

IN SEARCH OF TRUST AND LEGITIMACY: THE POLITICAL TRAJECTORY OF HONG KONG AS PART OF CHINA¹

Anthony Cheung

ABSTRACT

In the 1980s and 1990s, the impending return of Hong Kong to China by 1997 had triggered a major confidence crisis in Hong Kong. A new logic of governance would have to be created to substitute the then colonial logic which emphasized administrative efficiency and the rule of convenience, a logic that the local population had implicitly accepted out of political acquiescence. However, the path towards a new Hong Kong as a special administrative region (SAR) had not been accompanied by the proper decolonization and democratization of the governance system. Old wine was put into new bottle. The political order as enshrined in Hong Kong's Basic Law had largely been a continuation (and at most a re-institutionalization) of the ancient regime. Since 1997, the Hong Kong SAR has been suffering from one legitimacy crisis after another. The infallibility of the administrative state, long held responsible for Hong Kong's success story in the final decades of British colonial rule, has by now been largely eroded. In 2002, government by bureaucrats was replaced by government by politically-appointed ministers, in the hope of enhancing executive accountability and improving policy performance and governance effectiveness. Yet, that failed to deliver results. This article traces the development of the post-colonial administrative state in Hong Kong from 1997 to the present.

INTRODUCTION

In the 1980s and 1990s, the impending return of Hong Kong to China by 1997 had triggered a major confidence crisis in Hong Kong. A new logic of governance would have to be created to substitute the then colonial logic which emphasized administrative efficiency and the rule of convenience, a logic that the local population had implicitly accepted out of political acquiescence. However, the path towards a new Hong Kong as a special administrative region (SAR) had not been accompanied by the proper decolonization and democratization of the governance system. Old wine was put into new bottle. The political order as enshrined in Hong Kong's Basic Law had largely been a continuation (and at most a re-institutionalization) of the ancient regime.

Since 1997, the Hong Kong SAR has been suffering from one legitimacy crisis after another. The infallibility of the administrative state, long held responsible for Hong Kong's success story in the final decades of British colonial rule, has by now been largely eroded. In 2002, government by bureaucrats was replaced by government by politically-appointed ministers, in the hope of enhancing executive accountability and improving policy performance and governance effectiveness. Yet, that failed to deliver results. In March 2005, the businessman-turned-politician Tung Chee-hwa was

replaced by the former top civil servant Donald Tsang as Chief Executive of the SAR. Tsang has since partially returned to the age-old colonial wisdom of government by administrators, and sought to forge a compromise model of 'government by political bureaucrats'. That again has not proved to end the political quagmire after all. Since mid-2008, the government's popularity has been hit by repeated incidents – over the extension of political appointments (of Undersecretaries and Political Assistants)², and controversies over the foreign domestic helpers' levy³, old age allowance⁴, Lehman Brothers 'mini-bonds'⁵, the government's slow response in sending charter planes to Thailand to fly back Hong Kong people stranded there because of the closure of Bangkok airports due to political crisis⁶, and the latest controversy over the trial scheme on school drug testing⁷.

The failure of governance can be diagnosed with respect to systemic defects, decline of state capacity, and the crisis of social cohesion and shared vision⁸. Most academic literature pointed to a decline in the government's capacity to lead and govern. Scott, for example, summed up the SAR's crisis as "the disarticulation of Hong Kong's post-handover political system", with the following defects:

"[T]he relationships between the executive, the legislature and the bureaucracy today are uncoordinated, poorly developed, fractious and sometimes dysfunctional.... [W]ith a system which is neither parliamentary fish nor presidential fowl, the executive, the bureaucracy and the legislature (which is divided within itself) each pursue their own agendas, punctuated by occasional skirmishes on the boundaries of their domains and by subterranean campaigns to extend their jurisdictions"⁹.

More fundamentally, it has to do with the post-1997 problems of institutional incompatibility resulting from a political regime originating in colonial times having to cope with post-colonial needs and demands¹⁰. Not only have the executive and bureaucracy been suffering a crisis of credibility, the legislature and political parties have also been in decline.¹¹ Despite the introduction of a new ministerial system of political appointments by former Chief Executive Tung Chee-hwa in July 2002 to strengthen the government team and to improve accountability and responsiveness, the government had remained caught in a quagmire characterized by policy impasse and the lack of capacity to deliver results. The anti-government protests of July 2003 by over half a million population marked the worst crisis of governance, widening social disharmony, government-people tensions, and essentially an institutional breakdown.

China's policy on Hong Kong's reversion was to seek to minimize the extent of political change in favour of continuity and stability. Thus the Basic Law of the SAR has left the colonial configuration of government largely intact. The Chief Executive is not democratically elected. Only up half of the legislature is elected by universal suffrage. Such constitutional design intends to keep governmental power within the original ruling elites dominated by the bureaucratic class. However, during the political transition leading to the transfer of sovereignty in 1997, the local political landscape had already undergone continuous transformation with the introduction of legislative elections and the emergence of political parties and elected politicians. The post-1997 political system was not and could not be just a replication of the previous colonial system of governance.

By now Hong Kong's political trajectory has come to a stage where a political culture of distrust is building up and being reinforced at a time when political trust is much in need for different institutions to cooperate, and for enabling the government to govern effectively and lead society in major policy innovations and reforms. This article reviews Hong Kong's post-1997 governance within the context of Hong Kong's political trajectory to become part of China, and diagnoses the nature of the current political quagmire - highlighting major constraints and dilemmas as well as institutional setbacks and failures due to the inability to re-establish a new logic of governance and political ethos as the pre-existing political order continues to be eroded, whether by design or by circumstances.

POST-HANDOVER CRISIS IN GOVERNANCE: DIAGNOSIS OF DIFFICULTIES OF THE TUNG ADMINISTRATION

Institutional incompatibilities

On the surface there was supposed to be 'no change' in Hong Kong's policymaking architecture after the handover. In practice, however, the actors occupying that inherited architecture, their interests and thinking, and both the internal and external habitats, had all undergone subtle but significant changes. The post-1997 policy and political scene has become increasingly crowded, producing a highly 'differentiated' polity for government¹². The kind of cohesive administration as practised during autocratic colonial times was no longer viable.

The former Hong Kong colony was an 'administrative state'¹³, with government by the bureaucrats under the rule of the British governor, supported by business and professional elites¹⁴. All top government posts were almost exclusively filled by members of the elite 'Administrative Class' (the Administrative Officers, or AOs) acting in effect as 'ministers'. Both the Executive Council (Exco) and Legislative Council (Legco) were appointed, which served to support and advise government rather than to challenge, and check and balance it. At the same time, through 'administrative absorption' whereby business and professional elites were appointed to an extensive web of advisory and statutory bodies, the colonial government was able to forge some form of elite integration and support in society¹⁵. The net result was a fused model of executive-legislative collaboration underpinned by a reasonably high degree of political consensus and trust among the ruling elites. In other words there was joined-up governance of an undemocratic kind.

Such a mode of administrative state became not sustainable after the handover. The experience under the rule of the first Chief Executive Tung Chee-hwa (July 1997 - March 2005) had clearly exposed serious stress and uncertainties in institutional relationships. Being separately constituted through elections instead of appointed by the government, the legislature had become a major countervailing force to the executive, which could not guarantee legislative support, not to mention a majority. Whereas party politics had become the order of the day in Legco, government still tried to hang on to the colonial style of party-less administration, thus unavoidably

encountering growing difficulties. Executive-legislative tensions and rivalries were but expected.

In the SAR era, intra-elite rivalries had first emerged between two 'executive-led' paradigms¹⁶, with the senior civil service adhering to the traditional executive-led principle of civil service-run government while Tung and his allies pushing for an Exco-led government. Because of public dismay with the performance of the AOs-run government in dealing with the Asian financial turmoil and other post-handover crises such as bird flu and the public housing short-piling scandal, Tung took the opportunity to introduce a new ministerial system of political appointment of principal officials to head policy bureaux in June 2002; until then ministerial portfolios had continued to be assumed by administrative mandarins as in the colonial past. However such an attempt to change tack in face of new political challenges miscarried as many people doubted the legitimacy of the new ministerial system in a context suspected to be structurally biased towards Beijing and the powerful business lobby. In the event the new ministerial system had actually intensified the rivalry for policy power. Several politically-appointed secretaries were subsequently forced to resign in the aftermath of the historic mass protests of July 1, 2003¹⁷.

