Once Upon a Time in Hong Kong

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Abstract

This study examines the political, economic, demographic, and cultural transformations of Hong Kong in the decades since its 1997 handover, with a particular focus on recent developments and potential future outcomes. The paper explores how shifts in governance, integration with mainland China, demographic realignments, and evolving identity narratives have shaped contemporary Hong Kong. The findings suggest that while political freedoms have contracted and economic primacy has diminished, the city continues to adapt through a dynamic reconfiguration of socio-economic factors and roles. Rather than representing a decline, these changes illustrate Hong Kong's ongoing negotiation between local distinctiveness and integration into broader national and regional frameworks.

Keywords: Hong Kong, China, One Country Two Systems, Greater Bay Area, governance, socio-economic transformation, demographic change, hybrid cultural identity

JEL classification: F5, N9, O2, P5, Z1

Introduction

Once upon a time in Hong Kong, one could find the most prosperous, vibrant, economically and culturally central hub of all Asia. From the late 1980s to the new millennium, Hong Kong stood proud as one of the "Asian Tigers" and as the symbol of capitalism on the continent. Sounds of Cantopop filled public spaces, local martial arts action movies conquered the world, the emblematic skyline of skyscrapers was taking shape, and the HK Stock Exchange was setting global trends.

Hong Kong has long manifested hybrid modernity, situated at the intersection of Western economic success and a strong local identity. Then the former British colony's sovereignty returned to the Chinese motherland in 1997, marking a unique experiment in political compromise, economic liberalism, and multicultural urbanism. With that, this ever-changing, multi-colored, enchanting part of the world began to transform again.

Having lived in Hong Kong for two academic semesters in 2024-25, I find the shifts in the city's society, economy, and politics exceptionally interesting for an interdisciplinary social scientist. On these pages, I join forces with contemporary scholars[2] to give a brief but comprehensive insight into where the city stands after almost three decades of evolution, and how the changes may shape the very identity and future of this unique community.

The study adopts a qualitative, interpretive approach, grounded primarily in a review and analysis of existing literature, policy documents, and statistical data, as cited in the bibliography. These secondary sources provided the conceptual and historical framework necessary to

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[2] For methodological accuracy and to avoid cognitive bias, I examined both English and Chinese language scientific publications from Hong Kong, mainland China, and internationally affiliated scholars to complement my on-field experiences

contextualise recent political, economic, and cultural developments in Hong Kong. The structure, focus, and emphases of the analysis are based on my direct observations and experiential insights gained on the ground. This combination of established research and lived experience enables a nuanced interpretation that integrates empirical evidence with reflexive, real-life perspectives.

Political transformation

It all started with a novel and mutually hopeful approach to resolving post-colonial sovereignty issues (Mathews et al., 2008). The *Chinese-British Joint Declaration* of 1984 was the treaty in which the United Kingdom (UK) agreed to hand Hong Kong back to China in 1997. In return, China promised that Hong Kong would maintain significant autonomy under the "One Country, Two Systems" formula for 50 years, and this principle was codified in the *Hong Kong Basic Law* of 1990, which still serves as Hong Kong's mini-constitution, guaranteeing rights, freedoms, and a separate legal and economic system distinct from Mainland China[1].

Since then, the political evolution of the city has been shaped by a step-by-step, delicately balanced shift from local autonomy towards central oversight. As some Hongkongers will explain, first, Beijing felt like a distant cousin who comes for a visit sometimes, but he is not much of a bother. But recently, the presence of Beijing feels like an uncle with a different mindset moving in with you and rearranging the furniture in your living room... As it will be more than transparent throughout this study, there are multiple differing opinions among Hongkongers about public issues, and it is most obvious concerning the political transformation. Some say that the tightening of the central government's control is inevitable, and "they could have done it way earlier, way more aggressively" (which is true considering regional and geopolitical realities). On the other hand, some say that Beijing should have waited the full 50 years even to begin the changes (which is also true by the letter of the Joint Declaration). The truth is in between: the central government does not intend to blatantly disregard its own undertakings, but still wants a harmonised and mainland-conform public modus operandi in place by the time the 50 years expire in 2047.

