



By William Overholt

Returning to Hong Kong after an absence, one immediately notices changes. The taxis are clean, the drivers polite. Two times on the first day of my visit, the taxi driver rounded the fare down rather than up — something unthinkable during the 16 years to 2001 when I lived in Hong Kong. As one speaks with people, there is a palpable sense of community.

Previously Hong Kong was a refugee society. At the end of World War II, the population was tiny. Refugees from the communist revolution created a new, more populous Hong Kong and brought with them a mentality of making money as fast as possible, stashing some overseas, and moving overseas in response to opportunity or risk. Together with an accurate sense prior to 1997 that local people could have little influence over colonial decisions, this created an apolitical populace focused on family prosperity, not community involvement or public policy.

This has long been changing gradually, but has now changed quite decisively. Today there is an omnipresent sense of shared interests. The “every man for himself” or, more

accurately, “every family for itself” mentality has been overshadowed. The evidence is pervasive: heightened concern for the environment, community expectations about hygienic standards in restaurants and taxis and street behavior, pressure for political accountability, sector compacts regarding social standards, more responsible behavior by political party leaders.

Why has this happened? Partly, the mentality of the refugee society has diminished because the reality of the refugee society has diminished. Gone is the vast post-1949 influx of broken families fleeing communist massacres. Gone too is the exodus to Canada and Australia of people hedging the perceived risks of Chinese rule; that exodus diminished steadily through the 1990s and many of the so-called “astronauts” have since returned. The end of colonial rule means that local people feel there is, or should be, greater opportunity for Hong Kong citizens to shape their society.

Recent events have decisively accelerated that gradual evolution. SARS dealt a stunning lesson that Hong Kong people share a common destiny; for the first time, survival

itself clearly depended on whether restaurants and taxis and puddles outside one’s apartment building were clean. Simultaneously, Hong Kong experienced the end of economic complacency. Growth rates a fraction of the postwar norm, unemployment rates three times the miracle-era norm, and an aging society where pensions and social security were newly important, all forced consciousness of the need for Hong Kong people to act together. Weak government responses emphasized the need for Hong Kong people to move things themselves.

This has coincided with enhanced organization, most notably through business community efforts to link up with the Pearl River Delta, NGO and business organizing for a wide variety of specific goals, enhanced initiatives to hold government accountable, and the emergence of a powerful democracy movement.

One source of increased organization has come through explicit measures to create a civil society, led by groups like Christine Loh’s Civic Exchange that organize around interests like improving the environment and protecting the harbor from further encroachment. Such organizations have gone far beyond the traditional media in raising the consciousness of the highly educated middle class about what decisions government is making and how, and in criticizing the way they are made. The price for this critical role has been limited direct influence on government, but the impact on society has been substantial.

The business community has played the largest role in organizing Hong Kong’s new solidarity. One early effort, a business called Creative Initiatives Ltd, designed to convene Hong Kong’s movers and shakers and develop a consensual vision for Hong Kong, failed in the face of conflicting interests and conviction that the government would not support the results. Thereafter, energies focused on NGOs and on sectoral organization. In 1998, three business leaders, Victor Fung, Edgar Cheng, and Po Chung started the Creative Initiatives Foundation, with funds provided by DHL



To fight for power and wealth

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International founder Po Chung, to teach Hong Kong's NGOs how to do strategic planning and improve their organization. Relying heavily on a process Victor Fung had used for revitalizing Hong Kong's airport authority, they hired an American consultant, employed Hong Kong specialists, and by 2003 had provided a training program to more than 40 key NGOs from the Society for the Deaf to the Arts Festival to the YWCA.

Po Chung and Victor Fung applied the same techniques in a successful effort to reform one of Hong Kong's largest industries, the logistics sector. Po's colleagues sponsored workshops, led by the same US consultant, Leonard Lane, who had helped the Airport Authority and was helping the NGOs, which involved all key participants in the logistics industry. They made suggestions to the government, in the form of broad principles, and the government responded with a major report containing specific recommendations, then created a statutory body, the Logistics Council, to promote the industry.

