

# The Legitimacy Problem of the Hong Kong SAR Government: Challenge and Response

TIMOTHY KA-YING WONG

*Post-handover Hong Kong has witnessed sharp fluctuations in public attitudes toward the government of the new Special Administrative Region (SAR). Many have raised questions regarding the governance and legitimacy of the SAR government. Some have even felt that the government has been faced with a serious legitimacy crisis. This paper reviews and summarizes some of the major trends in public opinion toward the SAR government from July 1997 to June 1999. Based on this data, it then seeks to discuss the current condition of government legitimacy, the challenges facing the ruling administration, and the strategies employed to cope with these challenges.*

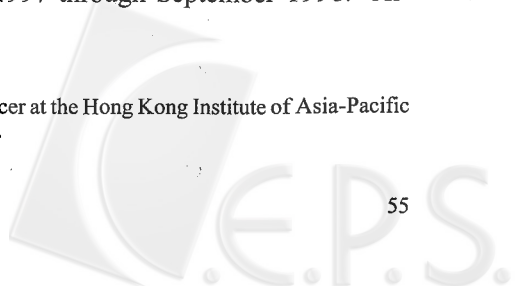
**KEYWORDS:** legitimacy; public support; Hong Kong SAR government; ruling strategy; Beijing

\* \* \*

Two years have passed since the transition on July 1, 1997 of Hong Kong from a British colony to a Special Administrative Region (SAR) under Chinese sovereignty. The period has witnessed sharp fluctuations in attitudes of the Hong Kong public toward the new SAR government. Various opinion surveys show that the rate of support for the government reached a dangerous low from July 1997 through September 1998. Al-

---

**Dr. Timothy Ka-ying Wong** is a Research Officer at the Hong Kong Institute of Asia-Pacific Studies, the Chinese University of Hong Kong.



though support then climbed a minor degree, public discontent remained high throughout the first half year of 1999. Many have thus raised questions concerning the governance and legitimacy of the SAR government. Some have even felt that the government is facing a serious legitimacy crisis.<sup>1</sup> This paper attempts to examine some of the major trends in public opinion toward the SAR government in the past two years and discusses the current condition of government legitimacy, the challenges the ruling administration faces, and the strategies employed to cope with these challenges. Unless otherwise noted, the data used here is drawn from a continuing telephone survey research project conducted monthly beginning July 1997.<sup>2</sup>

### Legitimacy and Political Support

Legitimacy here refers to the people's support for the political system in which they live.<sup>3</sup> According to political scientist David Easton, such support can be diffuse or specific. The former refers to the people's general attachment to the political system as a whole and is largely independent of the varying performance or outputs of the system and is relatively endur-

---

<sup>1</sup>Li-kung Sung, "The Social Consequences of Government Intervention in the Market: A State Theory Perspective," *Hong Kong Economic Journal Monthly* 22, no. 7 (1998): 4-5; Ching-shi Chan, "Tung Chee-hwa and the Ruling Crisis of the SAR Government," *Ming Pao*, August 5, 1998, B4.

<sup>2</sup>Undertaken by the author of this paper and sponsored by *Apple Daily*, this project is an ongoing attempt to chart the condition and change of Hong Kong's public attitude toward the "one country, two systems" practice in Hong Kong after the 1997 handover. The sampling for every monthly survey involves two steps. First, a fixed set of telephone numbers is randomly selected from the latest *Hong Kong Residential Telephone Directory*. In order to include those numbers unpublished in the Directory, the last two numbers of the selected telephone numbers are replaced by computer with two new, random numbers. Second, after successfully reaching the selected resident, a family member aged eighteen or above is selected for an interview in accordance with the last birthday rule. For every valid phone number, a maximum of three contacts at different times are made before it is classified as "unanswered." The survey is conducted at the end of each month. Some of the survey findings are published in *Apple Daily* every month, and a full report of every monthly survey is kept in the Institute's Documentation Unit for record.

<sup>3</sup>Dennis Kavanagh, "Political Culture in Great Britain: The Decline of the Civic Culture," in *The Civic Culture Revisited*, ed. Gabriel A. Almond and Sidney Verba (London: Sage Publications, 1989), 152.

ing. In contrast, the latter is contingent on the individual's perception of the system's performance and may vary greatly even over short periods of time.<sup>4</sup> Specific support is directed at the political parties, their leaders, and the performance of governments. Usually, people's offering and withdrawal of specific support depends on their awareness of the authorities, their ability to associate the satisfaction and dissatisfaction of their needs and demands with the perceived behavior of the authorities, and their attribution of responsibility to authorities.<sup>5</sup>

The distinction between diffuse and specific political support is important because it helps us differentiate general disappointment at a political system and mere loss of support for specific authorities in that system. In addition, disappointment and consequent loss of support for specific authorities (particularly the government), if maintained for sufficient time, will carry over and lead to general dissatisfaction with the system, especially when the government is an undemocratic regime. Hence the distinction may also highlight the possible linkages between the two processes. In whatever case, legitimacy is the prerequisite for any government wishing to rule with stability in a modern society. When the legitimacy of a political system in general or of a government in particular is seriously questioned or challenged, governments tend not to function properly, often resulting in social or political disorder.<sup>6</sup> Since factors that affect legitimacy vary and are difficult to detect in advance, we must thus analyze how the government involved responds to the challenge of a legitimacy problem. Failure to cope with the challenge may threaten the survival of the government and even cause the system's general breakdown.<sup>7</sup>

In retrospect, the political system in Hong Kong has been rather unique both before and after the transition from a British colony to a Chinese SAR. Before the transition, the colonial political system was basically con-

---

<sup>4</sup>David Easton, "The Concept of Political Support," *British Journal of Political Science* 5 (1975): 437-39.

<sup>5</sup>Kavanagh, "Political Culture in Great Britain," 153.

<sup>6</sup>Siu-kai Lau, *Hong Kong Politics in Transition* (Hong Kong: Wide Angle Publishing Company, 1993), 383-84.

<sup>7</sup>Jürgen Habermas, *Legitimation Crisis* (Boston: Beacon Press, 1973), 33-94.

structed under the authoritarianism of the governor, who was appointed by the ruling party in London rather than being elected by local society. While the governor was subject to both British law and all ordinances passed by the Hong Kong Legislative Council (Legco), his delegated authority in relation to the colonial society was ample. He was both the commander-in-chief of the armed forces and the head of the colonial government. He had the power to sign bills and promulgate laws, and enjoyed the right to refuse his assent to any legislation passed by the Legco or even dissolve the Legco and order fresh elections at any time. Until constitutional changes beginning in 1984 somewhat reduced the governor's control over the Legco, he had the power to appoint civil servants in order to form a majority of the seats on the council, and councilors were bound to follow his instructions on how to vote. All appointments, promotions, transfers, and dismissals of the civil service were made by him or in his name. He appointed all judges and magistrates and could pardon any convicted criminal and remit all or part of his or her sentence. In short, in the colonial political system, the governor and his government monopolized most of the political power of the colonial society and allowed no other major authorities independent of the government to challenge his rule.<sup>8</sup> Hence, the governor and the government he led became the principal political authorities upon which the diffuse support of the Hong Kong people focused. If the colonial government led by the governor failed to bring about social order and economic prosperity, not only would specific support for the government rapidly decline, the diffuse support for the entire colonial political system would also be jeopardized, as witnessed by the large-scale anti-British riots in the 1960s.<sup>9</sup>

The SAR political system inherited many of the attributes of its colonial predecessor. Chosen by a selection committee of four hundred members in Hong Kong who were largely pro-China in orientation and then formally appointed by the Chinese government in Beijing, the Chief

---

<sup>8</sup>Timothy Ka-ying Wong, "Constraints on Tung Chee-hwa's Power and His Governance of Hong Kong," *Issues & Studies* 33, no. 8 (August 1997): 28.