Under British rule, the population could acquiesce to colonial governance for want of a better alternative (and returning to Chinese communist rule was not considered such an alternative for many who had escaped to Hong Kong as either political or economic refugees from mainland China). An enlightened but efficient form of authoritarian government was thus politically tolerated. Such a colonial logic was no longer sustainable after 1997 when the general public expected the government to be accountable and responsive under the principle of self-administration. In the absence of universal suffrage in electing the Chief Executive and Legco, it was difficult to gain enough political trust from the public through the pre-existing institutions of governance.

There is now no going back to the previous colonial mode of government by bureaucrats and government by consultation. The ministerial layer has already been separated from the civil service and there is some degree of representative democracy augmented by a new form of executive accountability under POAS. The old executive-led orthodoxy and the colonial mechanisms of administrative domination and absorption had become either eroded or proved insufficient to cope with new demands and challenges. The formal power configuration under the Basic Law has displayed increasing incompatibility with the actual interplay of powers and expectations among various political players and institutions. Instead of having a government with unchallenged executive power, as exemplified in the heydays of colonial rule, the SAR government is now constrained in both formulating and implementing policy. All of the major institutional actors feel inhibited from performing their roles, making the political system essentially '*disabled*'¹⁸.

Changes in policy and political environment

Policymaking by bureaucrats during colonial rule was by nature a combination of institutional inertia and professional rationality driven top-down. It was at the same time adaptive enough to external changes since the regime's very existence was not

under threat. Because of the need to secure some degree of policy legitimacy in the absence of democracy, the colonial government had long practiced a system of government by consultation. Strengthened by fiscal surplus and internal modernization since the 1970s, it was able to chart a reformist course of governance that helped to gradually ease government-people tensions and shore up the regime's legitimacy. From the 1980s onwards, the scope of incorporation of community views had been extended to the local district level, through the setting up of district boards. Established interest groups, trades and professional bodies, and the public at large were consulted as a matter of routine.

All this has changed since the 1997 handover (**Table 1**). Partisan bargaining has become the order of the day, both between government and Legco and among parties within the legislature. The importance of advisory and statutory bodies has been overshadowed by the Legco policy panels since the 1990s, and then after 2002, by the rise of new politically-appointed ministers who are held 'accountable' for policy outcomes. The government has to increasingly go for political consultations and negotiations – with legislators, parties, and business and labour organizations – in order to secure enough support and legitimacy for its policies. The influence of the mass media, think tanks, as well as academic and public commentators has also been on the rise. The whole policy process has been drawn out of the traditional 'safe' closet of government-by-bureaucrats and government-by-consultation, into the open and more uncertain arena of partisan politics, interest negotiation, media spin, opinion polls, and political mobilizations.

The colonial government did not adhere to any political ideology. It was administratively pragmatic, economically conservative and fiscally limited, as represented by the saying inside government: "*if it's not broken, why fix it?*". Leo Goodstadt, head of the Central Policy Unit in the final decade of British rule, observed that *laissez faire* doctrines and 'positive non-interventionism' enabled the colonial bureaucrats to resist pressures of reverse capture by the privileged business and professional classes and to steer "*more acceptable boundaries between public and private interests within a political system ... based on a partnership between colonialism and capitalism*"¹⁹. Being non-ideological, the bureaucratic elites had expanded welfare and public services, not out of pursuit of any clearly defined value preferences or ideological convictions, but for the sake of doing something good that government could afford as public finances improved and coping with changing public expectations and circumstances. The 1970s thus saw rapid administrative modernization, active urban and New Town planning, and the launch of ambitious social policy blueprints (for education, medical and health services, housing, labour and social welfare). By the early 1980s the previous *laissez-faire* principle had given way to the more proactive expression of 'positive non-interventionism' in the government's policy thinking – which recognized the government's responsibility to intervene when social obligations and public interests demanded it.

Whereas the previous colonial system of policymaking was characterized by the absence of a political regime, so that the mandarins essentially ran the show according to administrative pragmatism, the new SAR government is subject to more values-laden community mobilizations and class politics unleashed by the rapid

politicization of the policy scene. The emergence of new non-institutional cleavages grounded in value-oriented interests had imposed greater demand on the limited political and policy capacity of the SAR government. Conflicts have widened over public policy directions. A more active and differentiated polity has imposed the need for more government interventions, especially amidst economic uncertainties in the aftermath of the 1997-98 Asian economic turmoil, and again now under the global financial tsunami.

The impetus to more strategic interventions has come from two directions. First, the ascendancy of electoral politics, political negotiations, and popular demands has coerced government into discarding the traditional boundaries of non-intervention. Second, the need for economic restructuring following the economic crisis and the reality of globalized competition have together forced the government to increasingly adopt a steering role in economic development. New cleavages have also come from:

- the clash of values between government and the more vocal, assertive and value-oriented professional middle-classes, as seen in environmental, heritage protection, democracy, and core values issues;
- the concern about government-business relations, which the public, including even some professionals and small-and-medium enterprises, are watching with suspicion for fear of ‘government-business collusion’ in the transfer of advantages; and
- the rise of ‘national interest’ as a variable in policymaking, as observed in the Article 23 saga in 2002-03 over national security legislation.

The traditional form of government based on bureaucratic domination and administrative cooptation is no longer conducive to managing a complex society with conflicting interests and cleavages in values. The pre-1997 mode of policymaking cannot be sustained, not to mention that the old institutional architecture and its underlying logic have been subject to erosion by new expectations and political changes. There is the need to reform institutions and their *modus operandi* so as to improve the relationships between the political executive and bureaucracy, between the executive and legislature, between government and opposition, and within the wider scene, between government and society and government and business. A new institutional logic has to be found to help forge policy consensus and agreement amidst rising and diverse expectations and conflicts of interests and values.

Table 1: Policymaking in Hong Kong, before and after 1997

Features	Colonial era	SAR era
Policy actors: from single to multi actor	Bureaucrats-led; dominated by the elite Administrative Officers (AOs)	From bureaucrats-led to political ministers-led; Rise of elected politicians, parties and civil society activism: Bureaucratic monopoly of policymaking powers has been broken

Policy habitat: from relatively orderly to a more unstable and crowding environment	<p>A relatively more submissive, acquiescent society, politically under-mobilized and less articulate;</p> <p>Environment began to change during post-1984 transition period</p>	<p>Crowding because of increase in actors, higher mobilization, and greater demand for participation;</p> <p>A more complex society and a more differentiated polity;</p> <p>‘Strong executive, weak policy capacity’ – in terms of constitutional design, the centre may appear strong; in policy practice, the centre has become increasingly vulnerable to various political and administrative challenges</p>
Policy process: from policy consultation to political negotiation	<p>A system of government by consultation – known invariably as ‘government by discussion’, and ‘the administrative absorption of politics’;</p> <p>Policy consultation through advisory bodies as means to achieve policy legitimacy</p>	<p>Government has to increasingly go for political consultations and negotiations – with legislators, parties, and principal business and labour organizations – in order to secure enough support and legitimacy for its policies;</p> <p>The influence of the mass media, academic and public commentators, and public opinion polls, is on the rise</p>
Policy philosophy: from positive non-interventionism to contentions over interventions and values	<p>“If it’s not broken, why fix it?” – Positive non-interventionism, coupled with administrative contingency;</p> <p>Being non-ideological, and grounded always in fiscal prudence, the bureaucratic elites had expanded welfare and public services not out of pursuit of any clearly-defined value preferences or ideological convictions, but largely to do something good that government could afford as public finances improved.</p>	<p>The ascendancy of electoral politics, political negotiations, and popular demands has together coerced government into discarding the traditional boundaries of non-intervention;</p> <p>New cleavages have emerged:</p> <ul style="list-style-type: none"> • The clash of values; • The concern over government-business relations; • The rise of ‘national interest’ as a variable in policymaking

A decade after the handover, the tendency for preserving the *status quo* driven by the institutional force of path-dependency, coexisting with political and institutional resistance to change, has rendered the policy regime more stagnant than expected. The policymaking system has suffered from what may be denoted as ‘double regression’:

- An inherited system of government falling behind current (and still rising) public expectations and new political realities; and
- A gap between conventional government-centred ethos inherited from the colonial era, and the new age of socially-embedded 'governance' where a new style in policymaking is called for in order to manage conflict and to govern a differentiated polity.

