

The Undoing of Henry Tang
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How did a shoo-in for Hong Kong Chief Executive turn himself into a laughing stock?

Many acquainted with Hong Kong Chief Secretary for Administration Henry Tang's career and personality always thought him no more than a lazy, spoiled brat, an inherited billionaire nobody with nice smile thrust into high political office to represent the interests of his fellow tycoons.

To them it came as no surprise that, while occupying the number two position in the Hong Kong government, he had had illegally constructed a 2,000 square foot basement palace under his house in Kowloon Tong, an expensive low-rise district in the heart of overcrowded Kowloon.

Nor that having repeatedly lied about it he then sought to put the blame on his wife, the notional owner of the house. That was even though one of its main features, according to a detailed design drawing obtained by one newspaper, was a wine cellar and "wine tasting room" catering to Tang's own well-known love of fine wines. He implied the whole thing was somehow a present to his wife to make up for his serial infidelities.

The revelations surely mark the end of Tang's bid to become next chief executive of Hong Kong through a selection process which climaxes in March. It also leaves Beijing seriously embarrassed. After all, he had been the lead candidate preferred, it was clear, by most though not all of the pro-Beijing groups in Hong Kong as well as most though not all Beijing officials.

It remains to be seen whether Tang withdraws his candidacy or makes way for another challenger to the now odds-on favorite, CY Leung, who has persistently been more popular with all except the small group who decide the small-circle election to the top post. Although Leung has long had close ties with the Communist Party's Hong Kong surrogates, he is viewed as hostile to the property tycoons – despite his career as a surveyor – and is suspected by some democrats of being a closet authoritarian. He has never been elected to any post.

Shortly before the revelations about Tang's basement, elements in the government had attempted to smear Leung by suggesting that he had not declared a conflict of interest with the Malaysian offshoot of his surveying firm when he was a judge in a competition for the design of the West Kowloon cultural area. This allegation has yet to be backed up by documents and the Malaysian architect for the (losing) design was quoted that he did not know Leung from "a bar of soap."

That allegation was already beginning to boomerang on Tang when it was completely overshadowed by the basement building scandal. Illegal structures are a hot topic in Hong Kong. Most are small additions which may or may not raise building safety issues. But a few major ones carried out by well-placed people have come to light in recent years and increased demands for better and fairer enforcement of building codes. Given the price of property in Kowloon Tong, a 2,000 square foot space, even an underground

one, would – if legal – be worth about HK\$30 million.

The one unanswered question is why and how the illegal structure's existence came to be revealed just at this moment. Could it have been a source within Beijing's Liaison Office, which has its Kowloon branch opposite Tang's houses – he and his wife own two adjacent and interconnected ones? Or someone from the office of the designer or contractor? A lot of workmen must have been involved in the project and one must assume that at least some visitors to the Tang homes would have been aware of its existence. But whatever the motive of the source – and two newspaper groups benefited from scoops about it – the timing of its release and Tang's response must surely have killed his candidacy with some in his own Liberal Party, and many in the leftist pro-Beijing camp, who have been quickly distancing themselves from him.

There is one other candidate currently in the race, Democratic Party leader Albert Ho but he stands no chance given the composition of the electoral commission. So the question now is if Tang steps aside who, if anyone, from the pro-Beijing will step up to run against Leung?

Two names have been mentioned. One is former legislator Rita Fan who is quite popular with the public because of her kind-aunt image. She is liked for being seen as harmless and, unlike Leung, no threat to the established order. However Fan, another Shanghai tycoon's daughter who was rapidly elevated from minor academic administrator, has no direct experience either of government or of running a business. She is already in her 67th year and has had cancer. She is also a woman, which probably does not appeal to Beijing.

The other possible is also a woman, Regina Ip a former top bureaucrat who is smart, ambitious and a popularly elected legislator. However despite a makeover of her hairstyle as well as politics she is still widely disliked for her effort in 2003 to ram through a sweeping law against "subversion" and making highly critical remarks about democracy. So strong was the public reaction that she had to be sacked from the government.

What is not known is who in Beijing is trying to pull which strings. The Tang candidacy was seen by some as illustrating the influence of the faction linked to former president Jiang Zemin in Hong Kong affairs. There are suggestions that leader-in-waiting Xi Jinping favours Leung as reflecting change and focus on some of the same issues as face the mainland – income distribution, housing costs, pollution.

However the Hong Kong tycoons have their friends too and Beijing has yet to fully grasp that being friendly to a business clique dominated by property interests is not in the interests of Hong Kong business at large and has become increasingly disliked by a public which overwhelmingly believes that collusion between government and big local business is a major reason for the income gaps and housing problems.

Leung's critics suggest that he will move towards more dirigiste approach like Singapore, with growing government control over the economy. He certainly gives the impression of wanting the government to be pro-active. But given the domination of the domestic economy by cartels, and the current government's lack of resolve in tackling the

problems that it acknowledges, it makes change seem attractive to many, even if they do not know quite where change will lead.

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