<sup>9</sup>Norman Miners, *The Government and Politics of Hong Kong* (Hong Kong: Oxford University Press, 1995), 34-35.

Executive of the SAR derives his power base mainly from Beijing rather than from Hong Kong society. According to the mini-constitution of the Hong Kong SAR, the Basic Law, the Chief Executive holds a pivotal position in the political system. He is vested with great constitutional powers similar to those previously enjoyed by the colonial governor. He is the head of the SAR government and has the power to sign bills, nominate major officials, appoint judges of the courts at all levels, and dissolve the Legco. Such constitutional powers allow the Chief Executive to play a leading role in the administrative, judiciary, and legislative arms of the government. This leading role of the Chief Executive is further strengthened by the special constitutional arrangement that only one-third of the Legco members are returned by direct elections of geographical constituencies, with the remainder being returned by elections of functional constituencies mainly composed of professional and business elites who are also largely pro-China in political orientation. The limited democracy of the Legco has also kept the newly emerged popularly-based political parties to a marginal position in the political system.<sup>10</sup>

One major difference from the colonial governor seems to be that the Chief Executive no longer serves as the commander-in-chief of the military forces in Hong Kong. However, the loss of this power is more or less nominal, because although the governor was appointed as the commander-in-chief, "the organization of the British Forces [was] almost entirely separate from the civil government, and the Commander of British Forces [dealt] directly with the Ministry of Defense in London."<sup>11</sup> Furthermore, important to note is that the Basic Law also stipulates that the Hong Kong SAR is supposed to operate under the principles of "one country, two systems" and "Hong Kong people ruling Hong Kong." The Chinese government will not intervene in Hong Kong's domestic affairs. Any direct intervention in the SAR's domestic affairs by Beijing may damage public confidence in and even cause a breakdown of the political system in Hong Kong. This condition is contrary to the former colonial experience, which

---

<sup>10</sup>Wong, "Constraints on Tung Chee-hwa's Power," 29.

<sup>11</sup>Miners, *The Government and Politics of Hong Kong*, 68.

was based upon Britain's direct control and governance of the colony. Thus, to assess political support for the political system in Hong Kong after the handover—apart from the SAR government and the Chief Executive—public perception of the Chinese government is also an important angle this paper will consider.

### **Decline in Political Support for the SAR Government**

Our survey first looks at the Hong Kong people's political attitudes toward five aspects: the SAR government, Chief Executive Tung Chee-hwa, senior government officials, the "one country, two systems" practice, and the political future of Hong Kong. The survey found that sharp fluctuations in some of these attitudes did occur in the first twenty-four months after the handover. The fluctuations indicate that the SAR government indeed has been facing a legitimacy problem—a situation which poses a challenge to its rule.

First, as table 1 shows, in the first three months after the handover the rate of satisfaction expressed by the Hong Kong public on the performance of the SAR government soared rapidly. The rate reached its apex in September that year and from that time onward started to fall sharply. The rate reached a new low in July 1998 and from there slowly bottomed out. As of June 1999, moreover, the number of people who expressed dissatisfaction with the government almost doubled that of those who expressed satisfaction, indicating that public support for the government is still very slim and needs to be greatly strengthened.

Second, table 2 indicates that public support for Chief Executive Tung Chee-hwa experienced a similar declining trend as that for the SAR government, albeit with less fluctuations and being not quite as negative. In the first three months after the handover, Tung's support from the Hong Kong public continued to rise, reaching a peak in September 1997 with an average score of 68 (the maximum score is 100 with 50 for a pass). Support then started to fall and settled at a historic low of 55.5 in September 1998. The average score in June 1999 was 59.8, a slight rebound from the September 1998 low.

**Table 1**  
**Degree of Satisfaction with the SAR Government's Performance (%)**

Date of survey	Not satisfied	So so	Satisfied	Don't know/ unclear	N
July 1997	12.0	31.8	35.6	20.5	584
August 1997	10.9	35.8	40.5	12.9	598
September 1997	9.0	30.8	54.3	5.9	613
October 1997	21.2	30.1	42.1	6.6	561
November 1997	18.7	36.3	40.4	4.7	579
January 1998	36.9	35.1	22.0	6.0	579
February 1998	24.0	41.9	30.9	3.3	580
March 1998	28.6	35.3	31.7	4.3	555
April 1998	31.1	34.6	31.9	2.3	598
May 1998	46.4	31.6	14.7	7.3	586
June 1998	35.7	34.7	25.3	4.3	582
July 1998	53.4	27.5	15.2	3.8	599
August 1998	52.0	30.1	15.4	2.5	602
September 1998	48.2	32.0	16.1	3.7	566
October 1998	39.3	35.1	22.3	3.3	601
November 1998	41.8	30.8	25.0	2.4	588
December 1998	37.6	33.2	26.0	3.2	566
January 1999	46.5	32.9	16.9	3.7	574
February 1999	49.7	29.3	19.1	1.9	580
March 1999	34.5	35.9	27.8	1.8	565
April 1999	40.9	34.4	22.8	1.9	567
May 1999	41.3	31.2	25.9	1.6	557
June 1999	46.3	24.9	25.6	3.3	551

Third, starting from June 1998, the opinion survey also included a question to explore the degree of public satisfaction with the performance of senior government officials. In table 3, we can see that public support for senior government officials precipitated in August 1998. This figure did climb somewhat, only to drop again later. In June 1999, the number of people expressing dissatisfaction still doubled that of those expressing satisfaction.

Fourth, as revealed in table 4, the confidence of the Hong Kong public in Beijing and in the implementation of the principles of "one country, two systems" and "Hong Kong people ruling Hong Kong" promised by the Basic Law continued to rise from July to September 1997 immediately

**Table 2**  
**Evaluation of Tung Chee-hwa**

Date of survey	Clean and just	Care for people	Balance between mainland & Hong Kong interests	Trust-worthiness	Political tolerance	Capability	Balance various social and political interests and freedom	Protect human rights and	Promote democracy	Improve Hong Kong's economy	Overall performance	N
July 1997	64.4	65.0	64.0	61.8	58.5	62.7	60.4	56.9	55.6	64.3	63.7	585
August 1997	68.2	68.5	67.6	65.0	59.8	65.8	63.4	58.6	57.0	66.4	67.2	530
September 1997	70.2	68.3	67.1	66.0	60.7	66.7	64.8	59.8	58.0	66.2	68.0	544
October 1997	63.1	62.7	63.3	62.3	57.1	62.8	59.3	55.2	52.0	61.5	63.2	516
November 1997	64.9	62.4	62.0	61.6	58.3	61.5	59.1	55.9	54.2	59.5	63.7	512
December 1997	66.4	63.7	62.2	62.4	56.8	61.9	59.6	56.0	53.9	59.2	63.3	573
January 1998	63.7	60.9	60.9	58.1	54.8	57.1	54.0	54.1	50.8	51.3	59.1	554
February 1998	66.0	65.1	63.5	61.3	57.4	59.9	59.1	56.0	53.6	58.1	63.3	565
March 1998	64.6	64.6	63.3	60.9	57.6	59.7	58.0	57.2	55.0	56.3	62.4	548
April 1998	63.2	61.5	61.5	58.4	55.1	57.9	54.5	54.8	51.6	51.7	60.1	588
May 1998	63.9	60.0	58.6	54.1	53.9	53.2	51.2	51.1	47.7	45.8	56.2	576
June 1998	66.8	65.4	62.5	60.0	59.0	58.7	57.2	56.7	56.3	53.1	60.9	559
July 1998	64.3	61.5	60.6	55.8	54.3	53.5	55.2	55.7	47.6	52.3	56.5	575
August 1998	63.2	61.6	59.8	55.1	53.1	52.7	54.9	55.3	48.0	52.4	56.9	591
September 1998	62.8	60.0	59.4	52.9	50.6	51.8	53.1	52.7	45.2	49.2	55.5	560
October 1998	65.9	60.2	60.8	58.4	54.5	56.2	55.6	56.0	51.7	52.6	58.1	589
November 1998	67.2	63.0	61.6	61.9	56.9	59.1	57.8	57.6	53.8	54.0	60.6	569
December 1998	66.7	61.2	57.7	58.4	54.6	55.7	55.7	55.5	50.7	52.3	59.2	535
January 1999	63.5	61.0	60.8	56.4	55.1	55.2	55.4	54.3	50.2	50.8	58.6	547
February 1999	66.0	62.2	60.0	57.3	54.4	54.2	56.4	55.8	50.2	53.0	57.7	567
March 1999	69.1	63.9	62.9	61.5	59.0	58.9	58.6	58.6	56.3	54.0	61.4	542
April 1999	66.2	61.0	60.0	58.6	55.1	55.9	56.3	55.9	52.0	54.7	59.1	550
May 1999	65.2	58.5	58.2	56.7	54.3	54.8	54.7	55.9	50.6	52.5	58.1	543
June 1999	67.2	61.2	61.9	60.6	56.4	60.6	58.3	59.1	54.6	55.7	59.8	527