Overall weakening of state capacity

In addition to weakening institutional strength and policy capacity, the SAR government had also suffered from dwindling *state* capacity. The absence of popular mandate, as for the previous colonial regime, created pressure to perform through public services and social and economic interventions. In the aftermath of the Asian economic crisis, new uncertainties and anxieties, amidst a prolonged recession, had induced higher expectations on the government to deliver relief measure and results. Even recognizing the importance of using performance to trade for political acceptance and legitimacy, the government's ability to respond to rising expectations and its capacity to incorporate various interests and deliver governance results were constrained by the crisis of public finance, and an unsettling bureaucracy. The more economic hardship the population was experiencing as compared to the pre-1997 'golden era' of affluence, the less people were prepared to acquiesce the non-democratic nature of SAR rule and to give it support for taking hard policy choices. Without public support or policy consensus, it was in turn difficult for the government to lead society and industry to go through the much-needed economic restructuring that was bound to create pain that everybody had to share.

As the government's performance declined, its legitimacy deficit was increasingly exposed, resulting in a vicious cycle. The concurrent deficits in state, policy and administrative capacities had together resulted in a government that was widely perceived as neither legitimate, nor competent, nor effective. Although Tung steered a pro-business political course, state-business relations were seen mostly in terms of various business and industrial interests seeking to capture the government for their own gains but not in facilitating state leadership and management over economic development. State-society relations had worsened since 1997 as the Tung government sought to depoliticize society and failed to forge an inclusive style of governance, thereby causing rising social alienation. The crisis of public finance and the need to perform had induced the government to embark on too many top-down policy reforms (in the civil service, education, housing, social welfare, and financial services markets) which, due to poor handling and insufficient consultation, had mostly backfired and agitated stakeholders across the social spectrum. With both institutional and policy shortfalls, and its popularity in the ebb, the government was rendered increasingly ineffective in making and delivering policies.

The erosion of state capacity due to performance, legitimation and integration failures was largely responsible for the sorry state of policy immobilism. **Table 2** below contrasts state capacity before and after 1997, pointing to deterioration in some aspects during the SAR period.

Table 2: Elements of state capacity in Hong Kong before and after 1997

Conditions	Before 1997	Post-1997
<i>Political environment</i>	<ul style="list-style-type: none"> • From de-politicization to limited accommodation of local politics • Government by discussion and co-optation • Legitimation by performance and acquiescence 	<ul style="list-style-type: none"> • Disintegration of political institutions • Concurrent crises of performance, legitimacy, integrity and confidence
<i>Within government</i>	<ul style="list-style-type: none"> • Administrative domination and modernization • Using the bureaucracy as the means to achieve performance – bureaucratic reformism 	<ul style="list-style-type: none"> • Decoupling of political and administrative elites • From government by bureaucrats to government by politically-appointed ministers, creating bureaucratic dissatisfaction • Staff morale problem due to civil service reform
<i>Economic environment and philosophy</i>	<ul style="list-style-type: none"> • From ‘laissez-faire’ to ‘positive non-interventionism’, to ‘consensus capitalism’ • Prolonged period of economic boom providing necessary fiscal basis for policy performance 	<ul style="list-style-type: none"> • Asian crisis and ensuing economic recession exposing structural fiscal deficits • Government economic philosophy tossed between more or less intervention
<i>Government-society interface and public sentiments</i>	<ul style="list-style-type: none"> • From exclusionary corporatist system to partially inclusionary state • From ‘hands off’ approach to integrationist approach in community building 	<ul style="list-style-type: none"> • Growing disconnection between government and society as demand for public participation is not sufficiently accommodated • Social cohesion in jeopardy, as evidenced by escalating anti-government protests

Source: Adapted with modifications from Anthony B. L. Cheung, (2005) “State Policy Capacity in Hong Kong, Singapore and Taiwan: Coping with Legitimation, Integration and Performance”, in J. Pierre and M. Painter (eds) *State Policy Capacity: Global Trends and Comparative Perspectives*, London: Palgrave, 225-54, Table 2.

The belief in the previous Hong Kong ‘growth miracle’ – which the ‘One Country Two Systems’ framework sought to preserve - had largely evaporated in the early post-1997 years as economic recession and then government mismanagement and failure crept in. Old social and policy assumptions no longer seemed to hold; instead, there was widespread disarray in public sentiments and growing fragmentation of an originally fragile society cemented largely by economic success in the past. Due to institutional constraints and the failure of the political leadership in understanding the

problems of the wider social and political processes, the capacity of government in solving problems of social cohesion was limited, rendering social fragmentation and disintegration all the more unmanageable. The crisis of social cohesion in Hong Kong was at the same time a crisis of governability.

ATTEMPTS TO RESTORE STRONG GOVERNANCE IN THE POST-TUNG ERA: INITIATIVES OF THE TSANG ADMINISTRATION

Beijing's policy towards Hong Kong after the traumatic 1 July protests in 2003 had focused on re-imposing political order and restoring executive power, and to re-assert its leadership over Hong Kong. By picking as Tung's successor in March 2005 an experienced administrator known for his uncompromising style in the person of Donald Tsang, Beijing hoped for a stronger 'executive-led' government given his high popularity and ability to work better with civil servants. This somewhat presented an opportunity for change. With an 'insider' in charge of government, it was generally believed that the AOs as old hands would make a comeback to power²⁰. However, constraints in terms of institutional path-dependency and Beijing's political straitjacket on Hong Kong were often underestimated.

The range of options was rather limited. Returning to the pre-1997 system of bureaucratic governance was unrealistic for several reasons. As pointed out, the colonial model was primarily incompatible with the post-1997 popular expectations and the new political environment of emerging parties and elected politicians. The introduction of the new ministerial system had already bifurcated the government elite into political appointees and the senior bureaucrats. It reinforced the political neutrality principle of the civil service system to an extent that it was doubtful if senior civil servants would welcome taking up political responsibilities that would make them bear the brunt of legislative politics and popular pressure. Furthermore, Tung's failure, ironically, had also fuelled greater demands for accountability and responsiveness. Government by consultation had to be replaced by government by consent. Ways and means needed to be urgently found to reincorporate and reconnect economic and social interests, and to renegotiate some form of institutionalized political order that could function even if constitutional reforms lagged behind because of Beijing's reservation on speedier democratization.

Reinventing a hybrid administrative state

Tsang had promised to build a strong and efficient government, portraying his style of leadership as follows:

"We have to have good leadership, one that sees clearly the needs of the community and is dedicated to the goal of enhancing the welfare of the community, bearing in mind the encouragement and insights of our community leaders".

"Amidst the quick changes, the Government must act cautiously and yet courageously, engage the community, collect insights, leverage opportunities in a timely manner, make decisions resolutely and implement decisively. Do the right thing and to do good for the majority of people"²¹.

He also pledged to foster a closer partnership between the executive and the legislature to facilitate consensus politics²². ‘Consensus politics’ was once attributed to the British colonial administration’s governing style since the 1970s, as a substitute for an undemocratic system lacking a popular mandate.

Whereas Tung’s project in his second term (from July 2002) was to recruit outsiders into government, and to retain former civil servants as ministers in charge of some portfolios as a transitional arrangement, Tsang, due to his bureaucratic background, saw the civil service as the backbone of his administration and opted for a reverse approach – to retain some outsiders in his administration but to principally rely upon the civil service (mainly the AOs) as the source of ministerial talent from which to recruit future ministers²³. He also decided to extend political appointment to the layers of junior ministers (known as Under-secretaries) and political assistants to provide a broader political support base to the cabinet²⁴. This could be interpreted as reinventing a ‘hybrid administrative state’ based essentially on ‘government by political bureaucrats’, and accompanied by a loose network of cross-sector and possibly multi-party linkages facilitated by political appointments to Exco and major statutory and advisory committees. The AOs had once again provided the unifying and sustaining force of government, to bring policy and administrative organizations together within more coherent structures and processes. Despite Tsang’s pro-bureaucracy orientation, however, the ministers-bureaucracy cleavage would prevail. Indeed some AOs have remained highly suspicious of the effectiveness of the political appointment system; such sentiments underscored the uproar against the appointment of under-secretaries and political assistants in May 2008²⁵.

In state-economy relations, Tsang proclaimed in September 2006 that positive non-interventionism was no longer a relevant factor in government policy, though he still maintained the importance of ‘big market, small government’. This triggered not a small row in society, inviting severe criticisms from both free-market ideologues and opposition politicians who worried a more interventionist government that lacked popular mandate. The hard reality was that political pressures and social demands, induced by external economic challenges, had together coerced the state to become more assertive in social and economic development. An economic summit of top business leaders and government officials held in late 2006, in response to China’s 11th Five-Year Plan, resulted in a blueprint for Hong Kong’s development in the vital industrial sectors (financial services, logistics, tourism, information technology, and professional services)²⁶. In 2009, amid the global financial tsunami, a Task Force on Economic Challenges, headed by Tsang himself, identified six industries with potential – namely Testing and Certification; Medical Services; Innovation and Technology; Cultural and Creative Industries; Environmental Industry; and Educational Services.²⁷ By necessity or by choice, the SAR government has steadily embraced a more active and interventionist economic role. The question remains, though, as to how to accompany such a role shift with suitable institutional mechanisms and tools of intervention.

