

Singapore Management University

## Institutional Knowledge at Singapore Management University

---

Research Collection School of Social Sciences

School of Social Sciences

---

7-2009

### Radical politics in Hong Kong: Can business make a difference?

James T. H. TANG

Singapore Management University, [jamestang@smu.edu.sg](mailto:jamestang@smu.edu.sg)

Follow this and additional works at: [https://ink.library.smu.edu.sg/soss\\_research](https://ink.library.smu.edu.sg/soss_research)



Part of the [Asian Studies Commons](#), [Political Science Commons](#), and the [Public Affairs, Public Policy and Public Administration Commons](#)

---

#### Citation

TANG, James T. H..(2009). Radical politics in Hong Kong: Can business make a difference?. *Hong Kong Journal*, (15).

Available at: [https://ink.library.smu.edu.sg/soss\\_research/2370](https://ink.library.smu.edu.sg/soss_research/2370)

This Journal Article is brought to you for free and open access by the School of Social Sciences at Institutional Knowledge at Singapore Management University. It has been accepted for inclusion in Research Collection School of Social Sciences by an authorized administrator of Institutional Knowledge at Singapore Management University. For more information, please email [cherylids@smu.edu.sg](mailto:cherylids@smu.edu.sg).

## **RADICAL POLITICS IN HONG KONG : CAN BUSINESS MAKE A DIFFERENCE?**

By James T.H. Tang

As Hong Kong in 2009 retained its title as the world's freest economy for the fifteenth consecutive year, radicalism seemed to have gained wider support in local politics at a time of economic turbulence—even though a timetable for universal suffrage has been set.

Hong Kong kept its top position in an index of economic freedom developed by the Heritage Foundation, a Washington DC think tank, due to its record of economic openness. Government institutions in Hong Kong were credited with allowing the city to “achieve high levels of prosperity reinforced by vibrant entrepreneurial activity”,<sup>1</sup> while Heritage also cited its flexible labor regulation. In fact, the city's score is 0.3 point better than last year on the Heritage index, reflecting improvements in fiscal and business freedom. The fact that Hong Kong performed well is not surprising, given its long established reputation as an entrepreneurial and business-friendly city.

However, in contrast to the business environment, a new political landscape emerged in 2008, one often reflecting the more confrontational approach of those who represent grassroots interests. This change raises questions about whether anti-business sentiment will become more widespread at a time when the political dynamics of Hong Kong are changing. Although the exact electoral arrangements for universal suffrage are yet to be decided, it is now scheduled to be introduced for electing the Chief Executive in 2017 and all members of the Legislative Council (Legco) in 2020. Thus as Hong Kong inches closer to full democracy, questions arise about the future of its business environment in these new politics.

First, electoral politics seems to have turned against pro-business groups; second, the financial crisis and associated economic difficulties have generated demands for more government action and created wider concerns about business practices; third, the rise of social activism supported by the younger generation has made civil society more vibrant and its importance in shaping public policy will continue to grow.

Many observers therefore have suggested that the business community, as a key component of modern society, should become more active in articulating its views and advancing a pro-business agenda. While it is clear that the business sector should ensure that free market principles are observed in Hong Kong with a level-playing field for all, this article argues that business also can make a difference by more active engagement in social and public policy issues.

### **The Fallout of Electoral Politics**

The Liberal Party—Hong Kong's leading pro-business party—was trounced in the geographical constituencies in last year's Legco elections, attracting only 4.3% of the popular vote, and suffered a double defeat as both Chairman James Tien and Vice-Chairman Selina Chow lost their seats. In fact, the Party barely survived an internal feud after Tien resigned his chairmanship and three of its six members who held Legco seats formed a splitter group. Although many commentators suggest the Liberal Party did not truly represent broader Hong Kong commercial interests, the outcome was widely seen as a defeat for the pro-business voice, especially as its membership included the Legco member representing the Hong Kong General Chamber of Commerce. The Economist's election report called the result a “bad day for business”.<sup>2</sup>

Second, the newly-established League of Social Democrats emerged victorious with the election of three political activists—Raymond Wong Yuk-man, 'Long Hair' Leung Kwok-hung and Albert Chan Wai-yip. This trio attracted widespread attention by taking radical action when complaining about government policies inside the Legco chamber. For example, during the Chief Executive's policy address in October 2008, Wong threw a banana as a symbolic protest against a government plan to introduce a means test before paying a special allowance for the elderly, commonly known as “fruit money”.