Note: The score ranges from 0 to 100, with 50 being the passing threshold.



**Table 3**  
**Degree of Satisfaction with Major SAR Officials (%)**

Date of survey	Not satisfied	So so	Satisfied	Don't know/ unclear	N
June 1998	35.4	32.9	23.6	8.1	582
July 1998	54.8	27.4	11.9	5.9	598
August 1998	50.6	27.8	15.3	6.3	604
September 1998	43.5	30.6	18.4	7.6	566
October 1998	37.3	34.8	21.2	6.7	600
November 1998	45.6	28.4	18.9	7.1	588
December 1998	41.6	29.8	20.8	7.8	567
January 1999	45.7	32.6	14.5	7.2	573
February 1999	48.8	28.6	16.9	5.7	580
March 1999	30.4	35.9	28.2	5.5	563
April 1999	35.7	33.5	23.9	6.9	568
May 1999	35.7	33.4	25.9	5.0	557
June 1999	43.8	27.2	22.5	6.5	552

**Table 4**  
**Confidence in Hong Kong's "One Country, Two Systems" Practice (%)**

Date of survey	Decrease/ not satisfied	Same	Increase/ satisfied	Don't know/ unclear	N
July 1997	13.0	62.6	18.1	6.3	585
August 1997	9.0	59.8	25.9	5.3	602
September 1997	5.0	54.8	36.1	4.1	617
October 1997	14.1	52.0	29.4	4.5	561
November 1997	10.9	59.1	25.4	4.7	579
December 1997	22.7	45.8	25.9	5.7	688
January 1998	28.2	46.6	19.6	5.6	607
February 1998	13.7	51.0	31.3	4.0	576
March 1998	22.4	46.6	28.3	2.7	554
April 1998	23.9	44.7	28.9	2.5	599
May 1998	22.1	47.7	25.6	4.5	616
June 1998	17.5	50.3	27.3	4.9	589
July 1998	21.8	48.2	27.3	2.7	596
August 1998	25.7	45.7	24.8	3.8	604
September 1998	25.8	38.4	31.7	4.1	565
October 1998	24.1	44.1	27.8	4.0	601
November 1998	23.9	46.5	24.9	4.8	587
December 1998	27.5	43.2	23.3	6.0	567
January 1999	31.7	26.1	37.9	4.3	575
February 1999	36.5	27.5	33.2	2.8	581
March 1999	30.4	27.1	38.4	4.1	565
April 1999	36.4	27.6	32.9	3.0	568
May 1999	35.4	21.7	39.7	3.2	557
June 1999	37.3	24.2	35.1	3.5	550

**Note:** From January 1999 onward, the question was modified from whether their confidence in Hong Kong's "one country, two systems" practice has increased or decreased to whether or not they are satisfied with Hong Kong's "one country, two systems" practice.

**Table 5**  
**Attitude toward Hong Kong's Political Future (%)**

Date of survey	Worse	Same	Better	Don't know/ unclear	N
July 1997	42.1	30.7	11.5	15.8	584
August 1997	32.1	38.6	11.3	18.0	601
September 1997	25.4	38.1	21.9	14.6	617
October 1997	36.4	35.7	14.6	13.4	561
November 1997	29.3	39.8	16.9	14.0	580
December 1997	24.8	45.2	17.2	12.8	686
January 1998	26.4	42.7	12.2	18.7	609
February 1998	17.9	53.7	16.6	11.8	577
March 1998	25.3	48.8	15.9	9.9	553
April 1998	30.9	37.8	21.1	10.2	598
May 1998	27.3	35.1	21.0	16.6	609
June 1998	12.2	52.6	22.8	12.4	589
July 1998	18.9	52.8	17.6	10.7	598
August 1998	21.5	49.3	18.7	10.4	604
September 1998	14.4	55.8	18.7	11.1	603
October 1998	15.2	48.2	22.5	14.2	600
November 1998	15.2	49.9	24.0	10.9	587
December 1998	17.3	49.6	15.4	17.7	565
January 1999	21.2	51.8	14.6	12.3	574
February 1999	23.2	51.1	16.5	9.1	581
March 1999	19.1	50.8	19.8	10.3	565
April 1999	25.2	48.0	17.6	9.2	567
May 1999	26.8	45.6	17.6	10.1	557
June 1999	21.4	46.9	17.6	14.1	552

following the handover. Confidence has leveled off since then. However, the rating began to dip in January 1998 but stabilized later. As of June 1999, the number of people who expressed dissatisfaction with the implementation of the principles slightly exceeded that of those who expressed satisfaction by a thin margin, indicating that the majority of the Hong Kong public is a bit divided on the issue.

Fifth, table 5 shows that with regard to the political future of Hong Kong, people who expressed pessimism in the first month after the handover far outnumbered those who expressed optimism. The pessimism began to decline somewhat afterward, but from March 1998 onward increased again and then stabilized in July of the same year. As of June 1999,

the number of people who believed the political future would become worse slightly exceeded that of those who believed it would become better. At the same time, a large number of people believed that Hong Kong would maintain its current political direction, with the number exceeding those pessimistic and optimistic respondents added together. These findings more or less remain true with the passage of time: the public has become relatively calm regarding Hong Kong's political situation, with no major ups and downs observed.

To interpret in Easton's terms, the first three sets of attitudes outlined above belong to the category of "specific" support, while the last two fall into the "diffuse" category. As such, the development of specific support for the SAR government over the first two years after the handover is obviously not satisfactory and at times even dangerous. Discontent of the Hong Kong public with the SAR government, Chief Executive Tung Chee-hwa, and senior officials in his government did rise sharply, putting the legitimacy of the SAR government at stake. Although the situation took a favorable turn after September 1998, the general mood of the public was still that of being less than satisfied. However, noteworthy is that the discontent had not simultaneously shattered the diffuse support of the public for Hong Kong's larger political system, especially insofar as public attitude toward the "one country, two systems" arrangement is concerned. While experiencing a slight decline since January 1998, public confidence in the implementation of the "one country, two systems" and "Hong Kong people ruling Hong Kong" principles soon reverted to an upward climb. Such a divergent attitude is in large part due to Beijing's very cautious, basically noninterventionist treatment of SAR-related affairs, which has helped put the general public at ease.<sup>12</sup> Before the handover, local suspicion of intervention in the SAR by Beijing was deep and widespread.<sup>13</sup> As indicated in table 6, public ratings of Beijing's policy toward the SAR have

---

<sup>12</sup>Siu-kai Lau, "The Eclipse of Politics in the Hong Kong Special Administrative Region," *Asian Affairs* 25, no. 1 (1998): 39-40; Timothy Ka-ying Wong, "The Implementation of the 'One Country, Two Systems' Policy in Hong Kong: A Survey of Public Opinion," *Issues & Studies* 34, no. 7 (July 1998): 127.