Tsang’s attempt to bring back a politics of consensus, so as to shore up his governance capacity, was also cast in doubt. He seemed still working largely within the traditional bureaucratic paradigm that saw the cooptation of legislators and

community leaders as an adjunct to an 'executive-led' and civil service-dominated administration. In the absence of more novel institutional means to link up the executive and legislature, the overall system of governance would remain disjointed, even though he had worked hard to reinvigorate executive power and the government machinery.

Tsang's political quagmire

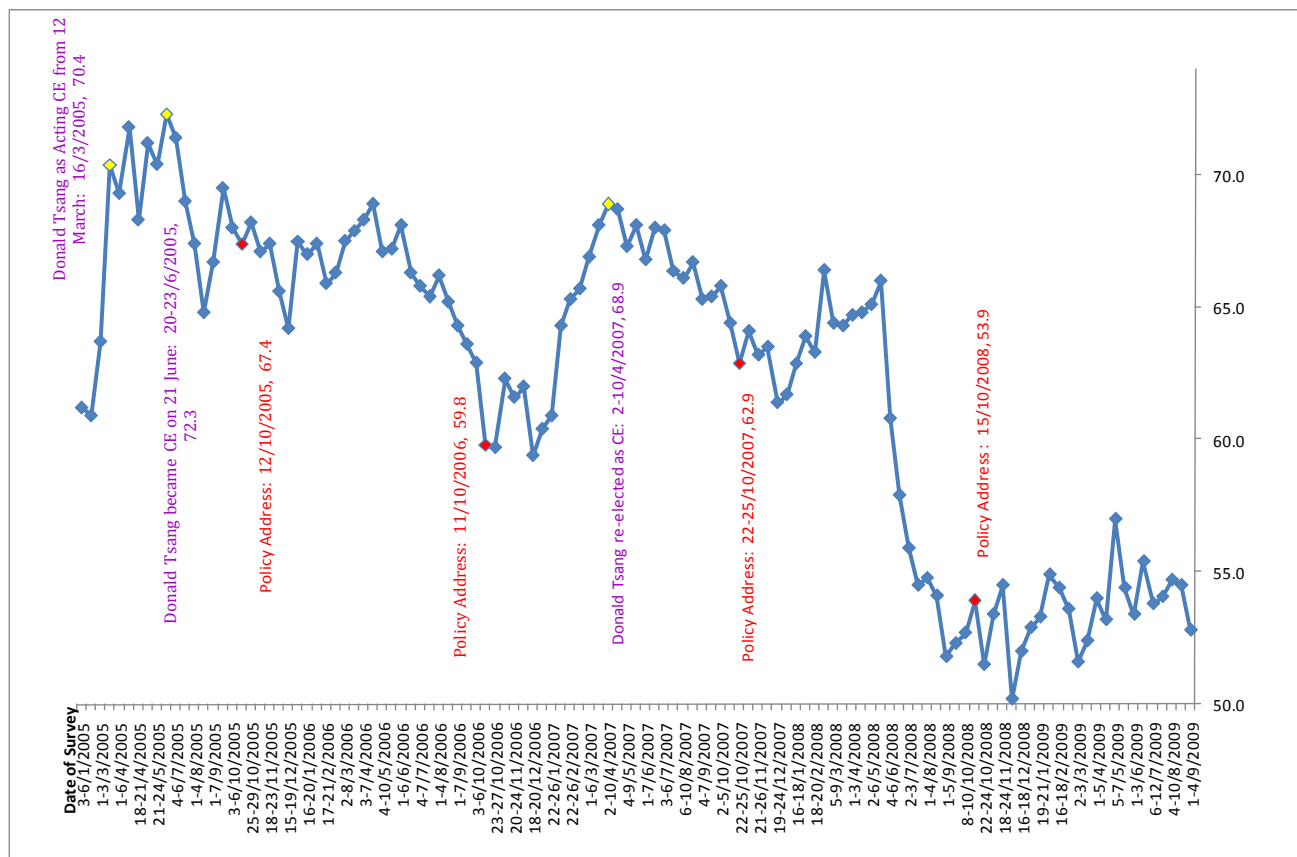
So far, Tsang's efforts to rebuild a strong administrative state without parties and popular mandate, and just relying on the bureaucracy and advisory committees, have largely been frustrated. The relations between government and civil society and various stakeholders have yet to be improved. Meanwhile, old-style consultative politics no longer works. As society becomes more differentiated and politicized, sometimes not just over conflicts in interests but also in values, and as new civil society activism emerges and escalates, the traditional form of absorption politics based on the co-optation of business and professional elites no longer suffices to carry the public view and confer policy legitimacy²⁸. State-society connection is still weak and political trust low. Executive-legislative relations have remained stressful²⁹. The absence of democratic election has deprived him of the opportunity to get a clear political mandate to govern.³⁰ He does not enjoy firm support from any political party; even so-called government-friendly parties such as the pro-Beijing Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) and the pro-business Liberal Party have sought to distance themselves from government on some policy issues for the sake of scoring political points. The pro-democracy opposition, which is more popular in legislative elections, treats him as only a Beijing 'appointee' and is reluctant to work with him for fear of strengthening his legitimacy³¹. Tsang thus faces partisan capture and political isolation.

During his first term (May 2005- June 2007), some major policy initiatives had been blocked by a restless and suspicious legislature – e.g. constitutional reform, West Kowloon cultural project, and a goods and services tax (GST).³² He made a new start with his second term (from July 2007). In his 2007 re-election platform "*Statement on Progression*", Tsang set out ten major relationships that he thought Hong Kong must tackle properly in order to rise to a new height and enter a new era³³. The ten major relationships related to: development and conservation; democracy and governance; administration and legislature; rights and duties; rich and poor; large corporations and ordinary people; one country and two systems; central government and special administrative region; Hong Kong and the world; and progression and stagnation. The 'ten relationships' remind one of Chairman Mao Zedong's famous speech on "The Ten Major Relationships" at the enlarged meeting of the Chinese Communist Party's Central Committee Politburo in 1956. Mao's stipulations at that time were geared towards resolving differences, enlarging unity, and pulling together all positive factors for building the new nation. By articulating his second-term vision in governance in such rhetoric, Tsang has in a sense identified some major dilemmas and fundamental cleavages in Hong Kong's current phase of development, and the need to balance competing demands. If these are not properly handled, a zero-sum scenario may ensue whereby tensions would become hostilities. Balancing the relationships is thus about reducing disparities and forging mutual trust and harmony.

Tsang's subsequent inaugural Policy Address of the new term was peppered with the 'new'-prefixes – such as new era, new spirit, new opportunities, new Hongkongers, new goals, new miracle and new journey³⁴. In his 2008 policy speech, he talked about the importance of 'core values', balanced development, and the need for a 'third way', sounding more positive about government interventions when remarking that the market is not omnipotent and intervention is not necessarily evil³⁵. However he has been unable to articulate a new discourse in governance that can excite the community and help rebuild a new ideological consensus. People may have liked to learn more about how his middle road is similar to or different from the social democrats' 'third way' in Europe, for example. Nonetheless, for him to venture into such previously unthinkable territory under the past non-interventionist legacy, in which he and many senior officials had been brought up, is something to be acknowledged.

Despite enjoying high popularity rates both at the time of his by-election in June 2005 (72.3%) and re-election in June 2007 (68.9%), his popularity in the second term has been on steady decline since the middle of 2008 - to 53.8 by June 2009³⁶.

Diagram 1: Support ratings for Donald Tsang as Chief Executive, 2005-09



Source: Public Opinion Programme, University of Hong Kong (HKU POP), <http://hkupop.hku.hk/>

Because of his declining popularity, and the rising political criticisms of some government policies and positions – such as over the extension of political appointment system, review of old age allowance, foreign domestic helper levies, investigation of Lehman Brothers 'mini-bonds', and financial packages to face the new global financial crisis³⁷ - his government has been under increasing pressure.

Some commentators are voicing concern whether Hong Kong is slipping into yet another major governance crisis that reminds people of the final years of Tung's administration³⁸.