In February 2009, Wong tried to snatch the text of the budget speech that Financial Secretary John Tsang was about to deliver. In late March, Chief Secretary Henry Tang wrote for the fourth time to Legco President Jasper Tsang to complain formally that certain members had “repeatedly used vulgar and offensive language” against government officials during legislative meetings.<sup>3</sup>

Although the Leagues's pro-democracy allies in Legco have criticized them for such behavior, physical and verbal challenges to government officials by Legco members perhaps are not surprising. League members have pledged to adopt a confrontational stance while pushing for democratic change and promoting the interests of grassroots groups against the government's alleged “pro-business policies” that allow big business to exploit the poor. Following his election win, Wong declared publicly on a radio program that:

“... we will carry on our actions of civil disobedience in the larger society, in conjunction with our forceful political criticisms of the government and the pro-establishment factions within the Legco, ... and to check the advance of the unholy alliance between bureaucrats and business tycoons, these are the clear mandates we receive from our voters.”<sup>4</sup>

That the League attracted 10.1% of the popular vote is significant for a party openly advocating an “anti-business” agenda in a city widely seen as business-friendly. More importantly, however, is the fact that it gained support not only at the grassroots level but also from a wealthier segment of the electorate. Wong’s voters appeared to come from a community cross-section, including districts with a high concentration of middle and upper-middle class neighborhoods with some of Hong Kong’s pricier residences.<sup>5</sup> Another important trend is that parties promoting grassroots interests across the traditional pro-Beijing and pro-democratic divide did better those perceived as representing the middle class, such as the Civic Party which relies heavily on support from the professions.

Political dynamics in Hong Kong, however, remain fluid and the major political groups are still playing dominant roles. Thus the new political environment may provide the business community a new opportunity to engage more actively with political groups across the political spectrum.

### **Corporate responsibility after the financial crisis**

Because of its role as a leading financial center, the impact of the Wall Street crisis on Hong Kong was sharp and immediate. The early economic indicators for 2009 were truly alarming. While the economic growth rates were a healthy 7% and 6.4% during the first quarters of 2006 and 2007 respectively, they dropped to a mere 2.8% in 2008 and then plunged to a minus 7.8% in January-March of 2009, measured year-on-year. In the same period Hong Kong’s trade also suffered—exports dived 22.7%—the largest decrease since the second quarter of 1954, while exports of services declined 8.2% and the seasonally adjusted unemployment rate rose to 5.2%.<sup>6</sup> As in the United States, many in Hong Kong questioned the business practices of investment banks, and criticized both the failure of regulators and the integrity of the business sector.

Politically, however, the most immediate challenge was the collapse of Lehman Brothers, with estimated aggregate liabilities of its Hong Kong units totalling HK\$22.6 billion.<sup>7</sup> This became an immediate political problem when thousands of retail investors holding securities known as “minibonds”; backed by Lehman Brothers but sold by other financial firms, found their holdings nearly worthless and began demanding government action. Their losses were reported to be HK\$2 billion. Many were ordinary citizens, including elderly investors who saw their life savings evaporate. They formed the Alliance of Lehman Brothers Victims in Hong Kong, filed complaints with regulatory agencies and staged protests against both what they described as misleading and dishonest sales tactics and the failure of regulators to supervise the market properly and protect them.

The Alliance sought help from across the political divide and gained support from both the Democratic Party and the (pro-Beijing) Democratic Alliance for the Betterment and Progress of Hong Kong (DAB). They successfully pressed for a formal Legco investigation of the minibonds issue, winning a more than two-thirds vote in favor. Only three functional constituency, or special interest group, representatives were opposed while four members abstained. The banking sector’s representative, David K.P. Li conceded that the motion would succeed once the DAB offered support due to pressure from the small investors group.

While many understood that the financial crisis originated outside Hong Kong, the minibonds issue damaged the image of both the business sector in general and the banking industry in particular. More importantly, the administration clearly deemed it unwise politically to go against popular sentiment and side with the banks. Since the economic situation is likely to remain difficult for some time, public anxiety about growing employment may reinforce negative perceptions about business in Hong Kong.

### **Social Activism on the Rise**

The 20th anniversary of the 1989 Tian An Men crackdown against pro-democracy student protests in China attracted wide media attention, when an estimated 150,000 people took part in a candlelight vigil in Victoria Park. The turnout was in part attributed to public disapproval of Chief Executive Donald Tsang’s dismissive response in Legco to a question from the Civic Party’s Margaret Ng; he suggested that the Tian An Men incident happened many years ago while China’s subsequent development has achieved great results and brought economic prosperity to Hong Kong. Ng again challenged him by asking: “Are you saying that as long as the economy is developing well we cannot admit people were killed? Should we bury our conscience to share economic benefits?” Tsang then stated that “my view represents the opinion of Hong Kong people in general, and the opinion of citizens has affected my view. What I have just said is how I feel about the views of the people of Hong Kong.”<sup>8</sup>

In fact, public memory of the June 4, 1989 crackdown had already been aroused by earlier events, including a debate among University of Hong Kong students about the meaning of what had happened 20 years ago. Ayo Chan, president of the university's student union, suggested pro-democracy protesters were to blame for the crackdown and found himself voted out of office. The publication of former Premier Zhao Ziyang's secret memoirs, providing an account of the political intrigues surrounding the tragedy, also kept public attention on the commemoration.