During this gradual shift, there were a few distinct steps and events that turned out to be not so gradual, drew criticism, and even became emblematic of the political changes. In 2003, the autonomous Hong Kong leadership proposed a security legislation that aimed to prohibit treason, sedition, subversion, and secession against the central government[2], but open political protests were the norm in those days, and the public successfully stonewalled that effort (Davis, 2004). In 2014, it was Beijing that proposed a framework for universal voting rights, allowing Hongkongers to vote for the Special Administrative Region's (SAR) leader, the chief executive for the first time in history – but with a serious caveat: only Beijing-approved candidates would be on the ballots. This led to massive protests, which gained global fame as the "Umbrella Movement". The movement, like other similar political manifestations driven by younger generations worldwide[3], utilised Web 2.0 tools extensively and communicated its narratives both in the real world and the virtual realm (Görömbölyi, 2022). These protests, albeit visually striking and globally televised, had no political effects, and the "patriots only" imperative has been the principle at the elections at every level ever since.

[1] For clarity, the Joint Declaration was the international agreement setting the terms of the handover; the "One Country, Two Systems" is the core political principle China promised to uphold; and the Basic Law is the local legal document that implements and details that principle.

[2] Widely known as the "Article 23 proposal"

[3] Like in Myanmar in 2007 and 2021, or in the case of the Arab Spring in 2011.

In mid-2019, Hong Kong experienced the largest protests in its history. For months, people marched and raised their voices against a proposal that would have allowed extraditions of accused criminals for trials in mainland China. Then Chief Executive Carrie Lam recognized the public will and withdrew the act in September, but the protests continued until early 2020[1], with wide international attention, as well as cases of police violence and the use of tear gas and rubber bullets. The movement's longevity and scale revealed deep frustrations over political representation, police accountability, and generational grievances (Sun, 2024) in certain groups of society.

An interesting glimpse at global narrative formulation: Up to the present day, many in the "West" think that it was the Chinese authorities that cracked down on the protesters – a narrative disseminated by major international outlets like CNN, the New York Times, Vox, or The Guardian (Zhang, 2021). In reality, it was not mainland forces, it was the Hong Kong police itself[2], resulting in a dark socio-psychological experience, leaving a scar that has still not healed between the people of Hong Kong and those meant to protect them – their own police force.

Beijing took its most direct action yet in 2020, when it bypassed Hong Kong's self-governance for the first time and imposed a new national security law. The legislation practically criminalised any dissent and adopted dangerously broad definitions for acts such as "terrorism, subversion, secession, and collusion with foreign powers" (Lau, 2021). It also allowed Beijing to establish a standing security force detail in Hong Kong and interfere with the selection of judges who rule over national security cases. Naturally, some called it "the end of Hong Kong as we know it", while – also naturally – others claimed this was necessary to restore social stability and public peace following the protests. Undoubtedly, opposition figures, publicists, and artists now think twice before expressing anything that may accidentally – or intentionally – be misinterpreted, or simply apply self-censorship (Corichi & Huang, 2023). In 2024, books were banned from the Hong Kong Book Fair for "potentially violating" the national security law's impositions.

In March 2024, Hong Kong lawmakers unanimously approved another wide-ranging security law aimed at correcting alleged loopholes in the 2020 law. Among other provisions, it broadened the scope and definition of political crimes, targeted "external interference" and theft of state secrets, and prohibited foreign political organisations or bodies from conducting political activities in Hong Kong. This may have further deterring effects on international businesses and professionals, including civil servants, diplomats, journalists, and academics. The practical implementation phase of the law began in late 2025 and early 2026, resulting in arrests[3] and disqualifications from running in the 2025 district council elections.

Interestingly, as if to add even more variables to an already complex picture, Xi Jinping, general secretary of the Chinese Communist Party and president of China, has recently announced[4] his concept about extending the "one country, two systems" policy indefinitely after its expiry. As for now, there are no details about what this would exactly mean, but he emphasised the success of the open, welcoming, and cooperative nature of the system, not only for China but for the whole world. Most Hongkongers reacted to this news with cautious optimism.