Growing partisanship and political distrust

The SAR government's right to govern, in the absence of popular elections, is largely grounded in bureaucratic merit – the same basis which underpinned the pre-1997 administrative state. However, when Tsang tried to expand the system of political appointment in mid-2008 to include Undersecretaries and Political Assistants recruited mostly from non-civil service backgrounds, there was a serious backlash, with widespread public criticism about why political appointment had deviated from the *modus operandi* of the civil service system of appointment, a system which seemed to still enjoy greater public trust than newly emerging political institutions³⁹.

With the benefit of hindsight, he had underestimated public reaction, or more precisely the lack of political consensus or understanding of the new form and logic of political appointment. Hence once the choice of some political appointees failed to find acceptance, serious doubts were expressed about the integrity and transparency of the process, using the civil service appointment yardstick as the default benchmark. Tsang did not take this first crisis of his since becoming head of government lightly. In a somewhat historical move, he led his full ministerial team to appear before the Legco as it debated on a motion to demand government, under the powers and privileges law, to release documents on the selection of political appointees. He made a personal appeal to legislators to bury political disputes and work on pressing livelihood issues instead. While critics still faulted him for not taking direct responsibility for the 'mishandling' of the appointments, his quick and heavy dose of remedy underscored an assessment that this political fiasco might blow up into a turning point of his so-far-popular administration, just like the 2003 protest for his predecessor Tung Chee-hwa.

Hong Kong has become more divided politically. There has been the longstanding conflict between the pan-democrats coalition and the pro-Beijing forces. The September 2008 Legislative Council election has not altered the balance of power between the pro-establishment and pan-democrat camps in the legislature. For half of the seats elected geographically by universal suffrage, given the proportional representation system, and the longstanding 60:40 votes share between the two camps, which has sustained this time, the balance of power could hardly change. The election, however, saw the debacle of the Liberal Party on the pro-establishment side and the sudden rise of the radical League of Social Democrats (LSD) on the pan-democrat side⁴⁰.

The perceived wisdom that the government is under Beijing's influence and could not be changed, has actually reinforced voting behaviour in favour of electing more critical and pro-democracy legislators to make sure government behaves. With functional constituencies in place to 'protect' the business and professional sectors, ordinary people become even more daring to vote in non-conformists, unionists and pro-grassroots politicians in geographical direct elections, in order to balance business power. Most commentators warn of the advent of a more difficult and pro-grassroots

legislature that will ignore business interests. Others feel alarmed that the Liberals' setback might induce stronger resistance from the business sectors towards abolishing functional constituencies in Hong Kong's already arduous path towards the goal of full democracy. If so, the distorted political system will continue to hamper effective governance.

In all governments, no matter how democratic and how popular, there is always a mid-term crisis as people become bored by a familiar governing team that has outlived earlier excitement and its initial new thinking and initiatives. That is why most governments reshuffle from time to time. However, Tsang does not have the luxury of reshuffling his government team easily as all ministers are constitutionally appointed by the Central People's Government upon his recommendation, and it is well known that Beijing prefers stability. Lacking a democratic mandate, the Tsang Administration has been following and responding to public opinion polls closely, which might cause it to change policy tracks suddenly when public opinion changes (such as the U-turn on the proposed means-test for old age allowance in October 2008 and in the sending of charter planes to pick up Hong Kong residents stranded in Thailand in December 2008).

Erosion of the administrative elite

In addition to the pro-democracy camp versus pro-establishment confrontation, there have also been splits among professional elites and even within the senior civil service. There is not only a widening elite-mass gap, but also intra-elite divisiveness. At the risk of simplicity, the erosion of Hong Kong's political system has now come to a stage where even the AOs are no longer the answer to the crisis of governance.

Tung's first term saw the fierce confrontation between Tung (and the takeover elites) and AO power (headed by former Chief Secretary Anson Chan). Tung was initially weakened, but the bird flu and public housing piling scandals enabled Beijing to make up its mind to groom a separate political class – politically appointed ministers – to counter and eventually take over the power from the AOs. Chan was forced to retire. The mass protests of 1 July 2003 changed all that. Beijing lost faith in Tung and planned for the return of government by AOs. Tsang, who was previously sidelined by Tung, was tasked by Beijing to lead the new government to replace Tung. He has since tried to install a reinvented form of government by AOs, as explained above.

Yet some AOs do not really subscribe to the logic of political appointment which would open the top layers to a wide spectrum of talent from various quarters, and when Tsang tried to introduce Undersecretaries, there was backfire from those AOs whose trust in him declined. The split of AO power is also partly a result of the Tsang-Chan rivalry. Because of the playing up of the political appointment saga and the Leung Chin-man affair⁴¹ by the pro-democracy opposition and the media, the political discretion and integrity of Tsang's Administration has become subject to growing doubts. Another drawback of the current bureaucrats-dominated government is its lack of a clear community power base. Given the political aloofness of the bureaucracy and not having to face and win a popular election, government-by-AOs does not have the incentives to cultivate specific supporter constituencies with targeted particularistic benefits and deliverables, in contrast to political parties and

unions which are always seeking to identify and consolidate their respective support base, even in a fragmented system like Hong Kong. As a result, despite its sometimes broad-based and generous economic relief packages and welfare handouts⁴², the government has remained 'isolated' by the latter; its policies and efforts have failed to be translated into dependable and sustainable political support.

By now every potential force to form an effective government has been discredited by political circumstances during the political transition and after 1997 – the democrats (because of the lack of Beijing's trust, and without experience and proven competence to govern); the pro-Beijing camp (because of the lack of local people's political trust in them, and also without experience and proven competence to govern); the business elites (because of the poor performance of Tung, lack of touch with ordinary people, and public resent of 'government-business collusion'); and now the bureaucrats represented by the AOs (because they are no longer 'gods' after the Leung Chin-man affair).

HONG KONG IN THE FUTILE SEARCH FOR POLITICAL TRUST AND LEGITIMACY

Deficit in trust despite government performance

In Asia, other developed economies like Japan, South Korea and Taiwan are facing even higher level of dissatisfaction and distrust in political institutions. Both Taiwan's president Ma Ying-jeou and Korean president Lee Myung-bak had obtained over 70% of the popular vote when elected, but their popularity rating soon became far lower than that of Hong Kong's chief executive⁴³. Even though the local media have been painting a negative picture of government performance and the competence of officials, Hong Kong has been doing very well internationally, despite the lack of democracy. The World Bank's 2008 governance indicators show that the SAR stands at the top of the list in terms of political stability (86.1 out of 100), government effectiveness (95.3), regulatory quality (100), rule of law (90.9) and control of corruption (94.2). Its only drawback is in 'voice and accountability', but with a score of 60.6 (much higher than Singapore's 35.1) it is still on a par with the new Asian democracies like South Korea (at 65.4) and Taiwan (at 68.8)⁴⁴.

Such international performance does not help the government ride over domestic political quagmire as Hong Kong heads towards an increasingly fragmented polity. The political game is fast becoming a zero-sum one, in which it is difficult for any government to govern because parties, business interests and civil society groups will not make its life easy. Executive-legislative tension continues. The political AOs find it increasingly difficult to exercise authority and assert policy leadership, with political appointees unable to gain (or regain) political trust given the damage suffered in 2008. The window of political opportunity for policymaking is narrowing. People become all the more cynical. Meanwhile, the lack of democratic progress since 1997 (within the non-democratic national system of the People's Republic of China) has also induced a form of 'democracy by substitutes' – namely in the form of 'voice' (such as protests, media monitoring, commentaries) and the politics of opinion polls. The role of legislators and political parties has degenerated into a collective

‘opposition’ which only serves to question government intentions and add to the crisis of political trust and legitimacy. Yet, even though the public values the watchdog function of the legislature, legislators’ popularity ratings have ironically continued to decline vis-a-vis a government without popular mandate⁴⁵. In a sense Hong Kong is trapped in a political system with no winners.

Back in the colonial era of the 1970s, a reformist governor, Murray MacLehose, could bulldoze major institutional reforms short of democracy – such as the setting up of the Independent Commission Against Corruption to clean up government, and the launch of ambitious public housing, education and medical care programmes – in order to achieve some form of legitimacy based on instrumental trust. He had almost autocratic powers to make policy, did not have to face an institutionalized opposition or a vibrant civil society, and could focus on overcoming bureaucratic inertia. However, such form of enlightened colonial authoritarianism cannot be replicated in the SAR era. Nowadays, partial democracy has created a vocal legislature, yet the lack of full democracy has not made available to the government a clear mandate to make major policy initiatives. It simply cannot dictate its will (or even reforms) on society, unlike the colonial reformist administration, but has to work much harder to achieve social consensus and political support. When parties and legislators join hands to oppose government proposals, without the backing by clear public support, the government would have no alternative but to back down. The re-planning of the West Kowloon Cultural District and the shelving of the goods and services tax proposal are cases in point.

