Former colonial official named Hong Kong chief executive

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Donald Tsang, 61, was automatically selected as Hong Kong's new chief executive on June 16 after Beijing's hand-picked electoral committee declared him to be the only valid candidate. He was formally inaugurated on June 23 in Beijing, replacing the former chief executive Tung-Chee Hwa, who resigned in March.

The "election" was always a foregone conclusion. Tsang received at least 710 nominations for the post from the 794-member committee. Challengers included Lee Wing-tat, the chairman of opposition Democratic Party, who obtained only 50 nominations. The minimum required for a "valid candidate" is 100 nominations and so a formal committee vote, scheduled for July 10, was declared unnecessary.

While the mechanics of the election went according to plan, the fact that Beijing was compelled to push Tung out and install Tsang is the product of a political crisis. Tung, a wealthy shipping magnate, was installed as chief executive following the British handover of the former colony to China in 1997. As a loyal supporter of Beijing, he blocked any democratic reforms and provoked widespread hostility.

On Beijing's orders, Tung attempted in 2003 to push through an anti-subversion bill that would have outlawed the activities of groups banned in China, such as Falun Gong. On July 1, the anniversary of the British handover, up to half million people protested against the proposed law, forcing Tung to eventually put the legislation on hold. Demonstrations have continued over the past two years calling for direct popular elections for the post of chief executive and the legislative council.

Along with demands for democratic reform, the protests were also spurred by social issues—deteriorating living standards, unemployment and the lack of social services. Another large demonstration took place on July 1 last year, again overshadowing the official celebrations of formal handover. Despised as a stooge of Beijing, Tung and his administration were increasingly paralysed. He finally resigned in March for "health reasons" but no one was in any doubt that he had become a political liability for Beijing.

Tsang's selection was not accidental. He previously functioned as chief secretary under Tung and demonstrated his willingness to implement Beijing's requirements. But while he was an integral part of the Tung administration, Tsang was not in the public limelight and has been able to distance himself to some extent from Tung. Various polls have found that he enjoys overwhelming support, especially among young people. Both of these qualities—his past loyalty and relative popularity—make him useful to the Chinese bureaucracy.

As a former top colonial official under the British, Tsang has been able to cast himself as having a certain independence. He has also played up his record as a poor boy made good. Given the current economic difficulties in Hong Kong, there is a certain hankering for the past—the handover of Hong Kong coincided with the 1997-98 Asian economic crisis and a marked decline in living standards for many people.

The illusions in Tsang are likely to be short-lived. He is not known for his defence of democratic rights. As Chinese leaders have pointed out, the people of Hong Kong had even less say under British colonial rule. Moreover, Tsang cannot reverse the underlying economic decline of Hong Kong. Over the past decade, it has steadily lost its position as the gateway for foreign investment into China.

Beijing's turn to Tsang reflects an effort to reach a new accommodation with the Hong Kong ruling elite. Whereas Tung represented a relatively small number of entrepreneurs with close ties to the Chinese leadership, Tsang is well-connected to the old colonial bureaucracy, about which Beijing has always been suspicious. In the negotiations prior to 1997, the last British governor Chris

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Patten argued for the retention of the previous public servants. China had denounced Anson Chan, who remained as chief secretary until 2001, as “a running dog” for the British.

Tsang’s support in Beijing, as well as from Hong Kong business circles, also hinges on another key factor—his willingness to ruthlessly implement the demands of the market. His career in the Hong Kong public service has been substantially in economic areas—in trade and finance. He was promoted to treasury secretary in 1993 and to the top economic position of financial secretary in 1995. Significantly, he played a key role between 1985 and 1989 in the negotiations between Britain and China over the Hong Kong handover.

Tsang earned the gratitude of the Hong Kong business elite when in the midst of the Asian economic crisis he authorised the spending of $US3.2 billion in 1998 to prop up the island’s stockmarket. Amid growing economic difficulties, Beijing and local business leaders want to be sure of a chief executive who can implement tough economic policies. Tung, on the other hand, has the reputation of being a failed businessman who bankrupted his father’s company and then did the same to Hong Kong as a whole.

At the same time, China’s suspicions about Tsang remain. Beijing has insisted that the new chief executive will initially only serve out the remaining two years of Tung’s five-year term of office. The decision has involved months of wrangling over the strict interpretation of Hong Kong’s mini-constitution—the Basic Law. In effect, Beijing is hiring Tsang on a two-year probationary period.

Tsang is not as beholden as Tung to Beijing, which bailed his failing shipping business out of financial difficulties. He is closely associated with Hong Kong business that retains economic links to Britain—for instance, the London-based Hong Kong and Shanghai Banking Corporation (HSBC). Tsang’s links to Britain are epitomised by his British knighthood—a fact that he tried to downplay after 1997.

In his “election” campaign, Tsang sought to balance populist posturing with expressions of loyalty to Beijing. In the press conference to declare his formal candidacy on June 2, he declared that he would “reach out beyond the electoral body to all citizens of Hong Kong”. At the same time, when asked about the Tiananmen Square massacre in 1989, Tsang indicated that it was time to bury the issue.

“I had shared Hong Kong people’s passion and impetus when the June 4 incident happened. But after 16 years, I’ve seen our country’s impressive economic and social development. My feelings have become calmer. We can see the country has changed in the past 16 years. We see major economic and political reforms, changing the lives of the 1.3 billion people and indirectly benefitting the people of Hong Kong. I think that we should look at it in this angle,” he said.

Tsang indicated prior to his installation that he would revive plans to introduce the anti-subversion bill suspended by Tung. He also promised to continue to lower tax rates—a policy that will mean further cutbacks to public sector jobs and services.

These comments were duly noted in Beijing. The state-controlled Xinhua News agency commented on June 23 that Tsang was “a man who knows the rules”. It approvingly cited a Hong Kong reporter: “He has never disobeyed any decisions made by his superiors during his more than 30-year career as a civil servant... He is also an ‘iron hand’ when enforcing government policies...”

After Tsang’s selection, the Hong Kong-based *Min Pao* newspaper warned that he was already destroying his popularity by embracing a pro-Beijing line. “Hong Kong’s public had high hopes for Donald Tsang. That’s why in the past two weeks, when everyone saw him show his arrogant and stubborn side, they felt disappointed.”

Such comments will not sway Tsang. Just as under the British, this long-time bureaucrat will endeavour to carry out his duties and balance the competing interests of different masters to the best of his ability. He is completely indifferent to the democratic aspirations and pressing social needs of ordinary working people.

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