<sup>13</sup>Michael Yahuda, *Hong Kong: China's Challenge* (London: Routledge, 1996), 123-24.

**Table 6**  
**Degree of Satisfaction with Beijing's Hong Kong Policy (%)**

Date of survey	Not satisfied	So so	Satisfied	Don't know/ unclear	N
September 1997	8.8	21.5	63.6	6.0	555
October 1997	14.0	22.2	54.0	9.8	559
November 1997	13.3	26.3	52.3	8.1	579
February 1998	14.4	25.0	50.5	10.1	576
June 1998	13.9	21.7	53.9	10.5	589
July 1998	11.1	18.3	60.6	10.1	596
February 1999	21.2	26.5	41.7	10.7	581
March 1999	17.4	25.2	48.4	9.0	564
April 1999	13.4	27.6	50.2	8.8	566
May 1999	16.2	23.2	52.6	7.9	555
June 1999	22.6	27.1	43.4	6.9	549

been quite positive. People expressing satisfaction continuously outnumbered those expressing dissatisfaction, with only minor fluctuations. This confirms our earlier argument that public perception of the Chinese government is an important factor to examine when assessing political support for the political system in Hong Kong after the handover.

The public's relatively stable confidence in the "one country, two systems" practice notwithstanding, we should still not underestimate the political challenge posed by the persistent public discontent with the SAR government. The fact is that because Hong Kong is not a genuinely liberal society, there are no democratic procedures—such as replacing the publicly disliked government by a new one through the holding of popular elections—which can pacify political discontent. Therefore, if public discontent remains unpacified indefinitely or even grows further, the chances are high for this discontent to spread to the "one country, two systems" arrangement stipulated by the Basic Law—an arrangement which is also the constitutional basis for Tung's undemocratic regime. The discontent may also grow out of control, threatening social and political stability and even paralyzing the governance of the SAR administration. Should such situations emerge, whether Beijing would intervene at the sacrifice of the "one country, two systems" principle is a matter of concern for the local populace. That the Hong Kong people displayed some degree of persistent pessimism toward the political future in ap-

parent contradiction to their general satisfaction with the "one country, two systems" practice is shown in table 5. Hence, the present public discontent, although less intense than that in the third quarter of 1998, is still a potentially explosive issue that must be contained and pacified by the SAR government with care and wisdom.

### **Causes for the Decline in Political Support for the SAR Government**

Now the question is: What are the major factors that have contributed to the sharp fluctuations in public support for the SAR government? A close examination of the period reveals that two sets of factors can be found. One is the outbreak of a series of sudden and catastrophic events. These include the East Asian financial crisis, the chicken flu epidemic, and the chaos triggered by the malfunctioning of the cargo terminal at the new airport. The East Asian financial crisis, in particular, plunged Hong Kong into the worst economic recession in decades. The SAR government's inappropriate handling of these disasters further caused many people to question its capability to cope with emergencies and even the entire structure of its governance.

First, the drastic downturn in public opinion regarding the SAR government had much to do with the East Asian financial crisis, which erupted in Thailand shortly after Hong Kong's handover to mainland China and continued to spread to other Asian economies, including Hong Kong. Indeed, the four lowest ratings in the above-mentioned opinion surveys on the SAR government and the Chief Executive (October 1997, January, May, and July-September 1998) were all directly connected to the continuing spread of the East Asian financial crisis.

In October 1997, the East Asian financial crisis hit Hong Kong for the first time and the Hong Kong dollar fell under fierce attack. At that time, the interbank interest rates increased to 280 percent. In January 1998, the Hong Kong dollar suffered a new round of attacks, with the interest rate rising another 30 percent in a battered economy. In May 1998, the government announced a negative economic growth rate—a situation rarely seen

in recent years. From July through September 1998, the Hong Kong stock and financial markets were under a third round of voracious attacks by international speculators and the SAR was forced to defend itself by pouring some HK\$120 billion into the stock market. With the worsening of the East Asian financial crisis, many Asian countries devalued their currency, a move which led international speculators to launch several attacks on the Hong Kong dollar. The Hong Kong Monetary Authority (HKMA), in an effort to keep the peg of the Hong Kong dollar to the U.S. dollar, raised interest rates sharply. With this sudden jump in interest rates, the Hang Seng index of the local stock market plummeted from a peak of some 16,000 points in September 1997 to about 6,500 points in August 1998, an over 50 percent drop in less than one year's time.

Meanwhile, the property prices in Hong Kong, which were immediately affected by the financial market, also shrank by about 50 percent from a peak in 1997 to a low in August 1998. Furthermore, under the weight of high interest rates and a "meltdown" in the stock and property markets, industries and services had to cast off employees and streamline business, which sent the unemployment rate soaring from 2.2 percent at time of the handover to 5 percent in September 1998, with over 180,000 workers losing their jobs.<sup>14</sup> This situation has not improved, and poses an immediate threat to the livelihood of many residents as well as to the social stability of the territory.

The financial sector, which is a stabilizing factor in Hong Kong's economy, was also faced with a grave challenge unseen since the early 1980s, when Hong Kong was hit by the political uncertainty unleashed by the Sino-British negotiations over the enclave's future. The panic withdrawal of savings by account holders from the International Bank of Asia in early November 1997 and the subsequent collapse of the Peregrine Investments Holdings and the CA Pacific Securities in January 1998 are cases in point. Although the International Bank of Asia survived thanks to the intervention of the HKMA,<sup>15</sup> the eventual closedown of the Peregrine

---

<sup>14</sup>*Ming Pao*, November 23, 1998, A2.

<sup>15</sup>For details of the intervention, see *South China Morning Post*, November 11, 1997, B1.

Investments Holdings and the CA Pacific Securities both led to great losses for thousands of their customers and dampened hopes among the Hong Kong public of a rapid economic upturn. At the time, the two companies were ranked as the first and third largest local securities companies in Hong Kong, with a combined total asset value of tens of billions Hong Kong dollars.<sup>16</sup> With the worsening of the Hong Kong dollar-denominated assets, pressure on the banking sector mounted.<sup>17</sup> The SAR government, doing little other than raising the interest rate, aroused discontent in the community. Table 7 shows that changes in public confidence in Hong Kong's economic future proceeded in parallel with changes in public support for the SAR government, indicating the close relation between the two. In addition, as shown in table 2, the item that has the closest relation with the overall rating of the SAR Chief Executive Tung Chee-hwa is "improvement in the economy," giving proof that changes in the economic situation have a major influence on public opinion regarding government performance.