Democratic governance is generally regarded as conducive to building political trust, and to giving government the legitimacy to rule. It is at the same time a positive institutionalization of distrust as embodied in the principle of the separation of power, and in various institutions of accountability, audit and scrutiny. If the people are over-confident in their rulers, it may lead to government arrogance or even authoritarianism. Hence democracy requires a right balance between trust and distrust in order to function in practice. In Hong Kong, though, the fundamental constitutional flaws have by nature put the government in permanent legitimacy deficit and uncertainty. As the political quagmire resulting from the unresolved constitutional debate drags on, the lack of trust by the community at large in a government they feel they have no part to elect persists. The social capital so necessary for policy capacity will be hard to come by. While trust has yet to be fully nurtured, the level of distrust continues to rise, which creates such a gap that may ultimately be too large to be filled by the practice of governance and politics. As Hardin said, “government need not be legitimated in Locke’s sense to survive and even to manage a nation through major difficulties and into prosperity. It may suffice that government not be generally distrusted”⁴⁶. The challenge to the SAR government is how to overcome the accumulation of distrust in society, and distrust comes easily.

Understanding Hong Kong’s crisis of trust

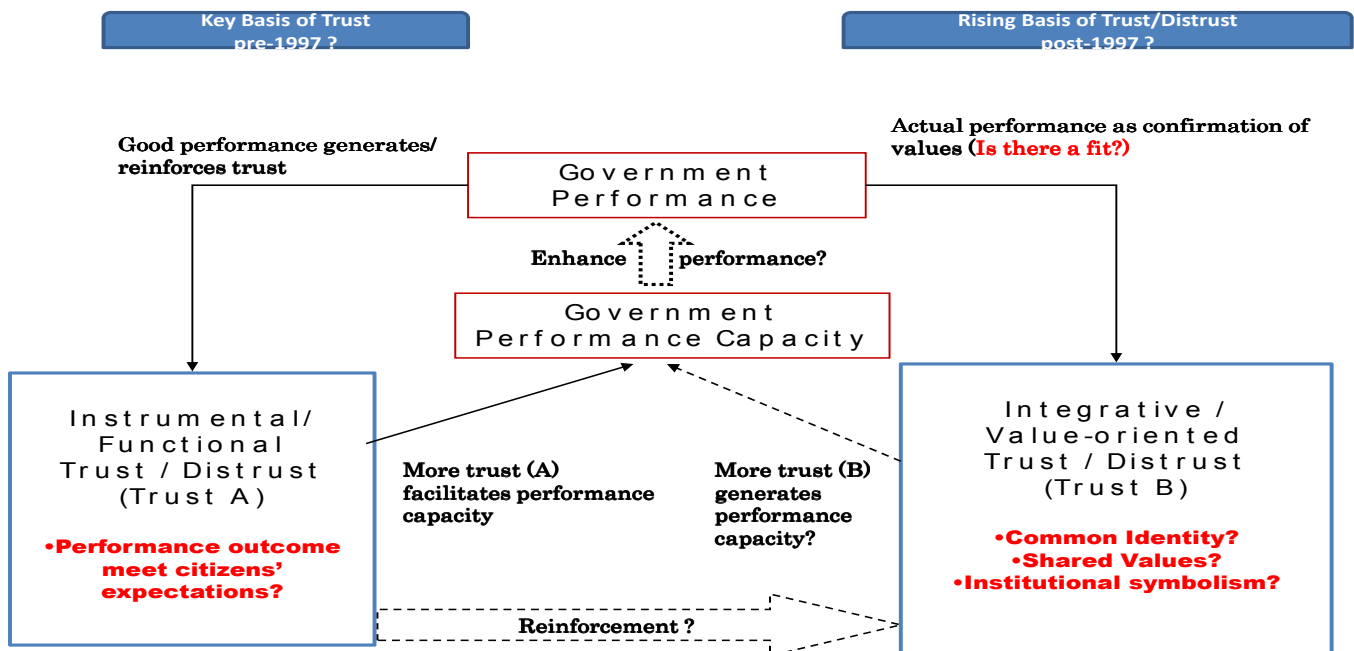
There are essentially two different sources of ‘trust’ – instrumental/functional and integrative/value-oriented, which I would denote here as Type A and Type B Trust for easy reference. These can be identified as follows:

Table 3: Different sources of Trust

Instrumental/Functional (Type A Trust)	Integrative/Value-oriented (Type B Trust)
<p><i>Performance trust</i></p> <ul style="list-style-type: none"> Based on government performance or satisfaction with government performance⁴⁷ <p><i>Strategic trust</i></p> <ul style="list-style-type: none"> To exchange citizens' trust with performance of public officials and their institutions⁴⁸ 	<p><i>Paternalistic trust</i></p> <ul style="list-style-type: none"> Trust in moral obligation of those in power to care for and protect those less powerful and are in need of help⁴⁹ Accepting the authorities' power in confidence that it will be used to fulfill the caring responsibility and not do harm or hurt the interest of the people⁵⁰ <p><i>Moralistic trust</i></p> <ul style="list-style-type: none"> Based on normative values of trust and on culture and disposition as the foundations of trust, e.g. a sense of shared humanity, or altruistic concern for the community⁵¹ Trust as a 'moral good', so that social cooperation is made possible⁵² <p><i>Symbolic trust</i></p> <ul style="list-style-type: none"> Trust in those values as represented by institutions, to create solidarity and integration⁵³

Without delving into a full discussion on the various dimensions and foundations of trust (or distrust), it would suffice to say in the present discussion that the crisis of trust suffered by the SAR government can be better understood within a multi-dimensional context than just as a matter of democratic deficit. The following framework (**Diagram 2**) seeks to identify various elements of trust and distrust relevant to analyzing the situation. It can be argued that the changing political context and rising public expectations after 1997 have affected the level of Type A trust even though there has been the same degree of performance as in the former colonial days. Type B trust is probably what the SAR government is most deficient in, partly due to the democratic deficit, and partly because of the lack of a sense of common identity and shared values which are essential to underpin institutions in order for trust to build. Type A trust can reinforce Type B trust, but only to an extent. On the other hand, Type B trust is now most crucial in helping to generate performance capacity which can in turn enhance government performance, thereby strengthening Type A trust as well. Whereas Type A might well be the main basis of trust for the pre-1997 administration, the post-1997 SAR government has to increasingly rely on and cultivate Type B trust to sustain public trust in its authority and public institutions.

Diagram 2: Conceptual framework for analyzing trust and distrust towards government



Strong governance is difficult to pursue in any habitat of widespread distrust. Policy problems and solutions have a world of their own which needs to be dealt with in a rational and evidence-based manner, but political reductionism can easily simplify policy debates into the talk of an original sin about the lack of democracy and people power, a theme too many would be tempted to harp on in order to avoid facing hard policy realities. Institutional reforms and policy changes become easily derailed because the SAR government lacks legitimacy. Government-by-AOs, though known for administrative expertise, does not display the values-driven moral force that is so essential to governing in crisis. Distrust – whether from legislators or ordinary citizens – breeds greater pressure on accountability on a day-to-day basis as people become increasingly suspicious and skeptical of government intentions. Such distrust is being reciprocated by government officials growing weary and skeptical of critics and dissenting voices. Ministers feel inhibited from being too innovative or unconventional in policy thinking. Civil servants become more uptight about being flexible in the application of policies and the exercise of discretionary power, when they suspect public and legislative reaction is unlikely to be sympathetic if anything goes wrong or controversial. In the end, the overall government capacity to make hard policy choices becomes minimized.

Distrust also breeds the blaming game between government and parties/legislators, as well as between officials and civil society groups. It is a great weapon to derail unpopular policies and measures, whereas policy innovation (particularly where short-term pain is involved) can only be facilitated if there is an adequate level of trust in government, otherwise skepticism prevails and public policy comes to a standstill. As *The Economist* commented about the 'blame syndrome' in the UK after the outbreak of the global financial crisis,

“But an excess of blame – blind and unthinking as it often seems – can be as dangerous as a deficit of it. Vitriolic blame can wreck morale in institutions It can inhibit decision-making and worthwhile risk-taking. And it can be both intellectually lazy and delusional. The wrong kind of blame reflects a false, dangerous simplification – and a false, childish hope”.⁵⁴

Inasmuch as the lack of performance breeds distrust, and vice versa, it would be equally right to say that incessant distrust will ultimately hamper performance because the necessary capacity to take risk and make innovative changes in order to face up to rising challenges is absent. How to rebuild trust and reduce distrust in the current period of political quagmire, to link up the political and policy worlds, is the most daunting task facing Hong Kong.

