Beijing’s Visible Hand
Power struggles and media meddling in the Hong Kong chief executive election

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Hong Kong’s next chief executive was revealed on 25 March 2012, when the 1,193-member election committee, made up largely of business leaders, professionals, and influential persons loyal to Beijing, voted in majority for Leung Chun-ying. Leung defeated his main opponent, former chief secretary for administration Henry Tang Ying-yen, by garnering 689 votes over the 285 that Tang received. The third candidate, Democratic Party chairman Albert Ho Chun-yan, secured only 76 votes.

The controversy-ridden race to the Special Administrative Region’s top position began in November 2011 after Leung resigned from the Executive Council and officially announced his candidacy. Both Tang and Leung are from the larger pro-establishment (jianzhi 统战) camp, marking the first direct competition between two candidates on the same side of the political spectrum. As late as early 2012, the common perception was still that tycoon-backed Tang would emerge as victor. Son of a wealthy textile family with good political connections on the mainland, Tang had from the beginning secured the support of the business community and the city’s top real estate developers, including such big names as Li Ka-shing of Cheung Kong Holdings Ltd., Raymond and Walter Kwok of Sun Hung Kai Properties Ltd., and Lee Shau-kee of Henderson Land Development Co. Ltd. He was widely seen as Beijing’s undisputed pick and its best bet for a smooth political transition. Indeed, supporters of Tang exuded such self-confidence early on that one of them even called upon candidates without Beijing’s blessings to be considerate (guquan daju 顾全大局) and pull out of the race. (3)

A post-one country, two systems era?

That Leung eventually defeated Tang after a protracted campaign raised speculation about the political support system working behind the scenes to engineer his victory. What caused Tang’s popularity to rapidly plummet was an explosive series of scandals. On 13 February, local newspapers revealed that Tang had illegally constructed a 2,400-square-foot “underground palace” at his residence. Tang said the descriptions were untrue, insisting it was only storage space. Inspection by the Buildings Department, however, later confirmed the existence of the huge basement. The candidate reacted immediately by having his wife, Lisa Kuo Yu-chin, shoulder the blame, telling reporters that “the basement was my wife’s idea.” A tearful Kuo admitted that she “just wanted to plan a comfy place for my family” and that she was “very, very sorry.” (2) Tang’s unwise move prompted Apple Daily, an anti-establishment local tabloid, to accuse him of selling out his wife for power. His unwise move prompted Apple Daily, an anti-establishment local tabloid, to accuse him of selling out his wife for power.

1. “Power struggles and political interventions in the 2012 Hong Kong chief executive election,” 15 June 2012.
4. “Tang has no option but to quit the race,” South China Morning Post, editorial, 17 February 2012.
5. “Tang’s unwise move prompted Apple Daily, an anti-establishment local tabloid, to accuse him of selling out his wife for power.”
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1. This remark was made by Lam Tai-fai in September 2011. See Chris Yeung, “Tang supporters hand first-round victory to Leung,” Hong Kong Economic Journal, 19 September 2011.
4. “Tang has no option but to quit the race,” South China Morning Post, editorial, 17 February 2012.
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South China Morning Post also published a damning editorial calling for Tang to withdraw, arguing that “his integrity has been seriously compromised.” (4) “One oversight is perhaps not fatal,” the editorial said, “But attempts to cover up one’s mistakes are political suicide.” A week later, Tang’s private emails with his alleged lover were exposed, followed by the circulation of photos of his illegitimate child born before his marriage to Kuo. These reignited frenzied probes into Tang’s extra-marital affairs and added fuel to incriminating remarks about his dishonesty, infidelity, and “emotional fault” (ganqing queshi 感情缺失).

