

HONG KONG: FEELING THE STONES EN ROUTE TO DEMOCRACY

By Chris Yeung

On its face, the political landscape of Hong Kong looks largely as it did before the Legislative Council (Legco) election of September 7. The pan-democratic camp, dubbed the opposition, took 23 of 60 seats, down from 25 in 2004. Of the rest, 34 are seen as pro-government, with political inclinations of the remaining three unclear. Broadly speaking, the Donald Tsang Yam-kuen administration has secured a comfortable majority of legislative support. As the Chinese saying goes, heaven has not changed.

Yet three months into the new Legco session, the political interplay between government and legislature has turned out to be far more complex, volatile and, at times, astonishing. The “friends-foes” political divide has become blurred as the popularity of the Tsang administration slipped into an uncomfortable zone beginning last May. While facing tough challenges from the pan-democrats, the government also has found itself the target of bashing by “friendly” parties that at times unite with the democrats on specific political and social policy issues.

In a vote that says something about the intriguing political dynamics, legislators by an overwhelming majority passed a motion to invoke special investigative powers for an inquiry into the row over the sale of so-called minibonds backed by Lehman Brothers, the failed U.S. investment bank, to tens of thousands of investors. (These investors claim sales agents misled them, perhaps in violation of securities laws, and want the government to help them get their money back.) Despite government lobbying against the move, 47 Legco members, representing both geographical and functional constituencies, voted in favor of the motion. Only four opposed, while four abstained.

Thanks to the enormous power provided by the Legislative Council (Powers and Privileges) Ordinance enacted more than a decade ago, the Lehman inquiry is likely to see such past leaders as former Chief Executive Tung Chee-hwa, and present officials such as Financial Secretary John Tsang

Chun-wah summoned to Legco's hearings to explain their role in allowing issuance of these Lehman-backed securities. With an economic crisis looming and government popularity sinking, a lengthy and exhaustive inquiry—verging on a witch-hunt—is the last thing the government wants.

Lehman Brothers and Hard Times

The political predicament caused by the Lehman controversy says a lot about the difficulties the government faces in bad economic times against the background of a flawed political system and an increasingly volatile political process. Cases aplenty in 2008 have produced what critics ridicule as “a governance fiasco syndrome.” First came the storm of criticism over handling of appointments in May of the first batch of deputy ministers, whose official title is “undersecretary,” and of their political assistants, another new category. Critics have complained about a lack of transparency and accountability in both the selection criteria and the salaries of these new junior ministers.

This political saga has emerged as the turning point of the popularity of Mr. Tsang and his administration, heralding a downward trend. In a tracking poll by the University of Hong Kong published on December 8, Mr. Tsang's positive popularity rating slid further to 50.2%, his lowest ever. Meantime, about the same percentage gave the government a satisfactory rating as termed its performance unsatisfactory, an amber warning to the government.

This dissatisfaction could be attributed to a blend of economic malaise combined with political and governance blunders. For example, hot on the heels of the row over political appointees, the government in July decided to waive its HK\$500 per month levy on employers of foreign domestic workers as part of a HK\$11 billion economic relief package. But this proposal brought more complaints than praise from these employers and society at large. Loopholes in the waiver arrangements added confusion and, rather than be thankful for the relief measure, middle class families have complained of inconvenience caused by the hastily-formulated policy change. Its dramatic revision within a fortnight of being announced brought even criticism and ridicule. Opinion polls show that most people opposed the levy, which funds a worker retraining program, and want it abolished outright. The government eventually accepted a compromise option proposed by the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), the largest pro-government political party, which waives it for five years but leaves it on the books.

A third case saw a sudden government U-turn on the issue of old age allowances, a decades-old government subsidy program for people aged more than 65 and 70. There was mounting pressure for the government to raise the monthly subsidy for 70-year-olds from HK\$705 to HK\$1,000, and the previous legislature had passed a non-binding motion favoring the increase. During the Legco election campaign, political parties of diverse political views had united on the issue and vowed to renew their call for an increase when the new legislature convened.