Professor Anthony Cheung, Ph.D., President and Chair Professor of Public Administration, The Hong Kong Institute of Education: ablcheung@ied.edu.hk

NOTES AND REFERENCES

¹ A previous draft of this article was presented at The Eighth Asian Forum on Public Management on “Trust and Governance Institutions”, held at the National Chi Nan University, Taiwan, during 12-13 December 2008. Research assistance provided by Ms Lo Oi-yu, Project Officer of the Centre for Governance and Citizenship, The Hong Kong Institute of Education, is gratefully acknowledged.

² Gary Cheung and Ambrose Leung (2008) “Tsang offers partial apology on appointees”, *South China Morning Post*, 11 June, Hong Kong.

³ Anita Lam and Mary Ann Benitez (2008) “4 years off maid levy for some”, *South China Morning Post*, 31 July, Hong Kong; also Mary Ann Benitez (2008) “Domestic strife”, *South China Morning Post*, 7 August, Hong Kong.

⁴ Ng Kang-chung and Fanny W Y Fung (2008) “In U-turn, old folks get rise but no means test”, *South China Morning Post*, 25 October, Hong Kong.

⁵ Chris Yeung (2008) “Minibond crisis a real test for new Legco”, *South China Morning Post*, 8 October, Hong Kong.

⁶ Joshua But, Eva Wu and Ng Kang-chung (2008) “HK in U-turn on charter flights to Thailand”, *South China Morning Post*, 25 October, Hong Kong.

⁷ Martin Wong and Agnes Lam (2009) “Backlash result of government being short-sighted, analysts say”, *South China Morning Post*, 12 August, Hong Kong; also Peter So (2009) “Bar Association voices fears on school drug tests”, *South China Morning Post*, 21 August, Hong Kong.

⁸ Anthony B. L. Cheung (2010) “Restoring Governability in Hong Kong: Managing Plurality and Joining Up Governance” in Julia Tao, Anthony Cheung, Chenyang Li and Martin Painter (eds) *Governance for Harmony in Asia and Beyond*, London: Routledge, 158-185.

⁹ Ian Scott (2000) "The Disarticulation of Hong Kong's Post-Handover Political System", *The China Journal*, No. 43, January, 29.

¹⁰ Anthony B. L. Cheung (2005) "Hong Kong's Post-1997 Institutional Crisis: Problems of Governance and Institutional Incompatibility", *Journal of East Asian Studies*, Vol. 5, No. 1, January-April, 135-67.

¹¹ According to polls conducted by different universities and research institutes since the Handover in 1997, all the major governance institutions (with the exception of the Judiciary) have experienced a continuous decline in public satisfaction and confidence ratings, with the SAR government and the Chief Executive suffering a more severe setback than the civil service. Average scores achieved by major political parties/groups were also relatively low. See early year statistics cited in SynergyNet (2003) *Hong Kong Deserves Better Governance*, September, Hong Kong, Ch. 2. SynergyNet is an independent policy think-tank in Hong Kong. See also polls on "People's Satisfaction with the Performance of Members of the Fourth HKSAR Legislative Council" done by University of Hong Kong Public Opinion Programme (<http://hkupop.hku.hk/chinese/popexpress/sargperf/fourthlc/index.html>), with survey data indicating high dissatisfaction towards the performance of the legislature during the period from September 2002 to April 2005, and a recent tendency of rising dissatisfaction, and "Rating of Top Ten Political Groups" (<http://hkupop.hku.hk/chinese/popexpress/pgrating/topten1.html>).

¹² For detailed discussion, please see Anthony B. L. Cheung (2007) "Policy Capacity in Post-1997 Hong Kong: Constrained Institutions Facing a Crowding and Differentiated Polity", *The Asia Pacific Journal of Public Administration*, Vol. 29, No. 1, June, 51-75.

¹³ Peter Harris (1978) *Hong Kong – A Study in Bureaucratic Politics*, Hong Kong: Heinemann Asia, 53-61.

¹⁴ A network of consultative and advisory bodies existed, giving the sense of what some observers described as 'government by discussion' - see G. B. Endacott (1964) *Government and People in Hong Kong, 1841-1962: A Constitutional History*, Hong Kong: Hong Kong University Press, 229. But its importance laid more with enabling the colonial rulers to "[co-opt] the political forces, often represented by elite groups, into an administrative decision-making body, thus achieving some level of elite integration" (see Ambrose Y. C. King (1981) "Administrative Absorption of Politics in Hong Kong: Emphasis on the Grass Roots Level", in Ambrose Y. C. King and Rance P. L. Lee (eds) *Social Life and Development in Hong Kong*, Hong Kong: The Chinese University Press, 130). Through the process of 'administrative absorption of politics', the colonial bureaucracy as ruler was able not only to direct the affairs of government, but also to integrate strategic elite interests similar to what mainstream political parties do in competitive politics.

¹⁵ King, 1981, op. cit. Also Anthony B. L. Cheung and Paul C. W. Wong (2004) "Who Advised the Hong Kong Government? – The Politics of Absorption before and after 1997", *Asian Survey*, Vol. XLIV, No. 6, 874-94.

¹⁶ Anthony B. L. Cheung (1997) "Rebureaucratization of Politics in Hong Kong: Prospects after 1997", *Asian Survey*, Vol. XXXVII, No 8, August, 720-737.

¹⁷ They were Financial Secretary Antony Leung, Secretary for Security Regina Ip and Secretary for Health and Welfare E. K. Yeoh.

¹⁸ Anthony B. L. Cheung (2002) “The Changing Political System: Executive-led Government or ‘Disabled’ Governance?”, in S. K Lau (ed) *The First Tung Chee-hwa Administration: The First Five Years of the Hong Kong Special Administrative Region*, Hong Kong: The Chinese University Press, 41-68.

¹⁹ Leo F. Goodstadt, (2005) *Uneasy Partners: The Conflict Between Public Interest and Private Profit in Hong Kong*, Hong Kong: Hong Kong University Press, 13.

²⁰ Chris Yeung, C. (2006). ‘Keeping the talent nearby’, *South China Morning Post*, 1 March, Hong Kong, 14.

²¹ Tsang, Donald Y. K. (2005) Campaign Speech for Chief Executive Election, 3 June, Hong Kong. http://www.donald-yktsang.com/press_speeches_e.html. Accessed on 4 June 2005.

²² Tsang, Donald Y. K. (2005) Declaration Speech to announce Chief Executive Candidacy, 2 June, Hong Kong, http://www.donald-yktsang.com/press_speeches_e_001.html. Accessed on 4 June 2005.

²³ In Tsang’s new ministerial team for 2007-2012, only two ministers were, strictly speaking, from non-civil service background, namely Secretary for Commerce and Economic Services, Frederick Ma, and Secretary for Financial Services and the Treasury, Chan Ka-keung; Secretary for Food and Health, York Chow, was previously with the Hospital Authority, a government-funded public body. Ma subsequently resigned from government in July 2008 for health reasons, and his replacement was a former permanent secretary (an AO) Rita Lau.

²⁴ Constitutional Affairs Bureau (2006) *Consultation Document on Further Development of the Political Appointment System*, Hong Kong: Government Logistics Department. New Under-secretaries and Political Assistants to Principal Officials were appointed in May 2008. All except one – Under-Secretary for Constitutional and Mainland Affairs Raymond Tam, came from outside the civil service such as political parties, think tanks and the media. He was subsequently ‘promoted’ to become Director of the Chief Executive’s Office – a kind of chief of staff – in August 2009.

²⁵ For example, *South China Morning Post* (2008) Editorial “Meritocracy crucial to civil service”, 27 May, Hong Kong.

²⁶ Central Policy Unit, Hong Kong SAR Government (2007) *Report on Economic Summit on ‘China’s 11th Five-Year Plan and the Development of Hong Kong’*, January, Hong Kong: Government Logistics Department.

²⁷ Task Force on Economic Challenges Secretariat (2009) *Developing New Economic Pillars*, 31 March, Hong Kong:

http://www.fso.gov.hk/tfec/eng/doc/New%20Economic%20Pillars%20_TFEC-D03_%20Eng.pdf (accessed on 7 September 2009); and Task Force on Economic Challenges Secretariat (2009) *Press Release: CE pledges to explore economic areas with high potential*, 3 April:

<http://www.info.gov.hk/gia/general/200904/03/P200904030256.htm> (accessed on 7 September 2009).