Hong Kong was hit not only by the East Asian financial crisis but also by a host of disasters. First, in November 1997, a medical officer at a hospital inadvertently treated several hundred sick children with toxic mouthwash rather than anti-fever medicine, which caused panic among the parents of the young victims. Second, earlier on, several residents were affected by the H5N1 bird flu virus, resulting in one death. The bird flu then spread via human contacts with chickens, and because the government failed to respond quickly, the disease spread rapidly, often with deadly results. In December, faced with a boisterous public, the government gave the order to destroy all chickens in the territory and suspend the chicken business temporarily. Third, in the same month, a number of residents were poisoned by pesticide residues in green vegetables and had to be hospitalized. The incident caused the price of green vegetables to fall sharply. Fourth, in January 1998, a dozen people were hospitalized after eating poisonous fish,

---

<sup>16</sup>For details of the collapse of the two securities companies, see *Hong Kong Standard*, January 11, 1998, A2; January 24, 1998, A3.

<sup>17</sup>Shu-ki Tsang, "An Unfinished Story: A Reappraisal of the Defense of the Hong Kong Dollar Peg and the Lowering of the Interest Rates in the Economic Crisis," *Ming Pao*, June 19, 1998, E12.

**Table 7**  
**Attitude toward Hong Kong's Economic Future (%)**

Date of survey	Worse	Same	Better	Don't know/ unclear	N
July 1997	16.8	36.6	37.1	9.6	585
August 1997	16.4	30.6	43.9	9.1	602
September 1997	14.9	35.9	41.4	7.8	616
October 1997	31.7	29.9	29.6	8.7	561
November 1997	40.0	28.8	23.4	7.8	580
December 1997	49.9	29.5	12.4	8.3	688
January 1998	54.8	24.5	12.8	7.9	609
February 1998	39.8	38.8	17.1	4.3	580
March 1998	38.9	32.4	23.0	5.8	553
April 1998	52.3	14.5	25.8	7.4	553
May 1998	56.6	9.9	17.7	15.8	615
June 1998	39.7	33.7	14.7	11.9	591
July 1998	46.8	33.5	14.3	5.3	600
August 1998	45.6	35.2	12.9	6.3	603
September 1998	43.1	37.1	12.8	7.0	603
October 1998	30.8	38.1	24.4	6.6	603
November 1998	26.4	41.3	23.5	8.8	588
December 1998	31.7	38.6	22.2	7.4	567
January 1999	37.6	39.5	17.2	5.7	575
February 1999	32.4	40.8	21.7	5.2	581
March 1999	21.9	39.6	34.2	4.2	565
April 1999	22.5	40.3	32.6	4.6	568
May 1999	21.2	44.3	30.9	3.6	557
June 1999	18.6	40.7	31.3	9.4	553

with the price of fish plunging in its wake. Fifth, in March and April of 1998, Hong Kong waters were invaded by so-called "red tides,"<sup>18</sup> killing off large quantities of fish in the vicinity and incurring an immediate loss of HK\$800 million to the fishing industry. Sixth, the newly opened Hong Kong International Airport was in serious chaos when the major air cargo terminal was paralyzed due to an overall computer system breakdown and the lack of a corresponding emergency management system for nearly two months, with an estimated loss of over HK\$20 billion.

<sup>18</sup>That is, attacks by the gyrodinium breve algae which take up all oxygen in the water. See *Hong Kong Standard*, April 14, 1998, 3.



The incidents, among others, have caused both panic in society and even immediate economic losses. The government's supervision and handling of these incidents were in question, particularly in the cases of the misplaced medicine, the chicken flu, and the airport chaos. Public confidence in the government sank in the wake of these disasters.

### **Internal Problems of the New SAR Government**

To be fair, the East Asian financial crisis was more or less closely related to the unprecedented, rapid economic globalization in recent years without a corresponding development of proper international mechanisms to monitor unchecked movements of international capital across national boundaries, making individual developing countries extremely vulnerable to such massive capital movements.<sup>19</sup> The bird flu was a new mutation of the virus. The "red tides," moreover, were the unexpected results of global environmental changes. These instances are rare in history, representing new problems not only for the SAR government, but also for the whole world. The ignorance of the magnitude of the problems and ineffective measures thus devised on the part of the SAR government should be understandable.<sup>20</sup> However, this does not mean that the government was free from criticism. In the case of the chaos associated with the new international airport, for instance, the government was clearly in charge of implementing and supervising the entire construction. The incident indicated serious problems in regard to the government's supervision and coordination abilities. In fact, the incident itself and the subsequent handling of the incident by the government drew criticisms in the media and from the general public, which in turn made the credibility of the SAR government and of Chief Executive Tung Chee-hwa nose-dived.<sup>21</sup>

---

<sup>19</sup>George Soros, *The Crisis of Global Capitalism* (New York: Public Affairs, 1988), 135-74.

<sup>20</sup>See the interview with Siu-kai Lau in *Ming Pao*, January 4, 1998, B12.

<sup>21</sup>The telephone interview conducted by the Hong Kong Institute of Asia-Pacific Studies at the Chinese University for *Apple Daily* in July 1998 indicates that most residents thought that the SAR government was responsible for the chaos at the new airport. See *Apple Daily*, July 27, 1998, A2.

Objectively speaking, the repeated occurrences of administrative mismanagement in the SAR government should not be seen as coincidences. Rather, they were closely related to a series of historical-structural factors unique to the Hong Kong SAR as a new political experience. Eight of these factors can be delineated here.

First, the SAR government was set up only recently and lacks experience in handling major crises. The senior Chinese officials in the government were all appointed to the leadership posts in the last three to four years before the handover as a result of the localization process demanded by the Basic Law and had not had the opportunities to manage important crisis situations. At the same time, Chief Executive Tung Chee-hwa is a businessman-turned political leader, who also did not have the political experience in handling important social, economic, or other unexpected events.

Second, the final few years of British colonial rule were extremely prosperous due to the strong economy. This fact brought about at least two adverse effects to the civil service. First, the rapid, continuous expansion of the economy made governing seem easy, thereby weakening the crisis-consciousness of civil servants on the one hand and strengthening their arrogance on the other. Second, the entire Hong Kong populace suddenly found themselves in a rosy dream of multiplying wealth, in which almost everything—from real estates, stocks, stamps, to coins—could be objects of heated speculation. Quick-money mentality and hedonism rapidly eroded the traditional work ethic—including discipline and industriousness—with civil servants being no exception.

Third, the principle of "one country, two systems" prohibited Beijing from interfering in the internal affairs of Hong Kong and, therefore, the SAR government inevitably lost the chances to receive the necessary support and guidance in fighting against the various crises. In this respect, the relationship between the SAR government and Beijing is not comparable to the former close ties between the Hong Kong colonial government and London.

Fourth, the SAR leadership—the Chief Executive and the new Executive Council (henceforth Exco) members—were largely unfamiliar with the old bureaucratic structure and did not have a close working relationship

with the colonial elite. Because of their pro-China background, there was a distance and even conflict between the SAR leadership and those senior officials directly transited from the former colonial government. These senior officials had—in direct opposition to Beijing's interests—once supported the colonial governor Chris Patten to push through his democratic reforms. More importantly, the role of the Exco in the SAR government was not clearly defined in the Basic Law. The Exco apparently inherited the advisory role from the colonial government but at the same time was quite ambitious in wanting to glean greater power to head the administration. Hence, the friction between Exco members and senior government officials often occurred. When faced with a major crisis, many felt the two sides spent more time on lashing out at each other than on coordination and sharing responsibilities. A case in point was the bird flu incident. When the disease turned into an epidemic, some members of the Exco openly complained that they were kept in the dark by the bureaucracy on the development of the crisis.<sup>22</sup>

Fifth, senior officials in the SAR government were all civil servants, with years of work experience, who were promoted to their present positions through rigorous examinations. They were not cabinet members appointed by the government due to political considerations. Therefore, these officials cannot be held responsible even if policy failures occur. This arrangement facilitates the stability of the administration in time of prosperity, but in crisis situations, the Chief Executive is unable to reshuffle the government leadership to overcome hard times. After the handover, the Tung government had been under heavy criticisms from the media and the community for its various policy failures or mismanagement of crises, but senior officials could still calmly face the situation with the least worry of losing their jobs, adding fuel to the public fury. The limitation of the present institutional arrangement was plainly exposed.<sup>23</sup>

Sixth, the newly formed government, lacking in experience, did not achieve a firm grasp of the problem-issues which were emerging one after

---

<sup>22</sup>Ming Pao, November 25, 1997, A5.

