

# A delicate balancing act

INTERVIEW WITH THE HONOURABLE DONALD TSANG GBM

CHIEF EXECUTIVE, HONG KONG SPECIAL ADMINISTRATIVE REGION



**DONALD TSANG**

was elected uncontested on 16 June 2005 as the Chief Executive of the Hong Kong Special Administrative Region of the People's Republic of China. During a career spanning more than 30 years in the Hong Kong civil service, Mr Tsang has held many positions in the Administration dealing with local administration, finance, trade and policies relating to the return of Hong Kong to China. He was the first Chinese to hold the position of Financial Secretary and also served as Chief Secretary for Administration before assuming his current role. He holds the Grand Bauhinia Medal from the HKSARG and was knighted by the British Sovereign in 1997 for his distinguished service to Hong Kong.

**The decisions taken by your administration over the next two years will have a huge impact on the future development of Hong Kong in terms of its relations with both China and the wider world. What do you regard as your key priorities between now and 2007?**

The most important thing from my perspective is to restore the confidence of the people of Hong Kong, which has taken quite a knock over the past few years. As you know, we had a sustained period of very slow growth and disappointment within the population about our economic performance, followed by the devastation of the SARS epidemic, so all in all we have suffered quite a lot recently. The most important job of the administration now, as I see it, is to galvanise people to regain their confidence in the future of Hong Kong and their confidence in the ability of this administration to govern effectively and to lead.

In my recent policy address, therefore, I concentrated on three themes. First of all, I wanted to impress upon the people of Hong Kong that I will do the best I can to reinvigorate the government, so as to improve the quality of governance in Hong Kong generally. Secondly, that I aim to create a more harmonious society by addressing the concerns of people at different levels - the middle class, the grass roots - in order to create a better trading environment in Hong Kong. Finally, I outlined the steps that need to be taken in order to promote economic growth. All these measures are aimed at one thing: the question of confidence. I think that is the most important assignment for this administration; that's our task and that's our challenge.

**There's been a noticeable lifting of morale since you took office. Are you confident that you can deliver what the people of Hong Kong hope for and expect from you?**

Well, I'm sure part of that change in mood is euphoria created by change itself. The ability of this to be sustained, I think, depends very much on the extent of how able I am to deliver on the pledges I made in my policy address. I have gone through my address very carefully, line by line, marking out all the things I promised, and I am confident I will be able to deliver them within my term. So in that regard, if the people are content with what I have proposed to do, I am pretty confident I will meet the challenge of delivering those promises.

**The slogan of your policy address was "strong governance for the people". How soon do you expect to be able to add "of the people, by the people"?**

Well, how long did it take the United States? I hope we won't have to wait as long as they did.

I'm not going to deceive anybody that this is a place which meets all the criteria of universal suffrage, but it would be very unfair for me to say that we can meet it in a certain timetable because we haven't yet decided, for instance, the shape of the legislature; are we going to have the Westminster model with a House of Commons and a House of Lords? Does the House of Lords meet the criteria of universal suffrage? I'm not sure, and a similar question could be asked of the upper houses of practically all the advanced economies in the world.

We still have to sort out a lot of things and it would be very difficult to come up with a timetable right now with any degree of precision. And also don't forget that we started rather late in the day, so it's not entirely our fault. You should also bear in mind that the largest political party in Hong Kong has about 3,500 members and the second largest has a membership of about 800. That is where we are now.

**Would you say it's more important to give people what's good for them rather than what they want?**

Hong Kong people are politically astute. We are seasoned travellers; we know what is happening around us in the rest of the world. The important thing is for us to focus on the issues and discuss the issues rationally, then decide on a model. I'm quite sure that given the favourable economic backdrop, we are capable of rational discussion over even this very controversial issue, and that we can produce some meaningful results. It has to be a system which suits Hong Kong, not something which has simply been cloned.

**Your former colleague, Chris Patten, once described Hong Kong as "a Chinese city with British characteristics". What, in your view, is the essence of the Hong Kong identity?**

Hong Kong is undoubtedly a Chinese territory, peopled by a majority of ethnic Chinese, but it has a very different value system. We have been brought up with highly westernised values such as equity, fair play, the rule of law, human rights, clean government, clean air and everything that goes with a western society, and

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that's what we are. It is difficult to characterise but certainly it is a very cosmopolitan city. If I walk the streets of Hong Kong now and then walk the streets of London or New York for instance, with my eyes closed, to me they are very similar cities.

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**The re-branding of Hong Kong as "Asia's world city" is fairly ubiquitous, from your lapel badge to the AsiaWorld-Expo. What does it mean in practice?**

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It means that this is a friendly place for a cosmopolitan community. People come here and find it easy to stay for a few days or to stay for a lifetime. They can bring up their family here; they can find the right supermarket, they can find their cultural shows, whether they want to go to a cinema or go to the opera or whatever. Wherever you come from, whatever part of the world, you do not find it a very strange or unfriendly place. It is a confluence of many influences, of many ethnic groups. People of different religions, people of all races find they're comfortable here. That's what we are; a rather vague concept you may think, but a very unique one in our view.