Overall, there is a balance in political changes. On one hand, it is true that Freedom House classified Hong Kong as the region that had the second biggest drop in democratic rights between

[1] Practically until the outbreak of the COVID-19 pandemic.

[2] Beijing naturally agreed with the "stabilization" efforts of the HK local government and police, but had no direct involvement in the operations.

[3] In February 2026, high profile entrepreneur Jimmy Lai received a 20-year sentence under the national security legislation, a case that generated considerable international interest.

[4] He first mentioned the idea briefly in 2022 and confirmed it multiple times in 2024.

2014 and 2024 (Freedom House, 2024). It is also true that the people consider their leader, the Chief Executive, lacking proper legitimacy. But on the other hand, it is also true that there have never been serious pro-independence voices in the city, and with Beijing's hands-on approach, it is also incomparably safer in Hong Kong today than it was in its golden days. There is virtually no street crime, and the infamous Triads[1] are also a phenomenon of the past (Johnson et al., 2020). In the 1990s, parents would hardly allow their children to many areas of Kowloon unattended. Today, Hong Kong is No. 5 on CNN and Gallup's list of safest cities globally, and No. 7 on Numbeo's list of the safest regions in the world.

There are undoubtedly many opponents of the ongoing political changes, and since they naturally voice their opinions louder than those consenting, proportionally, they may seem a lot. But if one takes a cross-section of Hong Kong society, they will find that apart from the human rights-conscious youth and some intellectuals, the majority of Hongkongers are not particularly bothered by whatever is going on at the political level. The trade-off of human rights for stability and predictability is not interfering with the everyday lives of the majority. What the majority is bothered by are the economic challenges, discussed in the next section of this study.

From regional powerhouse to skilled team player

Historically, Hong Kong's economy was defined by its strategic location, laissez-faire economic model, and its function as a gateway between East and West. In the 1980s and 1990s, it was Asia's premier financial hub, acting as a bridge for foreign capital into China and as a regional base for multinationals. That exceptional status has now for long been contested by others – Singapore and Tokyo from the wider region, Shenzhen and Shanghai from mainland China (Chen & Wang, 2021) – who offer competitive alternatives. It is not a surprise that Hong Kong has lost some of its economic charm, as its environment has changed significantly. It is now considered part of the Pearl River Greater Bay Area (GBA), where a genuine economic boom took place with Shenzhen leading the way and Guangzhou, Foshan, Zhuhai, Macau, etc. following suit. If one considers the 7.5 million population of Hong Kong in the context of this 100-million-people-strong modern and hi-tech urban hub, it becomes apparent that Hong Kong faces significant challenges to its economic position.

Make no mistake, Hong Kong is still rich, still important, the corporate taxes are still low, the regulatory systems are still transparent and predictable, and the salaries are still three times higher than across the border. Quite simply, it is not the default choice anymore for the average multinational company or real estate investor who is looking for opportunities in the third decade of the 21st century. What's more, nowadays, even some Hong Kong companies tend to find solutions for their troubles in other parts of the GBA. Just a reminder: With China's always-on-time high-speed trains, it takes exactly 14 (yes, fourteen) minutes to travel between the city centres of Shenzhen and Hong Kong, and Guangzhou is also no more than 45 minutes away.

The adaptation to this new reality is underway: currently the biggest infrastructure project in Hong Kong is the Northern Metropolis in the New Territories, positioned conveniently between the central areas of Hong Kong and Shenzhen, soon consisting of a professional services and logistics hub, a commerce and industry zone, and an innovation and technology zone[2]. News of further economic integration is an everyday occurrence. So much so that during the writing of this

[1] Organized crime syndicates (see also: Italian mafias or the Japanese Yakuza), which were pushed out of mainland China after the foundation of the PRC, only to find their place and flourish in the unregulated Hong Kong underworld. Until Hong Kong's return to the motherland, that is.

[2] Source: nm.gov.hk

paper, the Hong Kong Monetary Authority and the People's Bank of China launched their new "Payment Connect" mobile platform, enabling instantaneous cross-border money payments for goods and services (Chuang, 2025) The fast integration of fintech platforms and AI-assisted financial compliance tools further deepens the technological convergence. This shift to find the city's ideal position as one of the GBA's major urban nodes is irreversible, and, albeit painful for many, it is the only way forward (Lau & Xiong, 2022). The Hong Kong-Macau-Zhuhai bridge, the world's longest sea-crossing bridge-tunnel system, stands not only as a proud example of these changes, but also as an efficient tool to integrate the transport, the economies, and the people of the GBA.