<sup>23</sup>Siu-kai Lau, "Ministers in the Making," *South China Morning Post*, April 3, 1998, A25.

another and could not come up with effective and clear guidelines for the administrative departments. Moreover, the civil servants did not trust or cooperate with the new leadership. Thus, they were inclined to be overcautious in the handling of the crises, further crippling the government's ability to resolve the crises in a timely manner.<sup>24</sup>

Seventh, the political row between China and Britain resulted in the scrapping of the "through train" concept for the elected Legco members and instead a Provisional Legislature was created by Beijing with a small group of pro-China forces. Members of the Legco who were from the Democratic Party (which enjoyed the largest public support in Hong Kong) and from other democratic organizations were forced to step down immediately following the handover. As a result, the grass-roots voices were largely absent in the Provisional Legislature, stifling public opinion in the institution and turning public fury into demonstrations, streets protests, and emotional criticisms in the media. The government was thus forced onto the defensive or to passively follow the development of the situation. At the same time, the Provisional Legislature, lacking grass-roots support, carried less weight and became a "rubber stamp" in the eyes of the SAR government. Consequently, the administration became less alert and less informed on the views of the people.<sup>25</sup>

Last but not least, Tung Chee-hwa became the Chief Executive of the SAR government with the support of the Chinese government. To minimize any possible confrontation or friction with the central government and to seek the continuing trust from Beijing, he took an apolitical approach to local politics by avoiding political issues, especially on calls for democratic reforms. To compensate, he attempted to win public support by presenting a grand scheme of constructing a future Hong Kong.<sup>26</sup> The sudden economic downturn in Hong Kong, however, caught Tung by surprise, seriously challenging his grand blueprint. When party mobiliza-

---

<sup>24</sup>Ibid.

<sup>25</sup>Ibid.

<sup>26</sup>Tung Chee-hwa, *Building Hong Kong for a New Era: Address by the Chief Executive the Honourable Tung Chee-hwa at the Provisional Legislature on 8 October 1997* (Hong Kong: The Hong Kong SAR Government Printing Department, 1997).

tion against Tung's poor leadership and his government's mismanagement intensified, Hong Kong society became ever more politicized than before the handover. This politicization has been surely detrimental to the SAR government's ruling legitimacy.<sup>27</sup>

### **Structural Constraints on Further Legitimacy Deterioration**

The above analysis clearly shows that the swift downturn of public support for the SAR government had internal causes generated by the particular political situation of Hong Kong in the transition from a British colony to a Chinese SAR. The decline of public support in turn has posed a challenge to government legitimacy. However, due also to this unique political situation of Hong Kong, this challenge will thus not easily escalate into a crisis that topples the government, given that the economic crisis continues to be brought under control by the government. Five positive forces can be identified as related to this unique political situation:

First, the poverty of political leaders has been the perennial problem among the fledgling opposition forces in Hong Kong. Such a problem has greatly undermined the ability of the opposition forces (including the discontented public) to form a powerful political coalition to challenge the rule of the SAR government.<sup>28</sup>

Second, what the Hong Kong public treasures most today is still economic prosperity and social stability. Politically they are quite inert, and because of this they are not likely to be involved in any large-scale radical anti-government activities.<sup>29</sup>

Third, Hong Kong is an international cosmopolitan whose residents are well aware of the fact that large-scale political conflicts will very likely

---

<sup>27</sup>See note 23 above.

<sup>28</sup>Lau, *Hong Kong Politics in Transition*, 171-214.

<sup>29</sup>Sai-wing Leung and Ming-kwan Lee, "Political Participation," in *Indicators of Social Development: Hong Kong 1995*, ed. Siu-kai Lau et al. (Hong Kong: Hong Kong Institute of Asia-Pacific Studies, Chinese University of Hong Kong, 1997), 137-46.

shatter the image of the city and further affect the recovery of the economy.

Fourth, Hong Kong is an SAR under the sovereignty of China, with the region's residents being concerned that political confrontation or turmoil will certainly undermine Beijing's determination to implement the "one country, two systems" policy.

Fifth, the first Legco of the SAR elected on May 24, 1998 has put aside the controversy over the Provisional Legislature as a legacy of the past. As a more democratically elected body, Legco has thus restored part of its functions in channeling public opinion into the SAR administration, making the administration more sensitive and accountable to public needs.<sup>30</sup>

In other words, although creating pressure on the SAR government, public discontent has not been serious enough to threaten the fundamental survival of the government. In particular, as a result of the SAR government's active intervention in the stock and foreign exchange markets in August 1998, the economic storm in Hong Kong miraculously abated, significantly relieving the magnitude of public pressure leveled at the SAR government.<sup>31</sup>

Important to note, however, is that the local economy has not yet fully emerged from recession and the government is still faced with the strenuous task of restructuring the domestic economy. Furthermore, in a fully open economy like Hong Kong, the role of the SAR government in reviving the economy is very limited and is wrought with many uncertainties.<sup>32</sup> If the local economy stumbles again, the SAR government may face further political damage. Given another economic downturn, public discontent may surge again and the more democratically elected Legco may side with the public to exert pressure on the government.<sup>33</sup> Note that immediately

---

<sup>30</sup>See *Hang Seng Economic Monthly*, March 1999.

<sup>31</sup>Initially the Hong Kong public had many strong reservations regarding the SAR government's direct intervention in the stock and currency markets. The opposition held that the government's move undermined the free market system of Hong Kong. However, as the situation stabilized, the criticisms faded away.

<sup>32</sup>Siu-kai Lau, "Keeping the Chief Executive in Line," *South China Morning Post*, February 19, 1998, A19.

<sup>33</sup>*Ming Pao*, June 4, 1998, A3.

after the first SAR Legco elections, all the major political forces in Hong Kong joined together to press the government to make tax cuts and to increase jobs.<sup>34</sup> Such challenges are a headache for the government and require leading officials to take extra caution when responding. The difficulty lies in the fact that the economic recession has its roots in the dislocated economic structure. The economy can only recover with time. The government can do very little to help in this process, and any attempt to intervene in the free economy may prove only to delay rather than speed up the process of recovery, thus causing potential social unrest and even political instability.

### **The SAR Government's Response Strategies to Challenges**

The Tung government appears to have gradually understood the potentially explosive nature of the public's growing dissatisfaction with its rule. In fact, after two years of experience, the government has adopted several ruling strategies to strengthen its power base, especially via pacifying public discontent.

First and foremost is the government's apolitical and pro-China approach to political issues designed in such a way as to win the trust and support of Beijing, the most important power base of the Tung government. Such an approach is observable in the measures adopted after December 1996 when Tung Chee-hwa was appointed the first Chief Executive of the SAR.<sup>35</sup> There has been no sign that Tung has deviated from this line of policy since the handover. On the contrary, the strategy has become more salient, systematic, and consistent with the passage of time. This tendency can be reflected in that the SAR government: (1) continues to insist on following the timetable set forth in the Basic Law with regard to introducing full democratic elections for the Legco and the Chief Executive; (2) has de-

---

<sup>34</sup>Timothy Ka-ying Wong, "The First Legislative Council Election of the Hong Kong Special Administrative Region: Meaning and Impact," *Issues & Studies* 34, no. 9 (September 1998): 148.