Commentator Willy Lam Wo-lap and Open University computing professor Li Tak-shing both raised the alarm that these “black materials” (hei calliao 黑材料) might in fact have come from national security and intelligence services working for Beijing. (5) Lam specifically pointed to the Central Liaison Office (CLO) (zhongyang renmin zhengfu zhu Xianggang tebie xingzhengqu 统战统战) headquarters stationed in the SAR responsible for propagandistic efforts, the successor to the Hong Kong branch of the Xinhua News Agency. (6) According to Lam, the CLO is an expansive bureaucracy with 23 departments working under the leadership of one director and nine deputy directors. (7) Some of the black materials might have come from the psychological warfare unit in the CLO.

While this claim is difficult to substantiate, many have attested to and decried the controversial role played by the CLO during the election. Two newspapers, Hong Kong Economic Journal and Sing Pao, had reportedly received pressure from the CLO to favour one candidate. In the case of Sing Pao, the gist of commentator Johnny Lau’s column piece was amended by an “invisible hand” from “both Tang and Leung are not worth supporting” to “I would rather pick Leung.” It was also revealed that Cao Erbao, a CLO official, had stepped in to protect Leung from allegations of his failure to report conflicts of interest in the 2001 West Kowloon arts hub design competition, in which Leung served as a juror, by exerting pressure on the director of the Chief Executive’s Office not to release details of the competition. (8) The CLO was also seen as being responsible for the last-minute pouring in of votes for Leung. (9) Although he denied any kind of...
vote-canvasing activities, Leung’s visit to the CLO headquarters immediately after his victory was widely seen as a show of gratitude (xie piao 《謝票》) and did little to assuage public unease.

Hong Kong Economic Journal contends that the SAR’s completed its political ecology transition from “businessmen ruling Hong Kong” (shangren zhi Gang 《商人治港》) to “cadres or Communist Party by Florence Leung Mo-han, a former CCP member, roused further clamour (shou wenti) for the election shows its intention to officialise its role as the ‘people’s movement’ (min men yimin 《民眾運動》) under Tung Chee-hwa (1997-2005), a “high-handed in Hong Kong’s Underground Communist Party by Florence Leung Mo-han, a former CCP member, along with several high-ranking Hong Kong officials, and that he entered the race because he was picked by powerful persons within the Politburo. Albert Cheng King Hon, former Legislative Councilor and host of several popular talk shows, went to the extent of suggesting that Leung had in fact been “the chosen one” from the beginning – the introduction of Tang being “only a smokescreen to give the impression of genuine competition,”(10)

The Chongqing connection

Others contend that Leung’s victory is a product of high-level power struggles unfolding in Beijing related to the recent downfall of former Chongqing Party secretary Bo Xilai. According to Zhang Hua, an Apple Daily columnist, Leung’s victory represents a victory of Hu Jintao and the Communist Youth League faction over Jiang Zemin and the princeling faction. While Jiang has close ties with Hong Kong’s business community and exercises his influence through the Hong Kong and Macao Affairs office (HKMAO), the CLO is controlled by underground communists and leftist groups in Hong Kong and is an extension of Hu’s power bloc in the SAR. (11)

The Jiang clique supported Tang, but since Jiang himself fell ill in early 2011 he was no longer in the position to rally support for Tang, according to Willy Lam’s analysis. The critical point came in early March when the clique was severely weakened by the ouster of Bo Xilai. Bo’s fall from grace constituted a fundamental shift in the power balance between the two rival factions, giving Hu the upper hand to advance Leung’s ascendance.