Unfortunately for Hong Kong businesses, this ever-stronger integration allows for further challenges for the service and hospitality sector. Every weekend, 200 thousand Hongkongers, who 10 years ago would have gone out with friends or family for a big dinner to a local restaurant, now cross the border to Shenzhen to dine in top-tier restaurants for a fraction of the price, and once they are there, they do their shopping, once again, for a fraction of the price. At the same time, 200 thousand mainland tourists descend upon Hong Kong, but they eat sandwiches brought from home[1], or maybe McDonald's, and all they take back home is memories and social media selfies from the landmark spots. This economic outsourcing (Migration Policy Institute, 2023) goes up to half a million people at the time of long weekends around national holidays. Consequently, despite government subsidy schemes, one can see a multitude of closed-up stores and eateries in Central and Kowloon, the once vibrant and bustling central areas on the two sides of Victoria Harbour.

In summary, it may be the case that Hong Kong was still voted the freest economy in the world in 2024 (Fraser Institute, 2024), but this does not automatically convert to economic success as it once did. The outcomes are unclear: As government strategies shift toward integration within the GBA, will Hong Kong be able to maintain its unique financial identity, or will it gradually be absorbed into a wider economic fabric?

Demographic transitions and a new cultural texture

The previously mentioned, visiting hundreds of thousands are just coming and going, but in the wake of political uncertainty and economic slowdown, more than one million Hongkongers have emigrated in the last decade for good, with significant outflows to the UK, Canada, and Australia (Migration Policy Institute, 2023). Many of those leaving are young, skilled, and highly educated, leading to what some have termed "brain drain". Simultaneously, a roughly equal number of mainland Chinese have relocated to Hong Kong, often with similarly high educational qualifications and a trademark mainland resilience to achieve success in their chosen home – a definite "brain gain". These newcomers naturally bring with them a different cultural package, speaking Mandarin instead of Cantonese, displaying different everyday behaviors and attitudes toward governance and identity (Chu, 2021).

Even though the outgoing migration slowed significantly in 2024 and 2025, this double movement – emigration of locals and immigration of mainland professionals – has resulted in an unmistakable shift in the city's demographic and cultural fabric. Add to that the second-lowest birth rate in the world (Chan, 2025), and the slow but steady change of the social texture is obvious.

Education has changed, too. Policies now mandate national education curricula instead of the former local ones, so there are no "*colonial times*" anymore, there is only "*British occupation*".

[1] It is a rhetorical exaggeration, but they will be the first to openly tell you after a short chat, "We are not idiots, we're not paying Hong Kong prices for a restaurant meal…"

The symbolic shift from celebrating July 1 (handover day) to October 1 (People's Republic of China National Day) also reflects deeper realignments in cultural priorities. Compulsory Mandarin learning results in every child – and by now, young adult – speaking the official national language, even if their first language is Cantonese.

In certain areas like Sham Shui Po, Mong Kok, or vast maze-like estates as the Chungking Mansions, the "old school" Hong Kong lives on; however, these are usually the least developed areas with a visibly aging population. In most public fora, despite contemporary efforts from local media and cultural ensembles to preserve tradition, Mandarin is likely to overtake as the dominant language within a generation. This will render Cantonese to be the "language of the grandparents", a nostalgic memory, with which much of the defining creativity, wit, and humour of Hong Kong's glory days will be gone.

Identity

All this naturally raises the question: Is it "the end" of Hong Kong, or is it a new beginning for a city of many identities? The cultural core of Hong Kong is not static – it has, for many generations, continuously adapted to new influences, including the British occupation itself.

