

CHAPTER I I

Political Poker Games

WHEN THE RECONSTRUCTION of the Central Government Office complex at Lower Albert Road was completed in 1959, it consisted of two buildings. One ran from Lower Albert Road to Ice House Street and was referred to as the West Wing. It housed a number of government departments, including the Urban Services Department, the Registrar General's Department and the Civil Aviation Department.

The Government Secretariat itself, however, was located in an adjacent structure built in the shape of the letter T. The shorter section, representing the bar at the top of the T, faced the West Wing and was separated from it by a large courtyard with a venerable old tree and a couple of flagpoles. It was known as the Centre Block. Apart from housing top bureaucrats, it also included the chambers for the Legislative and Executive Councils, with the offices of the Colonial Secretary and Financial Secretary on the fifth floor.

The longer tail of the T-shaped building stretched as far as Garden Road. It was known as the East Wing. It also provided accommodation for some key departments, like the Attorney General's.

Incongruously, the Centre Block was built to a height of six storeys while the East Wing stopped at five. It was unclear whether architectural aesthetics had anything to do with it. In any case, the planners were aware of the unalterable law of bureaucratic expansion, so they left room for adding an

extra floor to the wing.

Battalions of civil servants soon filled the two new buildings. But before anyone could do what the Chinese vernacular called “two somersaults”, a go-ahead was given for an additional floor to be constructed on the East Wing. And thereby hangs a spooky tale.

The story centred upon an inauspicious office on the sixth floor, located right at the junction where the Centre Block connected the additional floor of the East Wing. I was scheduled to occupy that ill-famed office, for it had by then been designated for the Deputy Secretary for Economic Services.

I should explain that Secretariat branches tended to be moved around the different floors in the building, depending on their rates of expansion. To illustrate: When I was Assistant Economic Secretary towards the end of 1970, my office was on the fifth floor of the Centre Block, at the other end of the same corridor as the Colonial Secretary and Financial Secretary. By the time of I returned as Deputy Secretary for Economic Services in 1975, the branch had moved to the sixth floor of the East Wing. The room which I was to occupy had previously been used by senior officers in the General Branch and the Establishment Branch.

The offices throughout the sixth floor extension were divided up by partitions of wood and glass, materials calculated to provide maximum flexibility in dismantling and re-configuring room sizes. Because of the extension, one side of my designated office was in fact the original outer granite wall of the Centre Block. In order to give the room a less inhibiting feel, an enormous map of Hong Kong had been put up by one of the previous occupants to hide the grey granite wall.

The individual histories of previous occupants were as follows: The first three occupants had all been expatriate officers. The first suffered two heart attacks and had to be invalided out of the service. The second sustained a serious back injury from which he never fully recovered. The third, a man in his 40s, got an attack of mumps and went deaf in one ear.

The next occupant was a Chinese, none other than Lai Ka-Wah. He died in his prime of cirrhosis of the liver. The occupant after that had been my immediate predecessor, another expatriate. Prior to his going on home leave he was found to be suffering from pulmonary tuberculosis, something almost unheard of in the mid-1970s, especially for an expatriate. The pity was that no minutes by him could be found in the Secretariat written with a poetic eloquence to match that of a consumptive Keats. So instead of going on home leave, my predecessor went on medical leave.

The bad reputation of the room thus intensified exponentially. Civil servants high and low considered the string of ailments visited upon its previous occupants to be too consistent to be put down to sheer coincidence. Therefore, when it became generally known that I would be occupying that room, my Chinese friends and colleagues became worried. They suggested a range of protective measures.

One friend brought Mr. Choy Park-Lai, the foremost geomancer in Hong Kong at the time, to make an assessment of the *fung shui* of the room. Mr. Choy concluded there was indeed a dark and uncongenial atmosphere there. Although the granite wall had been hidden, Mr. Choy thought the *fung shui* still suggested the presence of a gigantic tombstone. He urged me to move to another room. When I explained that was not possible, he said the only advice he could then give was for me to change the position of my desk, to avoid as much as possible the bad influences coming from the wall. I did as he had advised, though I remained unsure whether it made any difference.

Another friend, a Buddhist, offered to arrange for Buddhist priests to perform purification rites. I politely demurred, fearful that such an exercise might reflect poorly on the reputation of my maternal grandfather. After all, he had been the first Anglican Bishop of Canton and, if I were to believe in evil spirits, I should at least humour his memory by going for a full-blooded Christian exorcism. But that sounded equally ridiculous.

Yet another friend wanted me to install a tank of goldfish in the room, as

an early warning system, in much the same way as canaries were put in coal mines. He assured me that if there was something malevolent in the room, the fish would feel the effects and die first. I declined his suggestion, on the grounds that goldfish needed to be fed too regularly and changing the water in their tank would be too much trouble.