<sup>35</sup>Wong, "Constraints on Tung Chee-hwa's Power," 26-48.

cided to scrap the two popularly elected Urban Councils and reintroduce appointed members on the District Boards to limit the political space for democracy,<sup>36</sup> and (3) often requests Beijing's trust and consent prior to taking up actions to tackle major events. One example for the last point was that before intervening in the stock and foreign exchange markets in August 1998, the government consulted with Beijing.<sup>37</sup> Another example is related to the SAR Court of Final Appeal. On January 29, 1999, the Court of Final Appeal ruled in a right of abode appeal case that the Court could overturn decisions made by the PRC's National People's Congress (NPC) should the act of the latter be deemed violating the Basic Law. The ruling immediately received heavy criticisms from Beijing, thus triggering a constitutional row between the central and SAR authorities. The SAR government then sent Secretary for Justice Elsie Leung to Beijing to exchange ideas on the matter. After Leung returned to Hong Kong, the SAR government formally requested the Court of Final Appeal to clarify the Court's relations with the NPC. The Court accepted the request and in a statement clarified that it had no intention to override the NPC, thus putting an end to the row.<sup>38</sup> One further case in point was Tung's trip to Beijing to report on his duties in March 1999. Upon returning to Hong Kong, Tung announced that he would extend for two more years the appointment of Chief Secretary Anson Chan, who will turn sixty in the year 2000 and should retire in accordance with civil service regulations. Many believed this decision was made under the influence of Beijing. PRC leaders might have felt that at a time when Hong Kong's economic turmoil was not yet over, replacing the Chief Secretary is not conducive to the stability of society.<sup>39</sup>

The second strategy is what sociologist Ambrose King called the administrative absorption of politics—the absorption of social elite into the government administrative system through various forms of exchange and co-optation, a model directly inherited from the former British colonial

---

<sup>36</sup>*South China Morning Post*, March 9, 1999, A4.

<sup>37</sup>*Apple Daily*, August 29, 1998, A2.

<sup>38</sup>*Yazhou zhoukan* (Asiaweek) 13, no. 10 (1999): 15-16.

<sup>39</sup>*Ibid.*, no. 13 (1999): 42-45.



government.<sup>40</sup> Since the development of democracy was subject to the constraints laid out in the Basic Law and since Tung himself had reservations on speeding up the democratic process, the Chief Executive both continued and capitalized on this strategy after the handover. The most obvious sign of this policy was that in addition to the existing three hundred plus advisory committees transited from the colonial time, the SAR government created a dozen more as a response to society's call for increased public participation in the government's decisionmaking process. A notable example is the setting up of the Commission on Innovation and Technology which includes a dozen local influential academics and business leaders who give advice to the government on strategic industrial development.<sup>41</sup> In this respect, the previously mentioned reintroduction of appointed members on the District Boards and the retention of Chief Secretary Anson Chan in office till 2002 should also be seen as attempts to absorb politics into the administrative bureaucracy. For instance, the reintroduction of appointed members on the District Boards would turn the appointed political forces into the SAR government's administrative support and strengthen the SAR government's administration-led ability vis-à-vis opposition challenges. The retention of Anson Chan, who enjoyed popularity in Hong Kong, would reduce the political impact caused by her forced departure from the government. As a form of political exchange, her continued presence would also minimize the possibility for Chan to run for the next term of office for the Chief Executive, thereby clearing the way for Tung should he want to run for reelection for another term.

The third strategy is to push for administrative reforms to alleviate pressures on political (democratic) reforms.<sup>42</sup> This was also an important strategy for the former British colonial government to deal with public po-

---

<sup>40</sup> Ambrose King, "The Administrative Absorption of Politics in Hong Kong," *Asian Survey* 15, no. 5 (May 1975): 422-39.

<sup>41</sup> Tung Chee-hwa, *From Adversity to Opportunity: Address by the Chief Executive the Honourable Tung Chee-Hwa at the Legislative Council Meeting on 7 October 1998* (Hong Kong: The Hong Kong SAR Government Printing Department, 1998), 9.

<sup>42</sup> Tung-wen Sun, *Governance and Administrative Reform: The Experience of Administrative Reforms in Hong Kong* (Hong Kong: Hong Kong Center for Studies on Relations across the Taiwan Strait, 1999), 5.

litical discontent. For example, right after the 1967 riots—which exposed the anger of the lower classes to the widespread malpractices of the colonial rulers—the colonial government began to actively embark on a gradual localization process for the civil service by promoting reliable local Chinese to some of the senior ranks in the administrative bureaucracy. The prior government also set up the Independent Commission Against Corruption (ICAC) directly responsible to the colonial governor to quell public anger over the pervasive bureaucratic corruption at that time. In the early 1980s, when uncertainties arising from Sino-British negotiations over Hong Kong's future greatly eroded the people's political confidence, the colonial government resorted to the same strategy again by introducing popular elections of District Boards (a consultative body without real decisionmaking power) at the grass-roots level administrative structure. The move satisfied part of the local demand for opening up political participation in Hong Kong, however, without dampening the colonial government's administrative control over society. As a preliminary move enjoying the backing of the Hong Kong public, creating these bodies also enhanced London's bargaining power in negotiations with Beijing.<sup>43</sup>

Since the handover, the economic and other disasters mentioned above have posed grave challenges to the rule of the SAR government. Pressures exerted by the democrats for a faster pace of democratization were also mounting daily.<sup>44</sup> Subject to the constraints in the Basic Law and under the influence of its pro-Beijing and apolitical policies, the SAR government again employed the administrative reform strategy in order to counter the democrats' appeals to amend the Basic Law so as to speed up the process of democratization. Through administrative reforms, the SAR leadership also hoped to gain better control over the administrative bureaucracy, which, as mentioned earlier, has experienced some coordination problems, even power conflicts, with the SAR leadership. In early March 1999, the government released a document on civil service reform, proposing a number of measures to reform the structure of the civil service.

<sup>43</sup>Siu-kai Lau and Hsin-chi Kuan, "District Board Elections in Hong Kong," *Journal of Commonwealth and Comparative Politics* 22, no. 3 (1984): 303-17.

<sup>44</sup>Wong, "The First Legislative Council Election," 144.

These measures include privatizing government departments, reducing the 180,000 tenured government positions by two-thirds and replacing them with contract terms, and cutting down expenditures through streamlining the bureaucracy and improving its efficiency and effectiveness.<sup>45</sup> Many believe that while the proposed major reduction of government tenured positions by two-thirds would help lower government expenditures on staff costs and benefits, another hidden objective is to increase the government's flexibility in hiring (i.e., controlling) senior officials. Such a move would thereby pave the way for building a ministerial system through political appointment by the Chief Executive, instead of via internal promotion in the bureaucracy based on administrative competence.

The fourth strategy is to directly appeal to public support through the introduction and implementation of specific popularly-oriented policy measures. Not wanting to compete with the democrats on the issue of democratic reforms, the government turned to offer concrete benefits to the public in other policy areas as a way of tradeoff. The most telling instance of this policy strategy was the announcement of a 10 percent income tax remission to taxpayers made in the March 1999 government budget, which surprised both the democrats and the public. The Home Purchase Loan Scheme and the Tenants Purchase Scheme promulgated in 1998 should also be seen as products of such kind of policy consideration.<sup>46</sup>

The fifth strategy is to resolve the problem of economic structural imbalance through long-term planning for economic development. The year 1998 witnessed the huge pressure that sharp price fluctuations in the property and stock markets generated on the local financial and economic system. The government became increasingly aware of the huge risks involved in dealing with the bubble economy caused by the structural overdependence on the property market as the major foundation of economic development. The government particularly felt that Hong Kong's economy

---

<sup>45</sup>The Hong Kong SAR Government Civil Service Bureau, *Civil Service into the 21st Century: Civil Service Reform Consultation Document* (Hong Kong: The Hong Kong SAR Government Civil Service Bureau, 1999).