The arrival of the British after the Opium Wars was forged in greed and open oppression. For decades, the local Chinese (or anyone of Asian origin, for that matter) were treated like servants by the British[1]. So if one had asked the Hongkongers 100-120 years ago, they would likely have complained about the "ongoing changes". Then, out of historical coincidence, the generations that grew up in the last decades of the 20th century experienced a more civilised face of British colonialism with human rights and unparalleled economic prosperity (Benge, 2024). But the British were never meant to stay forever; the hundred years of their rule have passed, and after the numerous identity shifts before the handover, new ones started to take shape.

Some scholars attempted to cluster dominant identity orientations of contemporary Hongkongers. They came up with "Chinese, Hongkonger, hybrid Chinese-Hongkonger, cosmopolitan, and apolitical" (Yang, 2023). But these only show one's approach towards integration with the mainland, and local identities are considerably richer than such simplifications. Some live and die for the dragon boat competitions, while some spend all their free time walking and promoting the famous long-distance hikes of Hong Kong. That is real identity, regardless of what they think about Beijing – if they think about it at all. Some love their local neighbourhoods in Kowloon and make fun of the "posh and snob" (sic) people of Discovery Bay, while some moved to Wan Chai for the nightlife and consider the artists of Lamma "fake hippies" (sic). That is real identity, regardless of how they feel about language use or freedom of expression. Let alone mentioning how the Hongkongers talk about themselves with humorous irony: "We are not nice. We may even be rude. But we are practical as hell, and we get the business done." That is some real identity.

Naturally, today's Hong Kong is becoming a city shaped more by recent arrivals than by its colonial past. Culturally, the more and more accepted use of simplified Chinese characters[2], the popularity of Mandarin pop music, and the already mentioned celebration of national holidays indicate a growing acceptance of mainland Chinese norms. Yet these phenomena are organically layered atop local habits, thus creating a unique hybrid urban culture.

[1] It was not a unique phenomenon, it happened everywhere the British Empire planted its flag.

[2] Hong Kong, along with the Republic of China (RoC), kept the old traditional Chinese characters, and subconsciously built them into their identities.

Nevertheless, identity in Hong Kong today is not singular, nor is it binary. The same citizen may work for a Chinese tech firm, watch Netflix at night, speak Cantonese at mum's place, celebrate both Christmas and National Day, and date a guest worker from the Philippines or Malaysia. This multiplicity is not confusion but a reflection of Hong Kong's pluralist history and evolving present.

Conclusion: Once upon a time, and still becoming

This study intended to show that the phrase "Once Upon a Time in Hong Kong[1]" may be nostalgic, even emotional, but it is not a sad lament; instead, it is a recognition of the unstoppable flow of history. Belonging is never fixed – it is relational, contextual, and open-ended (Mathews et al, 2008). Today's Hong Kong may lack some freedoms of the past, but it also possesses new tools, voices, and networks. The younger generation, shaped by smartphones, trilingual education[2], and political disengagement, will undoubtedly chart their own narratives of Hong Kongness.

Hong Kong's identity has never been static since the times of Zheng Yi Sao, the pirate queen, who set her sails in these bays 200 years ago. So, if I want one takeaway to stay with the reader of this paper, it will be this: Hong Kong is not unique for its one identity; it is unique for the many identities under the same skies.

Hong Kong is the Cantonese-only speaking pensioner in Sam Shui Po district's endless concrete housing estates, reminiscing about the good old days. Hong Kong is the Mandarin-only speaking young engineer who recently moved from Shanghai, full of plans and commitment. Hong Kong is the Philippina domestic helper working day and night for minimum wage, seeing her children through video calls only. Hong Kong is the Western financial analyst on a one-year contract, lost in the streets of Mid-Levels, suffering from the spices of Chinese cuisine. Hong Kong is the average middle-class parent who has seen all the changes, waiting for a message from their only child living in Canada. Hong Kong is the tourist who comes and goes, oblivious to the precious complexity of this historic city.

Hong Kong is the breathtaking night lights of Victoria Harbour, and Hong Kong is the serene sunset of Lamma Island.

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[1] In recognition of not only the standard beginning of English language fairy tales, but also in recognition of Quentin Tarantino's movie "Once Upon a Time in Hollywood", in which he honours the ever-changing identities of the legendary global centre of filmmaking.

[2] The three being Cantonese, English, and Mandarin for now. Mandarin is likely to overtake in importance within the next generation.

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