Po Chung and Saimond Ip then formed 36.com with the goal of eventually providing the same service to 10 other industries, starting with the maritime industry, tourism, and trade and investment with Japan. These efforts were run by an overlapping group of participants relying heavily on funds from the Creative Initiatives Foundation. Leonard Lane was the key consultant in many of the initiatives. Alex Fung of the Port and Maritime Board became head of the Hong Kong Economics & Trade Office in Japan and organized the Japan trade and investment initiative.

In the course of studying how to enhance trade and investment with Japan, the participants in that study discovered that numerous Japanese companies looking to invest in China were not even considering Hong Kong and its neighboring Pearl River Delta region. Inquiries to the American and German chambers of commerce revealed that the same thing was happening elsewhere in the developed world.

Po Chung therefore created another foundation, the Pearl River Foundation, to bring potential investors to the PRD and to create a council to ensure fair treatment of Hong Kong businesses in the PRD. That coincided with another major initiative, the 2022 Foundation, started by Victor Fung and funded by a variety of major Hong Kong businesses. Among many other things, the



The cage of life

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2022 Foundation sponsored an MIT analysis of a potential Hong Kong-Zhuhai bridge (proposed by infrastructure tycoon Gordon Wu) and a book by Prof Michael Enright that showed the Pearl River Delta region to be the fastest growing region of the world's fastest growing country.

Meanwhile, the Business and Professionals Federation, a group of business leaders, was promoting closer ties between Hong Kong and the Pearl River Delta. The Hong Kong General Chamber of Commerce had long been promoting closer economic partnership with the Pearl River Delta, and in 2002 it allied with the *South China Morning Post* to begin a series of annual conferences on the Pearl River Delta.

The Federation of Hong Kong Industries commissioned Hong Kong's most highly reputed local economist, Richard Wong, to do a study, "Made in the Pearl River Delta." The head of the statutory Trade Development Council (TDC), tycoon Peter Woo, changed the mandate of the TDC to marketing Hong Kong Plus, rather than just Hong Kong. By the fourth quarter of 2002 all the most organized parts of the business community were pushing the government toward closer PRD ties.

The Hong Kong government's attitude toward the proposals for closer ties with the Pearl River Delta had ranged from complacent to unsympathetic. The leadership was particularly sensitive to objections from more conservative business groups: real estate tycoons who feared debilitating

competition from cheaper properties over the border in Shenzhen, retail chains with similar fears, and even the Democrat Party's insistence that 24-hour border opening would enable too many Hong Kong men to visit mistresses. And leaders feared that the US would put an insidious interpretation on a more open border and cause trouble for Hong Kong trade.

Through the last British administration (Patten, 1992-97), the Hong Kong civil service regarded most contact between senior Hong Kong officials and their Chinese counterparts as a security risk, and that attitude persisted even after Hong Kong reverted to Chinese sovereignty. Indeed, much of the post-colonial civil service leadership regarded protecting Hong Kong from Chinese influence as a sacred mission. Even today, liaison officers confront difficulties getting some senior Hong Kong officials to deal directly with their Guangdong counterparts and to treat them without condescension. The government played down the value of a bridge to Zhuhai and said there would be no need until 2020.

By late 2002, however, forward-looking business community efforts had overwhelmed the resistance of more protectionist elements of the property, retail and Democrat Party establishments. With Hong Kong polls showing more admiration for Beijing's leaders than for their own, political fears of tighter economic connections with the mainland had largely dissipated and surveys showed strong support for closer links. Chief Executive C H Tung's January 2003 annual policy

address promised to link Hong Kong more closely with the Pearl River Delta.

SARS interrupted the effort to link economically with the Pearl River Delta but enormously accelerated the emergence of social solidarity and created a sense of common destiny with PRD residents across the border. Under Rosanna Wong, the government drew up a covenant for the public to sign regarding hygiene standards and other issues—a precise parallel to the kinds of things Creative Initiatives was trying to do with sectors and NGOs.