<sup>46</sup>Timothy Ka-ying Wong and Yue-man Yeung, *The Hong Kong SAR Government's Housing Policy: Trends in Public Opinion* (Hong Kong: Hong Kong Institute of Asia-Pacific Studies, Chinese University of Hong Kong, 1998), 14.

was too narrow and lacked hi-tech industries. To correct such imbalances, the government began to restructure the economy by actively introducing a series of measures to promote hi-tech industrial development and to improve the attractiveness of Hong Kong as an international tourist center, with an aim of gradually reducing the economy's longtime overdependency on the financial and property markets.<sup>47</sup>

The above strategies of the SAR government have, to date, yielded mixed results in terms of popular support. On the positive side, the conservative, pro-China approach to democratic development has won for the SAR government its intended support and trust from Beijing. Introducing reforms to the civil service has also diverted societal attention from political issues to administrative ones, easing the pressure for political reforms. Moreover, tactical moves such as the introduction of the tax remission scheme have gained applause from the community and enhanced the legitimacy of the government.<sup>48</sup> Finally, the promotion of hi-tech industries and tourism has boosted public confidence in the economic future, lending further support to Tung's regime.<sup>49</sup>

Yet the strategies have at the same time produced negative effects. The SAR government's pro-China attitude has met with wide criticism from local society, which thinks that such an attitude would sacrifice Hong Kong's interests to the PRC leadership and therefore run against the "one country, two systems" principle. As can be seen in table 2, Tung Chee-hwa persistently received low average scores (lower than 60) from the public on such political items as "promote democracy," "protect human rights and freedom," and "political tolerance." This more or less reflects the people's relative dissatisfaction with his political conservatism. Any continuance of this trend may undermine Tung's credibility in other policy areas and cause further deterioration of his overall political support.

---

<sup>47</sup>Donald Tsang, *Onward with New Strengths: The 1999-2000 Budget* (Hong Kong: The Hong Kong SAR Government Printing Department, 1999), 14-18.

<sup>48</sup>According to the telephone survey conducted by the Hong Kong Institute of Asia-Pacific Studies of the Chinese University of Hong Kong, immediately after the new budget was announced, 85 percent of those interviewed were in favor of the proposal for income tax remission. See *Apple Daily*, March 9, 1999, A16.

<sup>49</sup>*Apple Daily*, March 11, 1999, A4.

Furthermore, administrative reforms can never substitute for political reforms and, in fact, the government's administrative reform measures have not proved to be above criticism.<sup>50</sup> Should the administrative reforms fail, moreover, resulting political damage could be enormous. Also questionable is whether the government has enough policy resources to continuously boost its required public support, especially when the economy is still in recession. Furthermore, demonstrating the vision and commitment of the SAR government, the long-term economic planning is not likely to produce any immediate results. Meanwhile, the SAR government seems to have no clear, satisfactory responses to these criticisms or questions.

In sum, the major problem with the SAR government's response strategies is assumed political conservatism, which paralyzes its ability to use political (democratic) reform to improve its political image, absorb opposition forces, and directly strengthen its legitimacy. The logic of the SAR government's political conservatism is to avoid politics in order to secure support from Beijing. However, unclear is whether such political conservatism is based upon accurate calculation or over-interpretation of Beijing's intentions. Also unclear is whether the SAR government has made any efforts to convey to Beijing the advantages—both to Hong Kong in general and government legitimacy in particular—of introducing political reform. In any case, the point is that without the needed democratic reforms, the response strategies discussed above inevitably appear in the eyes of the people in Hong Kong to be fragmented, interest-oriented, or even run against the public will. The strategies also easily become targets of criticism and mobilization for the politically marginalized popular parties, thus ironically turning the SAR government's original attempt to avoid politics into unexpected politicization. In view of this, Tung Chee-hwa should openly face rather than avoid the issue of democratic reform. Even a limited scope of democratic reform should earn him more public support than he enjoys at present, and this is exactly what the SAR government needs to lead the people of Hong Kong out of economic hardship. The SAR gov-

---

<sup>50</sup>For example, threatened by possible large-scale layoffs and benefit cuts by the government, tens of thousands of civil servants took to streets to protest against the reform on March 23, 1999. See *Apple Daily*, March 24, 1999, A1.

ernment's decision to scrap the two popularly elected Urban Councils and reintroduce appointed members on the District Boards would only have the opposite effect.

### Conclusion

In the first two years after Hong Kong's return to China, the newly established SAR government has experienced growing public discontent due to the inability of the political leadership to alter the deteriorating local economy triggered by the East Asian financial crisis and also due to the government's mismanagement of a whole series of disastrous events. Fortunately, the discontent so far has been confined to specific dissatisfaction with the SAR government and has not yet developed into diffuse disappointment with the entire political system of Hong Kong. Such specific public discontent exposed some basic problems of the SAR government as a new local polity transited from the British colonial rule to Chinese sovereignty under the principle of "one country, two systems." These problems include the new SAR government leadership's lack of experience in dealing with crisis situations and in achieving close coordination within the administrative bureaucracy; the cutting of direct support from its sovereign nation; the Provisional Legislature's insensitivity to public needs; and the Chief Executive's relatively rigid strategy in handling the rapidly changing economic and political environment. Nevertheless, owing to the gradual stabilizing of the economy and a number of factors unique to Hong Kong's political culture or specific institutional arrangements in the process of political transition (such as the poverty of political leaders, public preoccupation with economic prosperity and social stability, public fear of large-scale political conflicts and possible intervention by Beijing, and the replacement of the Provisional Legislature by the first SAR Legislative Council elected by a more democratic procedure), public discontent has not gone as far to fundamentally upset the effective rule of the SAR government. On the other hand, the SAR government seems to have realized the potentially explosive nature of the declining public support in the dual process of economic hardship and political transformation. The govern-

ment has thus formulated several specific strategies to cope with the challenges in accordance with its perception of the political environment. Particularly, the government has (1) adopted a rather conservative, pro-China approach to democratic development in Hong Kong in order to secure support from Beijing; (2) continued the strategy of administrative absorption of politics of the colonial time in order to strengthen its administration-led capacity; (3) pushed for administrative reforms to alleviate pressures on political reforms; (4) directly appealed to public support through the implementation of specific popularly-oriented policy measures; and (5) worked to resolve the problem of economic structural imbalance by promoting hi-tech industries and tourism.

In brief, the SAR government apparently intends to balance between political conservatism and economic activism, trying to use economic achievements to reverse its low public support and to justify its political conservatism. However, as economic recovery depends upon a whole range of factors beyond the government's control,<sup>51</sup> whether the political high command can really balance the two seemingly conflicting objectives remains to be seen. Meanwhile, as a responsible, farsighted government, it must attend to the possibility that the economic downturn may linger indefinitely despite central strategic economic planning. If the possibility of a worsening economy unfortunately comes true, the government's political conservatism may further push the already discontented masses to the breaking point, a situation the government may not be able to contain. In this regard, to suitably adjust its political conservatism to accommodate more democratization should be a more effective and direct way for the SAR government to strengthen legitimacy.

---

<sup>51</sup>Tung Chee-hwa has also well recognized this. See Tung, *From Adversity to Opportunity*, 10.