According to South China Morning Post, a state leader went personally to Shenzhen on March 20 to meet with leaders of the Federations of Guangdong Associations and Fujian Associations and persuaded them to switch support to Leung. (17) That state leader, both Hong Kong Economic Journal and Willy Lam suggest, was Liu Yandong, deputy head of the Leading Group on Hong Kong and Macao Affairs and a Hu supporter. (18) The former chief executive of Hong Kong, Tung Chee-hwa, also played a role in changing the mind of Vice-President Xi Jinping, a protégé of Jiang. As South China Morning Post notes, Tung “was widely believed to be one of Leung’s key behind-the-scenes backers.” He accompanied Xi on his visit to the US in February, during which he is said to have persuaded Xi to support Leung. (19)

Analyst Leen Yuet Cheng disagrees that the downfall of Bo one-sidedly aided Hu’s campaign for Leung. (20) He argues that there are at least three parties contending for power in Chongqing, including Hu’s, Jiang’s, and Bo’s cliques. The fall of Bo did not spell the undoing of Jiang’s clique but instead strengthened it. This can be observed, he proposes, from the replacement of Bo by Zhang Dejiang, a protégé of the former President. Hence the victory of Leung over Tang cannot be simply attributed to the strengthening of Hu-against-Jiang upon the Chongqing fallout. Analyst Chan Jing-sun of Yazhou Zhoukan contends that even such a reading is too simplistic. (21) The complex networks and relations of power in Beijing cannot be reduced to two- or even three-faction struggles. Both Leung and Tang were acceptable candidates to Beijing: it was Tang’s election to lose.

Beijing’s new Hong Kong policies

Public support for the candidate was a centrepiece of Beijing’s rhetoric in this election. Premier Wen Jiabao said on 14 March that the next chief executive must enjoy the support of the “vast majority” of the city. Despite a continuous drop in popularity prior to the election, Leung had consistently led in every poll since October 2011. (22) Did public opinion have a role to
play? According to a survey conducted by the Chinese University of Hong Kong, most of Leung’s supporters were aged 51 and above, with relatively low levels of education and income. Leung’s humble background as the son of a policeman contrasted with Tang’s “silver spoon” image and “seemed to hold inherent appeal for the average Joe in the street.” Those working close to the grass-roots, such as the Society for Community Organisation’s Ho Hei-wah, said Leung had a “genuine understanding of people’s problems.”

To make up for his image, in his policy platform Tang pledged to give special attention to the middle-class and small- and medium-sized enterprises. He proposed tax concessions for middle-class workers and vowed to create 100,000 jobs over five years in six industries, promoting the technological, cultural, and creative industries by providing lower tax rates. He planned to introduce 15-year free education and to grant eligible elderly people a HK$3,000 monthly allowance, extending the benefits to retirees residing in Guangdong Province. Leung similarly proposed a monthly old-age subsidy to be granted on top of the existing allowance. He called for reviewing the level of minimum wage and setting up a committee to study a standard working hours policy. To create a family-friendly society, he pledged to innovate policies including flexible working hours and working from home. Addressing environmental concerns, Leung also proposed legal controls over outdoor lighting to reduce light pollution.

Many found the two candidates’ platforms largely similar in substance. What aided Leung, aside from his grass-roots image, was perhaps his banner of anti-financial and real estate hegemony (fan jinrong baquan, fan dichan baquan), a rhetoric that has found strong resonance among Hong Kongers from the very beginning. With most real estate tycoons rallying behind his opponent, Leung was able to declare without baggage that the “long-standing land and housing policies that make homes expensive and painfully small” must be overturned. In his policy agenda Leung proposed the introduction of a “Hong Kong property for Hong Kong residents” scheme, in which the completed housing units could only be sold to SAR residents. He also suggested introducing low-interest or interest-free loans to aid middle-class families, and pledged to build more public rental housing units and provide interim housing for those living in the city’s infamous sub-divided units, caged homes, and cubicile apartments. His housing policy came under fire, however, as his opponent Tang reminded the public of Leung’s responsibility over the plan to providing 85,000 flats per year (bawanwu jian wu jiuhua) proposed by the Tung Cheehwa administration in 1997. Intended to enable 70 percent of Hong Kong families to have an affordable home within ten years, the plan was widely condemned as too costly and too small. His housing policy also raised concerns regarding the potential for confrontation between the two candidates. Tang himself proposed the construction of dormitory-type temporary sub-divided housing units on top of the planned target of 75,000 in the next five years.