In what analysts have called the worst possible policy option, Mr. Tsang announced in his annual October policy address that he supported a payment increase while also favoring a new means test for recipients. If adopted, only those proven to be in genuine need would receive the monthly subsidy, a proposal that created a political storm. DAB leader Tam Yiu-chung launched a scathing attack on Mr. Tsang, saying he did the opposite of what people wanted and, worse, hurt the feelings of elderly people.

Fearful of an embarrassing rejection of the traditional Legco motion of thanks for his policy address, Mr. Tsang made a rare about-turn by scrapping his original proposal and increasing the monthly allowance to HK\$1,000 without a means test.

These government setbacks have revealed the changing dynamics of the political landscape, which now feature a more fragile governing coalition and an opposition that can be fragmented at times but not always. Taken together, these make the political process more volatile and also more responsive to changing public sentiment and, as a result, weaken the administration's ability to govern effectively.

The Coalition Grows Shaky

Admittedly, the so-called ruling coalition behind the Tsang administration (and that of Tung Chee-hwa before it) has existed in name but not in substance since the dramatic resignation of former Liberal Party chairman James Tien Pei-chun from the Executive Council (Exco), or cabinet, in July 2003. Following a massive public outcry against a proposed national security bill on July 1, 2003, Mr. Tien quit the coalition on grounds that he and his party colleagues could not back the government desire to bulldoze the bill through Legco. Because of this switch, the government lacked enough votes to pass

the bill and had no alternative but to shelve it indefinitely.

The Tien case showed the shaky foundation of the governing coalition Mr. Tung had created when he overhauled the decision-making echelon of executive authority as his second term began in 2002. For the layer of principal officials, he introduced an accountability system under which those in charge of various policies would not only come from within the civil service but also from outside it. More importantly, these officials would have to shoulder political responsibility for their policies. Thus, at the Exco level, leaders of two major political parties (Liberal Party and the DAB) and the pro-Beijing Federation of Trade Unions were brought into the decision-making system at the policy level.

After Mr. Tsang took office in 2005, he stuck to this plan. In an interview with a Chinese-language newspaper, he said explicitly that he would seek “intimate” ties with friendly parties while distancing himself from the pan-democratic opposition. This “friend-foe dichotomy” has further strained ties between him and the democrats, who consistently win most of the Legco seats decided by popular vote. Worse, the critical stances of both the DAB and the Liberals on issues like the domestic helper levy and the old age allowance show that their support was built on sand. When the government made mistakes and its policies did not receive clear public support, these putative allies not only refrained from backing Mr. Tsang but even joined the ranks of government bashers.

Following the September 7 elections, there are signs that Mr. Tsang is readjusting his approach in hopes of ending the political conundrum. In his policy address, he conceded “there is bound to be room for improvement for the expanded political appointment system, as well as the Chief Executive’s mode and style of governance.” In a subtle change of tactics, he appointed some prominent democrats to sit on statutory and advisory bodies, such as the West Kowloon Cultural District Authority board and Urban Renewal Authority.

While keeping close ties with the DAB, Mr. Tsang has moved to improve relations with the democrats and thus seek more room for political maneuvering in Legco policy debates. Speculation is rife that he will also appoint a Democratic Party leader to Exco as part of a long-awaited reshuffle.

Cosmetics or a Real Change?

It is still unclear whether all this is merely cosmetic or a sign of directional change—and whether it is driven by circumstances or reflects a genuine change of thinking. It looks certain, though, that the deep-seated mutual mistrust between Beijing and pro-democracy politicians has hampered his efforts to lead an inclusive government, even if he really wanted to, and these suspicions will continue to do so.

Signs of a thaw in the often-tense relationship between Beijing and Hong Kong's pro-democracy politicians did emerge when Mr. Tsang led a Legco delegation on a Guangdong visit in autumn, 2005; the group included some democrats who had been denied entry into the mainland since the Tiananmen crackdown of 1989. Fresh tensions arose, however, after pan-democratic legislators soon after vetoed a government package of electoral changes that would have applied to voting for the chief executive in 2007 and the legislature in 2008. Democrats contended that the Tsang blueprint was not democratic enough and, more importantly, did not include a timetable for universal suffrage.