A lady colleague did present me a plant from the Philippines, however, which she vouchsafed would be effective in warding off evil spirits. She warned, nonetheless, that should the plant begin to die, I had to get out of the room posthaste. I accepted the plant and thanked her for her concern.

Nonetheless, other friends still remained apprehensive. Among them were the Legislative Councillor Lee Quo-Wei and his wife. Mr. Lee, known to his many friends simply as Q.W., was one of those remarkably fine and public-spirited gentlemen that Hong Kong used to produce in abundance back in those days. He had started his working life in 1946, as a junior clerk at the Hang Seng Bank. He rose inexorably and by 1983 had become the bank's Executive Chairman.

I first met Q.W. around 1968, after he had been appointed a member of the Legislative Council. This had been in the aftermath of the Star Ferry riots in 1966 and the upheavals of the Cultural Revolution riots the following year.

Q.W. was a quiet, humble and engaging man, keen to do whatever he could to benefit the wider society, while recognising the political realities that existed in the colony. His public speeches were always measured and courteous, not filled with bombast and the theatrical gimmicks common nowadays. His aim was neither to garner public recognition nor to stroke his own ego. He confined himself to working quietly and constructively behind the scenes. A pity that breed appears to be dying out in Hong Kong nowadays.

In order to discharge his responsibilities to the community, Q.W. reached out to whomever he thought could be helpful. To that end, he invited a small

group of Chinese Administrative Officers to dine at his home once every two or three months, to engage in frank and open exchanges of views. I was privileged to be part of that group, which also included Eric Ho, Lai Ka-Wah and two or three others.

At those gatherings, all public issues were robustly discussed. Q.W. knew that Eric Ho and I had both been active in union activities in the civil service, fighting for equal treatment for locals as against the treatment accorded expatriates. He wanted to be briefed on our discussions, lest the government kept some things from Legislative Councillors. He himself was particularly interested in education, having been active in setting up the Chinese University of Hong Kong and later serving as the Chairman of the Board of Education. He had also served for a total of seven years on the Executive Council and was knighted in 1988 for his various public services.

When news of my fated occupation of that notorious room in the Secretariat reached Q.W. and his wife, they became alarmed.

“We cannot allow that appalling room to take two Davids from us,” Mrs. Lee declared. She was referring to the recent demise of Lai Ka-Wah, who had also used the Christian name of David.

So declaring, she disappeared into a private part of her apartment and returned with a jade replica of a Chinese sword, measuring about an inch and a half long. She handed it to me and said: “You must wear this at all times. Do it before going into that room. It should offer you some protection.”

I accepted the gift and had a gold chain made for it the following day. That event had taken place more than 42 years ago; today I am still wearing that jade sword around my neck!

I cannot say with any confidence whether the things done for me by friends had helped me to survive in that room for four and a half years without any major health disaster. Possibly my frequent absences from it due to overseas negotiations had helped.

But some strange things did happen during my tenure. I did undergo three

minor operations — one for removing some gallstones and two others to excise tumour-like but non-cancerous growths on different parts of my body. Before each operation, the leaves of the Philippines plant would start turning yellow but would quickly recover once the operations had been completed. What could be the explanation for such unusual behaviour by the plant? Had there really been something at work in that room?

To round off the story, I should record that shortly after I had been transferred from the Secretariat, there had been another reallocation of office accommodation. That room was expanded and turned into space for a Secretariat typing pool. So far as anyone has been able to ascertain, no succession of typists suffered from unusual maladies thereafter.

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Because of the unexpected ailment of my predecessor, I had to jump into the job of Deputy Secretary without the benefit of a proper handover. One of my earliest surprises was to find myself appointed as a director on the boards of both the Kowloon Motor Bus Company and the China Motor Bus Company.

The two companies provided bus services for Kowloon and the New Territories and for Hong Kong Island respectively, both operating on government franchises which had been more or less rolled over since 1933. Franchises back then were simple and unsophisticated affairs, casually phrased and sparsely detailed. There was no specific provision in either for any director representing the government. But then, there was nothing to say one could not be appointed either. If anyone were minded to litigate on that or any other issue, it would probably be donkey's years before a court could come up with a definitive ruling.

A provision existed in the franchises, however, for the government to revoke a franchise for unsatisfactory services. That clause hung like a sword of

Damocles over both companies. But who was to define what “unsatisfactory” meant and who was to decide when that state had been reached?

My own surmise was that some sort of back-room deal had been stitched up between the administration and the two bus companies, with each party playing its own game of blind man’s bluff. After the Star Ferry riots in 1966, triggered by a mere five-cent increase in ferry fares, a similar increase in bus fares would be much more provocative for the travelling public. The administration must have thought it prudent to have someone on the inside, primarily to demonstrate that an official was there to look after the public interest and secondarily to provide some early warning before things got seriously out of hand.

The two companies must have had their own calculations. Franchises had to be extended from time to time and with the Cross-Harbour Tunnel completed in 1972, turf wars over cross-harbour bus services were already arising. Furthermore, approval for the construction of an underground mass transit system had already been given. It would do no harm to get into the good books of the administration by accepting someone of its choice on the boards of bus companies.