²⁸ This dilemma was most vividly shown in the controversy over the demolition of the Star Ferry clock tower in December 2006. Despite the fact that government had followed the due process in formally consulting the Antiquities Advisory Board, the district board and the relevant Legco panel a few years ago, there was mounting public uproar and protests against the demolition which seriously hurt the government's image (*South China Morning Post*, 2006). Because of this controversy, government had to revamp the advisory board's membership to include newer and younger faces from the pro-conservation lobby, and launch new heritage assessment criteria (including elements of social values and collective memory) and a list of some 80 declared monuments and 496 graded historical buildings for a series of district-based public forums on built heritage conservation.

²⁹ Anthony Cheung (2009) "Going nowhere", *South China Morning Post*, 27 July, Hong Kong, 11.

³⁰ In the 2007 Chief Executive Election, which was criticized as being a 'small circle' election by an 800-member Election Committee, Donald Tsang was able to secure over 70% support rating according to repeated public opinion polls, far ahead of the pro-democracy candidate Alan Leong who only scored 13-18%. See University of Hong Kong Public Opinion Programme, *Chief Executive Election Feature Page - Statistics Tables*, http://hkupop.hku.hk/chinese/features/ceelection/2007/datatables_3.html (accessed on 7 September 2009); and telephone survey on *Public Attitudes towards the HKSAR Government Survey* conducted by the Hong Kong Institute of Asia-Pacific Studies of The Chinese University of Hong Kong, <http://www.cuhk.edu.hk/hkiaps/tellab/pdf/telepress/07/tsangMar07.pdf> (accessed on 7 September 2009). Despite this, Tsang has continued to be belittled by the opposition as being hand-picked by Beijing without a mandate to govern.

³¹ As a former bureaucrat who was on friendly terms with some pro-democracy legislators in the past, Tsang had hoped in the early days of his term to cultivate a stable working relationship with them, in order to broaden his administration's political appeal. Even though the pro-democrats did not form the majority in Legco, they enjoyed stronger popular support in geographical direct elections. A government at loggerheads with the democratic camp would open itself to attacks for not listening to the people's representatives.

³² The 2006-07 constitutional reform package was defeated in Legco in December 2005 for lack of the necessary two-thirds majority when the pro-democracy opposition, which constituted the critical minority (25 out of 60 seats), refused to budge. The modified West Kowloon Cultural District (WKCD) development proposal in public-private partnership form was shelved in February 2006, in face of legislative skepticism and the difficulty to secure developer interests on the basis of the harsher terms built into the proposal to address some of the critics' concerns. The whole development plan had to be reworked by a new consultative committee with the assistance of three advisory groups to which representatives of the arts, cultural, entertainment and tourism sectors were appointed. The consultation on a proposed

‘goods and services tax’, to help broaden Hong Kong’s tax base, was also aborted half-way in December 2006 because of the strong opposition from all parties, including the pro-government ones.

³³ Donald Tsang (2007) “My Election Platform – Statement on Progression”, 2 February, Hong Kong. <http://www.donald-tsang.com> (accessed on 10 February 2007, website now closed)

³⁴ Donald Tsang (2007) *A New Direction for Hong Kong*, policy address by the Chief Executive to the Legislative Council, 10 October, <http://www.policyaddress.gov.hk/07-08/eng/docs/policy.pdf>. The address scored a 65.2 satisfaction rating - the highest support among all policy addresses delivered by the Chief Executive since the Handover. See University of Hong Kong Public Opinion Programme, *People's Instant Reaction to the Third Policy Address of Donald Tsang* Yam-kuen, http://hkupop.hku.hk/english/features/policy_address/2007/index_i.html (accessed on 7 September 2009).

³⁵ Donald Tsang (2008) *Embracing New Challenges*, policy address by the Chief Executive to the Legislative Council, 15 October, <http://www.policyaddress.gov.hk/08-09/eng/docs/policy.pdf> (accessed on 7 September 2009).

³⁶ See University of Hong Kong Public Opinion Programme *Rating of Chief Executive Donald Tsang* Yam-kuen, http://hkupop.hku.hk/chinese/popexpress/ce2005/donald_new/poll/datatables.html (accessed on 7 September 2009).

³⁷ Chris Yeung (2008) “What a parade of missteps and U-turns”, *South China Morning Post*, 26 December, Hong Kong, 4.

³⁸ Chris Yeung (2008) “Doubting Donald”, *South China Morning Post*, 25 August, Hong Kong, 16.

³⁹ See Joseph Wong (2008) “It’s politics, stupid”, *South China Morning Post*, 2 June, Hong Kong, 13; Joseph Wong (2008) “Set appointees’ rights and obligations in stone”, *South China Morning Post*, 16 June, Hong Kong, 15; and Joseph Wong (2008), “Code of impartiality”, *South China Morning Post*, 30 June, Hong Kong, 13. Joseph Wong is a former Secretary for the Civil Service (until 2005).

⁴⁰ The LSD gained 3 out of 4 seats contested, and 10 % votes share territory-wide, while the Liberal Party lost all geographical seats contested, with both their chairman James Tien and vice chairman Selina Chow failing to get re-elected. The latter’s electoral debacle led to intra-party conflict and a split that saw the departure of 3 of its 6 legislators to form a new legislative group Economic Synergy.

⁴¹ See *South China Morning Post* (2008) Editorial “Ex-housing chief’s new job does not look good”, 4 August, 12; and Eva Wu (2008) “Pan-democrats use saga to attack rivals”, *South China Morning Post*, 17 August, Hong Kong, 6.

⁴² For example, in his maiden budget speech in February 2008, Financial Secretary John Tsang dished out relief measures and direct benefits to different sectors

amounting to \$44 billion. In July 2008, to combat inflationary pressures, the government implemented a \$57 billion relief package in July 2008 to ease hardships especially the lower income households. Then, in the 2009 budget, another \$8.3 billion relief package was offered in rates waiver and one-off reduction of salaries and personal tax. Despite all this, the Tsang Administration was still criticized for not doing enough for the grassroots.

⁴³ Ma's approval ratings dropped to as low as 16% after Taiwan suffered severely under Typhoon Morakot in August 2009. For Lee, his approval ratings fell to just 22.2% after his 100 days in office, during which his government failed to address public concerns over the safety of beef imports from the US. See *The China Post* (2009) Editorial "Ma Ying-jeou faces 'confidence crisis'", 7 September, Taiwan; Ho Ai Li (2009), "Ma's image takes a battering from Typhoon Morakot", *The Straits Times*, 27 August, Singapore; *The Hankyoreh* (2008) "President's ratings drop to 22%", 2 June, Seoul, South Korea; and Tong Kim (2008), "Lee Myung-bak in Trouble", *the Korea Times*, 1 June, Seoul, South Korea.

⁴⁴ D. Kaufmann, A. Kraay, and M. Mastruzzi (2009) *Governance Matters VIII: Governance Indicators for 1996-2008*, World Bank Institute, Washington, D.C.: World Bank. <http://info.worldbank.org/governance/wgi/index.asp>. The World Bank sees governance as "[including] the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them". Its Worldwide Governance Indicators (WGI) project measures the governance of 212 countries and territories since 1996 according to six dimensions: voice and accountability, political stability and absence of violence, governance effectiveness, regulatory quality, rule of law, and control of corruption.

⁴⁵ The survey findings by the University of Hong Kong Public Opinion Programme on "People's Satisfaction with the Performance of Members of the Fourth HKSAR Legislative Council" for the period December 2008 to June 2009 indicated that more people were dissatisfied with the legislators' overall performance than those who were satisfied. On 16-18 December 2008, the results were 29.3% negative vs. 26.0% positive; on 9-11 March 2009, 39.9% negative vs. 20.9%; and on 16-21 June 2009, 35.4% negative vs. 20.8% positive. See:

<http://hkupop.hku.hk/chinese/popexpress/sargperf/fourthlc/index.html>

⁴⁶ Hardin, Russell (1998) "Trust in Government", in Braithwaite, V. and Levi, M. (eds) *Trust and Governance*, New York: Russell Sage Foundation, 23.

⁴⁷ Kikuchi, Masao (2007) "Assessing Government Efforts to (Re)Build Trust in Government: Challenges and Lessons learned from Japanese Experiences", *International Public Management Review*, Vol. 8, No. 2, 183-202.

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