Popular resentment against the widening gap between rich and poor and against high-level collusion has been growing. Recent scandals involving outgoing Chief Executive Donald Tsang, former chief secretary Rafael Hui, and the Sun Hung Kai tycoons confirmed popular suspicions of transfers of interest between government and businesses. As early as March 2010, Premier Wan had already warned the Tsang administration of the need to address deep structural conflicts (shen cengci maodun), in the SAR. Beijing may see the potential threat to social stability as cause to reconsider its pro-business policies, and letting Leung win may be a sign of this resolution. Many of the key advisers on Hong Kong affairs to the mainland leadership were pro-business: for example, Liao Hui, former director of the HKMAO, “strongly believed that the stability of Hong Kong relied on keeping the interests of the business community intact to best preserve the city’s capitalist system,” according to the SCMP. Concerns for social stability aside, there is an additional reason why Beijing may be less business-friendly. Fung Wai-kwong of the Democratic Party suggests that the weakening of the “Beijing + [Hong Kong] Developer Tycoons” alliance is a strategic move to curb localism in the SAR. Beijing needs to show its strong hand vis-à-vis the powerful corporations in Hong Kong. Ng Hong-man, former National People’s Congress deputy, also wrote in a commentary that the election was not merely a competition between Leung and Tang; even more, it was one between the central government and the city’s interest coalitions (liyi jituan).

This reading sheds light on one of the most crucial challenges facing Leung when he takes office on 1 July. After his victory, repeated calls were sounded for a “great reconciliation” (da hejie) and “great unity” (da tuanje). President Hu jintao called on Leung to unite different sectors and foster harmony, while Wang Guangya, HKMAO director, urged different factions to put aside their differences. What really lies behind this rhetoric is a call to recalibrate the balance of power and redistribute interests. As Johnny Lau points out, the call for reconciliation is really a call for reassigning and reallocating interests within the pro-establishment bloc.

**Ticking time bombs**

As the vote approached and the prospect of a C.Y. Leung victory appeared more and more probable, Leung’s popularity rating plummeted and many commentators expressed their opposition. Anson Chan, former chief secretary and a notable figure in the pan-democratic bloc, even rallied for the election committee to vote for Tang in order to prevent Leung, whom she calls a chameleon, from winning. As Chan Jing-sun pointed out, an atmosphere of fear of the CCP (kong gong) and collective anxiety (jiti jiaolü) became prevalent in Hong Kong. It focused on the controversial implementation of Article 23 of the Hong Kong Basic Law, shelved after provoking a massive demonstration on 1 July 2003. At a meeting with the
Hong Kong Federation of Trade Unions, Wang Guangya had explicitly stated that once consensus was reached within society, Article 23 must be legislated in the SAR. The task may well fall on Leung – it was hypothesised that Beijing might give Leung time to restore his public support through popular economic policies, then have him push through implementation. Johnny Lau calls the current uncertainty over Article 23 legislation a “knot” (xinjie 细) in Beijing’s heart, and believes that Beijing will never feel secure until the law has been passed. (33) Distrust of Leung’s position on the matter was deepened when his then-archrival Tang alleged at a debate that Leung had suggested using riot police against opponents of Article 23 in 2003. Angry demonstrators greeted Leung on his day of victory. HKEJ labelled Leung the “Three Lows” chief executive – low number of votes, low popularity, low ability to garner support. Analyst Chris Yeung said it was the worst possible start for the new leader. (34) Aside from the need to address fragmentation within the pro-establishment bloc and to garner the support of businesses, professional groups, and civil servants, Leung’s most urgent task is therefore to persuade Hong Kong people that he is worthy of support. Perhaps in a bid to rescue his plummeting popularity, Leung capitalised on widespread discontent over the influx of mainland mothers and announced on 16 April that the quota of private hospitals accepting pregnant women from the mainland without Hong Kong husbands would be “zero” next year. (35) While many applauded the popular decision, some criticised Leung’s announcement of new policies ahead of term as an act of overriding the present government, demonstrating his strong-handed, paternalistic style of leadership.