But if Beijing leaders and Mr. Tsang hoped that China's 2007 decision to allow universal suffrage in 2017 voting for the chief executive and in 2020 Legco elections would end the protracted row, that proved to be wishful thinking. Some democrats, including Emily Lau Wai-hing and the League of Social Democrats (the radical wing in the pan-democratic camp), have refused to give up their fight for universal suffrage in the scheduled 2012 elections. The mainstream Democratic Party and the Civic Party appear willing to accept Beijing's timetable as the second-best option, but the whole pan-democratic camp remains doubtful about whether universal suffrage will be implemented as promised.

These serious doubts and uncertainty over the timetable, plus the refusal of Mr. Tsang to put a debate about the plan's details on his agenda, have deepened mistrust and skepticism in the Hong Kong polity. At the same time, the general public, tired of the long-running bickering over the pace of democratization, have mixed feelings about the timetable. Most people hope it will come true. Some are dubious. Others are indifferent. Unlike in previous elections, universal suffrage was not a major issue in the September Legco election. Opinion polls show, nevertheless, there is still considerable support for universal suffrage at the earlier time, namely 2012.

The Economy Begins to Dominate

With the Hong Kong economy slipping into recession and fears that unemployment will surge, Bill Clinton's campaign slogan of "it's the economy, stupid" has dominated the mindset of both government and society. But just as in the early 2000s when a prolonged economic downturn increased public discontent with the former Tung administration, the overall Hong Kong scene looks set to be fraught with uncertainty in 2009.

According to the government's timetable, a consultation paper on the electoral arrangements for 2012 will be published for debate during 2009. This will put the universal suffrage issue back on the agenda just as the economy looks certain to remain weak and perhaps be growing weaker. If the government continues its run of policy blunders and administrative errors, public discontent may heat up again by the sensitive date of July 1, the anniversary of a 500,000-strong public protest against Tung administration policies. Pundits already are betting there will be a big turnout on July 1, 2009.

The lingering dispute over whether to agitate for universal suffrage in 2012, despite insistence by both mainland and Hong Kong governments that it cannot happen, plus the unsettled political and economic scene for 2009, makes it doubly difficult to hold a thorough and thoughtful debate on a wide range of complex constitutional issues that relate to universal suffrage. These include the development of party politics, the relationship between the executive and legislative branches and the future development of the political appointment system.

Much has been said about the anomalies of Hong Kong's political system. Among them is the fact that the Chief Executive and his/her administration holds no seats and therefore has no steady, solid allies in Legco. Results of Legco elections show that the configuration of power often is in flux, making it difficult for the government to push through contentious legislation.

Though still usually called the biggest loyalist party, it seems more accurate to describe the DAB's relationship with the government as one of strange bedfellows. In addition, after suffering a leadership split following its election fiasco, the business-oriented Liberal Party still is searching for new policy direction. There are even doubts within the business community about whether the Hong Kong system has room for an effective center-right party

representing values like free markets and conservative political thinking. On the other end of the spectrum, the emergence of the League of Social Democrats, a radical wing of the pan-democratic camp, has profoundly impacted Hong Kong politics. Though winning less than 10% of the vote in geographical constituencies, its radical political line and headline-catching political stunts have brought it both much publicity and some influence. Thus the League has been able to put pressure on the other two major pan-democratic parties, the Democratic Party and the Civic Party, regarding their attitudes toward such issues as universal suffrage in 2012.

In a November interview with the Hong Kong Journal, Mr. Tsang maintained it is important that Hong Kong find its own path to democracy, pointing out that Asian efforts to emulate American and British styles have brought mixed results. Skeptics may have grave doubts about Beijing's promise to permit universal suffrage in 2017, but there also are good reasons to believe the pragmatic Chinese leaders, under President Hu Jintao, hope to put an end to this decades-long debate. Doing so would not only help reduce divisiveness but also add a sense of purpose and urgency as the society gets ready to resolve such issues as the development of party politics, business participation in politics and executive-legislative relations.

There are no indications Beijing already has a detailed political model in mind. Perhaps because of that, Mr. Tsang has said he will leave final resolution of the issue for the chief executive who succeeds him in 2012. To borrow the mantra of the late Chinese patriarch, Deng Xiaoping, it is a case of "crossing the river by feeling the stones" as Hong Kong inches its way towards the destination of "one person, one vote."

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