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**Do you feel that the place can retain its distinctive character in the face of increasing integration with the Mainland?**

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Most definitely, because we have a product which cannot be replaced. Our heart beats at a different pace; our value system is different. Our strengths lie in financial services, and such services are not available in the Mainland and will not be for a very long time, because those services are anchored in a superior financial infrastructure – banking, insurance and so on,

similar to the western world. That, in turn, is related to a legal system which is highly developed, the common law system. And on top of that we have a convertible currency, so the faster the Mainland grows, the more business we're going to get at the end of the day. And that business will be irreplaceable for a long, long time. You may have the infrastructure – the hardware, if you like – but is difficult to get all the software involved. That's the reason why even now, Frankfurt finds it difficult to compete with London in the Euro market, even though London itself is not circulating the Euro. So that's the trick, and I believe it is a question of our being a world city, capable of retaining all the professionals we need and capable of delivering that sort of service which cannot be done elsewhere.

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**How do you see the role of Hong Kong developing in the context of a more globally integrated China?**

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We will remain as we are, an international financial centre and transport hub, derived from our geography, from our history and from what we are. We have already overtaken London in terms of the value of IPOs issued here – Hong Kong was second in the world last year, after New York – and it will continue to be that way. It's down to the liquidity that we have and the critical mass of financial professionals here in Hong Kong which service that market. And then you have the hungry hordes of mainland enterprises who want to be listed here and gain access to the rest of the world, and Hong Kong is the place for them.

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**Greater interaction with the Mainland has boosted Hong Kong's economy but it has also made the territory more vulnerable to diseases such as SARS. With experts predicting a bird flu pandemic, what measures is the government putting in place to limit Hong Kong's exposure to such threats?**

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The epidemic is being carried by means which cannot be stopped all that easily. In my view, what we need to do is to be well prepared for a pandemic that is going to take place. I think it will take place at some stage, the question is when and how well prepared you are.

With the experience of SARS, I think our health experts and the population at large is as well prepared for this as any other developed country. If there is a global outbreak I'd prefer to be here than, for instance, in London or New York.

We've got experience of handling these things; we have detailed operational plans to deal with an outbreak of this kind from the point of detection to setting up cordons, preventing entry of people from vulnerable places and so on. We will continue to improve our readiness in the light of experience of similar outbreaks elsewhere and directives coming from the WHO and other international fora.

Hong Kong's Chief Executive, Donald Tsang with Alastair Harris, Editor of FIRST



Photograph by Terry Duckham/AsiaPix

We are leading the field in preventative measures and have put in place comprehensive, preventative plans. We also specialise in research into the virus itself. So, whilst I'm not saying we should be complacent, I believe we are just as prepared as any other advanced country in this regard. But we won't let our guard down and we will continue to be vigilant.

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**Hong Kong's international profile is due to get a considerable boost over the next twelve months due to its hosting of the Sixth Ministerial Conference of the WTO and other prestigious international events. How do you intend to capitalise on this exposure and what are your own expectations for the WTO meeting in particular?**

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Well we don't look at the WTO as a means of profiling Hong Kong in a prominent way, although it is a very good side effect of it. We look at our hosting of the Sixth Ministerial Meeting as our obligation as a major advocate of the multilateral trading system. We believe in that trading system and we have been a very good example of how one can succeed by trading in that system. We have experience to share and as a founding member of the WTO, we believe it is part of our duty and obligation to share that experience and do our best as a member.

We hope we are going to deliver better results than the previous occasions in Cancún and Seattle. As regards the crowd that we're going to attract, some will be good crowds, some less pleasant. That's what WTO Ministerial Meetings normally mean. We will welcome them, we will try to be as friendly and hospitable as possible, and I'm sure that it will be a good opportunity, now that you mention it, to show the rest of the world what Hong Kong is; that it is still very much alive and kicking and rather unique in this part of the world.

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**Hong Kong is arguably the great capitalist - and potentially, democratic - testing ground for China. How much leeway do you think the Central Government in Beijing is prepared to give its "experiment"?**

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I do not look at it this way. I have never been party to the theory that the Hong Kong tail will wag the China dog in terms of democracy, but I believe in what has been enshrined in our constitution, the Basic Law, that we are going to move towards universal suffrage. We are doing it in our own way, at a speed with which we are comfortable, both economically and politically. But again, it must be something which our sovereign power, China, is happy with. We are not going to splinter off on a tangent into something which is very difficult and very strange for the nation as a whole. For that reason, I am sure that Hong Kong's evolution into a democracy will be watched all over the world, in China and elsewhere. But because of our unique history it is

not all that easy to believe that what Hong Kong will evolve into will be easily copied on the Mainland.

They are now testing universal suffrage at the village level and county levels but it is held in different style. So it's moving, the whole thing is dynamic, not only here but also on the Mainland. Whether the two things will merge at some stage I'm not sure, but the important thing is that we must look after Hong Kong's interests and do the best we can to develop the best system that we can afford.

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**Balancing the concerns of the Communist Party leadership in Beijing with the popular aspirations of one of the world's most outspokenly capitalist cities is a high-wire act that would make the most hardened acrobat blanch. How would you characterise your own approach?**

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High-wire acts and a dangerous lifestyle are very rewarding at the end of the day if they are able to deliver some results. The most important thing is that it's a position in which I can serve the people I love. To do so even for a day would be an honour. A year is a great honour. Two years is a tremendous honour. I treasure this opportunity and I'll do my best.

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**A lot of people wonder what your own ideology is. Where do you see yourself on the political spectrum on a scale of say, Deng Xiaoping to Margaret Thatcher?**

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I'm just a little chief executive of a little place - albeit a proud little place, very unique within our nation, rather unique in East Asia. I see myself at the moment as a fledgling leader of a vibrant economy. Whether I succeed or fail we will need a little more time to tell. **F**

Out with the old: The debate on the future of Hong Kong's legislature continues



Photograph by William Furniss

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