Soon after SARS dissipated, the great demonstration of July 1, 2003 erupted in protest against a proposed stringent anti-subversion law. The conduct of that demonstration showed eloquently the new solidarity and its consequences. Every party involved behaved with remarkable restraint and responsibility. That a half million people would turn out without the stimulus of a precipitating event (like Tiananmen Square on July 4, 1989) itself manifested solidarity. The entire march, in blazing summer heat, avoided any kind of conflict. The marchers were dignified. The government response was restrained. The democracy advocates refrained from using the moment to push sudden changes in the organization of the Hong Kong government.

The central government in Beijing noted the restraint and, instead of reacting with fear and repression, opened a much broader dialogue with the Hong Kong community, including consultations with the Democrat Party leadership. Much of the sobriety was due to the new sense of community solidarity; a few years earlier, Martin Lee would have led the Democrat Party to maximize anti-Chinese outbursts and Beijing would have responded in kind.

The Chinese government believed that a substantial part of Hong Kong's discontent was economic, and the leadership acted quickly to rejuvenate Hong Kong's economy through enhanced links to the Pearl River Delta and elsewhere. Much of Beijing's policy implemented recommendations by business community leaders.

Suddenly, Beijing made it easier for Chinese to get tourist and business visas to Hong Kong and allowed them to take more money with them.

Suddenly, Beijing announced a Closer Economic Partnership Arrangement that

would create a partial free trade zone with Hong Kong.

Suddenly, China's requirements for banks to have \$20 billion in assets was reduced by two-thirds to allow key Hong Kong banks in.

Suddenly, in late summer, Guangzhou retreated to an old positioning of itself as the manufacturer and Hong Kong as the service provider, rather than trying to replace Hong Kong. And several smaller cities, which had been making coordination difficult due to their ambitions to replace Hong Kong, became cooperative, even acknowledging some responsibility for problems like pollution.

Chinese officials indicated that Hong Kong banks would be allowed more Chinese currency business and that Chinese citizens would soon be allowed to invest some money in the Hong Kong stock market. Beijing now supported the big bridge to Zhuhai.

Suddenly, lackluster Hong Kong-PRD coordination meetings gave way to decisive Governor-Chief Executive meetings followed up by 15 committees with specific assignments. Beijing, Guangdong Province, Guangzhou City and Shenzhen all repositioned themselves for cooperation.


Tourists and investors from China re-ignited the Hong Kong economy. Protectionist fears proved unfounded. Property prices near the border remained stable. Investors began transforming unneeded industrial buildings into three-star hotels to accommodate the Chinese visitors. While Hong Kong shoppers went over the border to buy cheap fake goods, Chinese came over the border to buy expensive real brands. Retail sales bubbled upwards. The big property companies, which own the retail shops and the hotels, saw profits rise. According to government surveys, Hong Kong reached a workable consensus that an economically open border and close cooperation were beneficial.

The new social solidarity, led predominantly by the business community, is enabling Hong Kong to achieve substantial reforms through social movement despite government immobilism. Connecting with the PRD, essential for Hong Kong's recovery, has resulted from business community initiatives, Beijing support, government acquiescence, and subsequent popular support due to the economic benefits. The business community drive to link with the PRD may be a model for future reform movements in areas like

education. And the vision of a prosperous HK-PRD future could possibly create workable consensus around decisions needed to realize that future — including education.

A more mobilized society can also block government initiatives, like harbor development, or press against government resistance, as with the democracy movement.

From the viewpoint of the government, Hong Kong society is fragile. While the government's ties to society are indeed fragile, society itself is actually developing an intricate web of ties that make it less fragile and more able to act.

From the viewpoint of the government, it is increasingly impossible to get anything done. Indeed, Civic Exchange can humiliate the government, and diverse social groups can now block government initiatives, but a more accurate view is that it is impossible to get things done without systematically mobilizing social support. Organized support is now available to those who can mobilize it. 

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