macao with marked achievements in all fields. Macao, this historic commercial city of renown, has demonstrated unprecedented vitality and dynamism.”<sup>8</sup>

As first-generation builders of the Macao SAR and active participants in the promotion of the new SAR system, we are no doubt blessed with the historic opportunity: We are best positioned to assess the success and failures, and the progress and shortcomings, of the first round of Macao SAR development, arriving at a rational assessment. This is an opportunity we should not shy away from. We should conscientiously review and reflect upon the wealth of experiences accumulated in the first decade of the “One Country, Two Systems” practice, and promptly attend to the shortcomings. We should also thoroughly understand the fundamental safeguard and tremendous advantage embodied in the “One Country, Two Systems” approach. The approach in essence is based on the philosophy of mutual understanding and mutual benefit. At the same time, we should actively prevent partial or incomplete interpretation of the “One Country, Two Systems” principle and the Basic Law under any circumstances. There have been discussions regarding “deep-seated problems”, which in fact are either imperceptible problems that are yet to surface, or those with serious consequences or caused by inadequate and incomplete understanding of the concepts and principles in question. They may pose new challenges as we stand at the threshold of a new era. The most effective measure in dealing with such challenges can be a timely enhancement of the overall quality of the Macao government and society at large, namely, enhancing their understanding of concepts and issues and abilities to deal with challenges and competition. There is a basic concept concerning the rule of law requiring particular attention: maximizing protection of basic civil rights and restricting excess of government power. Societal progress is always an accumulative and exploratory process in the history of civilization. It is a challenge of the times for all of us (officials and ordinary residents alike) living in the Macao SAR under the new civilized policy of “One Country, Two Systems” to strive for self-improvement and self-discipline, and to keep pace, to the greatest extent possible, with the rapid social evolution. I am hopeful that we will all eventually become stronger in the process.

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- <sup>1</sup> Xu Waicheng (2002). *The Encyclopedia of China (Hardbound Edition)*. Beijing: Chinese Encyclopedia Publishing House. 1847.
- <sup>2</sup> Institute of Linguistics of the Chinese Academy of Social Sciences (Ed.) (2005). *Modern Chinese Dictionary (5<sup>th</sup> Edition)*. Beijing: Commercial Press. 1756; Xia Zhengnong and Chen Zhili (2009). *An Encyclopedic Dictionary (6<sup>th</sup> Edition)*. Shanghai: Shanghai Lexicographical Publishing House. 2949.
- <sup>3</sup> Xia Zhengnong and Chen Zhili (2009). *An Encyclopedic Dictionary (6<sup>th</sup> Edition)*. Shanghai: Shanghai Lexicographical Publishing House. 2949.
- <sup>4</sup> *Ibid.* 1993.
- <sup>5</sup> Deng Xiaoping (1994). *The Selected Works of Deng Xiaoping (Volume 2)*. Beijing: People's Publishing House. 146.
- <sup>6</sup> Zheng Yanshi (Ed.) (2000). *Collection of the Important Documents enacted during the transitional Period of Macao*. Macao: Macao Foundation. 114.
- <sup>7</sup> Hu Jintao (2009). Speech at the Ceremony Celebrating 10<sup>th</sup> Anniversary of Macao's Return to the Motherland and the Inauguration of the Third-term Government the Macao SAR. *People's Daily (Overseas Edition)*. 21<sup>st</sup> December 2009.
- <sup>8</sup> *Ibid.*