Anniversary events, including a march on the last the Sunday before June 4 and the candle-light vigil in the evening of June 4, were organized by the Hong Kong Alliance in Support of Patriotic Democratic Movements in China—a group established by the pro-democracy camp in 1989. The turnout rate is sometimes seen as a barometer for the popularity of the pan-democracy camp and its ability to mobilize supporters. The high turnout in 2009 does not necessarily imply an open endorsement of the pan-democrats' agenda, but should be seen in the context of public sympathy for and support of the student movements of 20 years ago, which is part of Hong Kong's history. But it also demonstrates that Hong Kong people, especially members of the younger generation, are willing to speak out and participate in political events.

In fact, social activism in Hong Kong has increased since a large 2003 demonstration in opposition to proposed national security legislation which Hong Kong is required to adopt (in some form) under Article 23 of the Basic Law, the Chinese legislation that serves as the city's de facto constitution. At that time, some 500,000 people took to the streets to express their opposition to the pending bill, a demonstration that eventually led to the early resignation of then-Chief Executive C H Tung. Subsequent campaigns to save Victoria Harbour, the Queen's Pier and later the so-called wedding street in Wanchai also attracted public sympathy, though not everyone agreed with all the radical tactics of activists who took part. A study commissioned by the Hong Kong General Chamber of Commerce found that, as in many other developed societies, the younger generation is embracing more post-material values and is more willing to take part in civic activities. A vibrant civil society is very much part of Hong Kong's current political landscape.

### **Can business make a difference?**

The electoral defeat of the Liberal Party and the success of the League of Social Democrats may reflect public sentiment against the perceived privileges of big business in Hong Kong but should not be interpreted as necessarily a general rejection of free market principles and Hong Kong's cherished business ethos. But the emergence of radicalism in Hong Kong politics, and the challenge of a prolonged economic downturn, plus a more politically active young generation, does signal that the social and political landscape is changing rapidly as Hong Kong moves towards fuller democracy. The business community may have to rethink how it can best contribute to this political and social development beyond more effective articulation of its own positions.

In the aftermath of the financial crisis, some U.S. corporations have attempted to promote changes in business practices. The Aspen Corporate Values Strategy Group, formed by the Washington-based Aspen Institute and supported by leading American corporations, for example, has worked on "promoting changes in corporate and investment practice, as well as in public policy, to support long-term orientation in business decision-making and investing".<sup>9</sup> The Institute's Global Leadership Network, which is 'a community of entrepreneurs who share a passion for tackling some of society's thorniest problems', has taken on projects that could make the world a better place.<sup>10</sup> While several Hong Kong corporations likewise have developed social responsibility projects, the business community could be more active in taking the lead on such initiatives.

Given the diversity of the business community, it is probably difficult for it to devise a common vision of Hong Kong's political future. The Aspen model may not be the best example for Hong Kong, but it does show how business can exercise leadership by generating ideas and shaping the agenda for social change through active engagement with the wider community. Business in Hong Kong should combat the public perception that it is only a conservative force, and sometimes even an obstacle for democratic change and progressive social development. By taking the lead in formulating consensus on issues such as education, public health, urban development, drug abuse and poverty, the business community could transform its image as the defender of vested interests into one that is genuinely supportive of social development and committed to playing a constructive role in building a better future for the entire community.

---

*James T.H. Tang is a Professor of Politics and Public Administration at the University of Hong Kong, where he also directs the university's Master of International and Public Affairs program. Holder of degrees from Hong Kong, Cambridge and the London School of Economics and Political Science, his publications include serving as co-editor of "Hong Kong on the Move—10 Years as the HKSR".*

1. <http://www.heritage.org/Index/Country/HongKong>

2. "An election in Hong Kong: Bad day for business", *Economist*, Sep 11th 2008.  
[http://www.economist.com/displaystory.cfm?story\\_id=12209864](http://www.economist.com/displaystory.cfm?story_id=12209864)
3. Letter by the Chief Secretary to the President of the Legislative Council. <http://www.info.gov.hk/gia/general/200903/25/P200903250223.htm>
4. Letter to Hong Kong by Raymond Wong.. <http://www.lsd.org.hk/focus.asp?focusid=404&ctypeid=1>
5. The voting record in Kowloon West indicates that Raymond Wong (candidate no. 8) 's voter support base is relatively evenly distributed: [http://www.elections.gov.hk/legco2008/eng/result/download/counting\\_results\\_LC2.xls](http://www.elections.gov.hk/legco2008/eng/result/download/counting_results_LC2.xls)
6. First Quarter Economic Report, HKSAR Government, (Hong Kong: May 2009).
7. Sundeep Tucker , "Lehman liquidators confident of HK asset sales" *Financial Times*, February 24 2009.
8. See report in *South China Morning Post*, May 15, 2009
9. <http://www.aspeninstitute.org/policy-work/business-society/corporate-programs/corporate-values-strategy-group>
10. Steve Hamm, "Aspen Institute Taps Business for Social Change", *Businessweek*, June 10, 1959