Indeed, there has been pressure on Leung from Beijing to strengthen his hand in governance. In mid-May, Zhu Yucheng, director of the Institute of Hong Kong and Macao Affairs under the State Council and an ally of former vice-president Zeng Qinghong, called upon Leung to buttress the “executive-led” system of government in the SAR. (36) According to Zhu, the political system of Hong Kong should be one that is executive-led, and not a separation of powers between the executive, legislature and judiciary. (37)

If, as Hong Kong Economic Journal founder Lin Xingzhi suggests, Beijing will be launching its gradual project of remaking “citizens” (shimin 市民) into “subjects” (guomin 国民), then Leung will be treading a fine line between defending Hong Kong’s interests in order not to lose popular support, while appeasing those who engineered his victory by helping them win the battle of hearts and minds. (38) One way to win over Hong Kong may be popular economic and housing policies, but the call for constitutional development cannot be ignored. In his February manifesto, Leung vowed to reform and widen the representation for functional constituency elections in 2016, and to initiate public discussions on implementing universal suffrage for the chief executive in 2017. Notably, in his revised election platform released in March, the initial promise to “reform” functional constituencies was rephrased as a “consideration” to expand the voter base of functional constituencies. Leung explained that he hoped to allow “as much room as possible” for the public to make proposals for electoral reform. (39) Such an ambiguous stance leaves one wondering whether Beijing will press Beijing with determination to realise universal suffrage in the SAR by 2017.

Beijing’s readiness to embrace a turn to greater democracy is also unclear. Some suggest that the present election has added to Beijing’s reservations about direct elections, upon witnessing how unruly and destabilising even a small-scale election had become. (40) The day before Leung won the election, the results of the University of Hong Kong’s civil referendum, a mock election held to gauge how the public would vote if given the chance, were released. Of the 222,290 votes cast, Leung received 17.8 percent, Tang 16.3 percent, and Ho 11.4 percent. A majority of 54.6 percent was in abstention – in support of the blank-vote movement launched by the pan-democratic bloc to protest against “small-circle” election (xiao quanzi xuanju 小圈子选举). The participation was further enhanced by rumours that the online voting site had come under attack from hackers. Beijing will surely be wary of the possibility of an absolute majority of blank ballots if universal suffrage is implemented together with a strong vetting of candidates.

Others contend that universal suffrage will have to be implemented, as “Hong Kong society is on the brink of severe chaos.” (42) Beijing’s overarching concern for maintaining stability will compel it to accept the risk of satisfying the city’s democratic desires rather than to cope with the potential volatility brought by a restless population. This uncomfortable decision indeed highlights the broader dilemma in governance confronting China’s top leaders today, the Wukan incident in Guangdong being yet another recent example. Whether Hong Kong can be that first laboratory of change in 2017, and whether that hard-won prize of universal suffrage will be a sign of things to come in mainland China remains to be seen, but the mere possibility will keep eyes fixed on this small territory.

Karita Kan is a doctoral student in politics at the University of Oxford and is currently associate researcher at the CEFC.

34. “Wang Guangya said Article 23 must be legislated after achieving consensus,” Hong Kong Economic Journal, 10 April 2012.
36. Leung also proposed that children born to mainland parents will not be guaranteed permanent residence in Hong Kong, Emily Tsang and Lo Wei, “Zero quota for mainland mums,” South China Morning Post, 17 April 2012.
38. ibid.
39. Lin Xingzhi, “New thinking needed in governing Hong Kong through the transition from ‘citizens’ to ‘subjects’,” Hong Kong Economic Journal, 10 April 2012. The translation of “citizens” and “subjects” is Lin’s own.
40. Kahon Chan, art. cit.