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Bull in a China Shop

Hong Kong's chief doesn't understand what makes the place special

HONG KONG CHIEF EXECUTIVE TUNG CHEE-HWA HAS SAID that he greatly admires three public figures: Singapore founding father Lee Kuan Yew, former British Prime Minister Margaret Thatcher and China's late paramount leader Deng Xiaoping. If Tung wants to govern Hong Kong well, he should learn some lessons from his revered trio.

Two years ago, Hong Kong's people applauded Tung's appointment as the territory's first post-colonial leader. He was the rare local liked by Beijing leaders, capitalists and the common people. But he is losing fast the popular mandate he enjoyed, as evidenced by his sagging polls. At 57%, his approval rating trails those of two civil servants, Chief Secretary Anson Chan and Financial Secretary Sir Donald Tsang.

It's no mystery. This week marks the second anniversary of Hong Kong's return to Chinese sovereignty. Ever since the handover, Tung's government has pursued policies that place short-term expediency ahead of principles that matter over the long term. The government's August 1998 intervention in the stock market (based on the false conclusion that hedge funds were solely responsible for the worsening financial markets) was the first sign of a dangerous activism. The subsequent decision to suspend land auctions to support property prices (and thus protect corporate profits) damaged Hong Kong's international economic competitiveness. The move in February to drop corruption charges against tycoon Sally Aw created a precedent of one justice for the powerful, another for everyone else. Tung then managed to anger even some of his business pals by awarding a billion-dollar real estate project to a young but exceptionally well-connected company, without competitive tendering. Finally, and most disturbingly, Tung asked Beijing to weigh in following a Court of Final Appeal decision that his government disagreed with involving immigration rights. In so doing, Tung politicized and diminished Hong Kong's legal system.

Tung's approach puts at risk Hong Kong's precarious status as a free society under a communist sovereign. He isn't solely to blame. Some senior bureaucrats have served up bad advice; they seem to have inherited the arrogance of the colonials without the British ability to get things done. Nevertheless it remains a puzzle why, after two years, Tung has failed to shape a government of his own. For instance, he hasn't reformed the Executive Council (Exco), the territory's highest governing body. In the past, the expatriate officials and businessmen who made up the body advised the Governor on managing the colony. Tung has replaced British interests with Chinese ones, but he hasn't eliminated the body's main flaw: members are permitted

to retain control over their private businesses while also serving the public interest. Take the case of C.Y. Leung, a senior Exco appointee. He owns and manages a surveying company that prospers because it is patronized by property barons. He says he excuses himself from discussing matters involving potential conflicts of interest. But if he and others are truly capable and wise, they should attend all meetings to give advice. Here, Tung should learn from Lee, who as Prime Minister would never have tolerated the appearance of conflict of interest among his lieutenants, let alone such a blatant example.

By every account, Tung is a gentleman. He is courteous to a fault; his personal integrity is above reproach. But he adheres to misunderstood Confucian values that blindly venerate authority—often to Hong Kong's detriment. The basis of the territory's existence under Beijing's rule is summed up in the slogan: "One country, two systems." The phrase was invented by Deng, who realized that communism in China had serious flaws and that Hong Kong must be insulated from them. But whenever there is a tug between the two imperatives, Tung favors "one country." His nationalism apparently informed his decision to appoint to Exco several members better known for their pro-communist loyalty than for any relevant talents.

Sadly, Tung is missing the gist of Deng's message. Hong Kong should be helping

to lead China's evolution to modernity. But the Chief Executive and his coalition of communist fellow travelers and nonprincipled politicians still march to a feudal tune that China's younger and better-educated generation of movers and thinkers have rejected.

Winning the hearts and minds of the people requires understanding and respecting the voters. Thatcher drew strength from forcefully interacting with the people; Tung prefers maneuvering behind closed doors. A rigged political system means the Democratic Party, far and away the people's choice, remains an emasculated minority in the territory's legislature. Tung should learn to work with the party. By ignoring its views, he is telling Hong Kong their popularly elected representatives do not matter much to him. Is there any wonder his ratings are low?

It's not too late for Tung. He can still change his erratic, autocratic style, which threatens to further polarize a society already saddled with deep structural economic problems. If Tung's ratings keep dropping, he could someday become a political liability for Beijing. China might even feel compelled to intervene, however reluctantly, to save Hong Kong from itself. That would spell disaster for everyone. Tung should start learning from his heroes now. ■

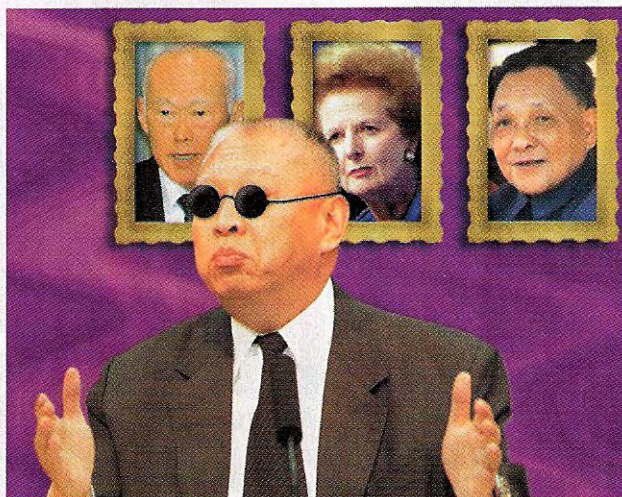


ILLUSTRATION FOR TIME BY LAW SEE; TUNG: ANAT GIVON—AP; LEE: AP; THATCHER: JOHN GILES—AP; DENG: ASHWEEN PICTURES