The government’s astigmatic oversight of the rapidly expanding internal transportation systems in the city was gloriously tangled. It rested upon a benign *ad hoc*-ery laced by a few dubious free market assumptions. The result was one which few geniuses could replicate at the present time. Yet, somehow, it worked — in spite of an occasional hiccup.

Under such a makeshift regime, the police was in charge of controlling road traffic and licensing most types of motor vehicles. The Public Works Department had responsibility for building and maintaining roads and for the erection of street furniture, although the Urban Services Department also had a say when it came to the location of kerbside hawker stalls and the erection of commercial neon signs overhanging thoroughfares.

To the frustration of both motorists and pedestrians, roads had the

infuriating habit of being dug up half the time, to allow ducts, pipes or cables to be laid by franchised companies supplying gas, electricity and telephonic services. Needless to say, the government's own water works and sewage works did their fair share of digging as well.

The narrow streets in the older parts of town further tested human patience and ingenuity. The antiquated trams running on Hong Kong Island, on tracks first laid in 1903, provided a further complication. Tram rides were often a cheap, pleasant and sedate experience and many citizens had developed a sentimental attachment to those throwbacks to a more indolent age. But their fixed tracks did not make for the most efficient use of limited road space. Agitators for modernity had been clamouring for the upgrading of the trams or their downright removal for some time. The tram operators' efforts to move with the times, by abolishing first and third class compartments on trams in 1972, did not entirely appease their critics.

The funicular railway going to the top of the Peak, which was first opened in 1888, was another pleasant reminder of former times. That, however, had largely avoided the ire of modernisers.

To still complicate matters further, the part of the Kowloon-Canton Railway owned by the public had a separate department of its own, while the hotchpotch of marine traffic in the harbour for handling goods, tourists and pleasure seekers fell to the lot of the Marine Department.

And all the while, different sections of society kept agitating for more of everything — more private cars, parking spaces, taxis, tourist buses, school buses, roads, zebra crossings, ferries, seafront berths for pleasure craft and so forth. Naturally, everybody wanted less noise, less pollution, less road accidents, less traffic jams and a much more pleasant and less jangled way of living as well.

As befitting a city growing by leaps and bounds, thousands of non-franchised minibus services began operating to meet unsatisfied local or specialised needs, like taking workers to jobs at designated factories or

children to schools. Such demands also spurred enterprising individuals to provide illegal taxi services known as *pak pais* for school runs. They proved immensely popular.

The beauty of the entire system, with its need to balance conflicting demands and tardy supplies, was that it left the long-suffering public too confused to know which government department to blame for any affliction it wanted to complain about. No Transport Department even existed till 1972.

It quickly became evident, even to superficial observers, that the supply and demand equation for internal transportation was out of whack. A study had been initiated in the 1960s to consider a mass transit system. The proposal for such a system duly went through legislative scrutiny and was authorised to proceed in 1972. Actual construction, however, did not begin till the end of 1975.

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The policy responsibilities for that farrago of transportation arrangements naturally rested somewhere within the Secretariat. But the Secretariat had many branches and each branch was like a gigantic amoeba, constantly changing size, shape and authority.

The Economic Services Branch, in the latter part of 1975, was probably tasked with dealing with a little more than about a third of the issues touched upon above. The rest went to other branches. The boundaries between branches were sometimes ill-defined and nebulous and sometimes overlapping. The arrangement provided just enough scope for plausible alibis and buck-passing should things get sticky.

Being made a director on the boards of two publicly listed companies entailed a range of unclear and perhaps conflicting legal, political and ethical responsibilities. The unspoken imputation was that I was there to attend to

the public interest. But what was the public interest? To have safe, reliable, comfortable and affordable bus services, I supposed. But what about the service conditions of those employed by the company? From my Labour Department days, I knew that the administration had been promoting the formation of trade unions though — as demonstrated during the Cultural Revolution riots — it seemed to have lost track of the political colouration of unions formed. What was going on in the unions within the bus companies? No one seemed to know. Obviously something was amiss; otherwise a public servant would not be inserted into two privately-operated franchised businesses.

In a Panglossian world, everything was supposed to turn out for the best that was possible. In the cut-throat world of *laissez-faire* capitalism, things were likely to produce different results. To have a safe bus service might mean more modern buses and more safety checks, which in turn would increase costs. To have contented workers meant they had to be given a fair share of the profits generated by the enterprise. Was I expected to see to some form of ideal balance?

Under corporate law, a director was supposed to look after the interests of shareholders, to reduce their risks and maximise their rewards. What if that legal requirement conflicted with the public interest in having a safer bus service? I could hardly be expected to resolve such conflicts without clear instructions. Yet none of that had been spelt out.

I was not so *gauche* and tiresome as to ask for clarifications. I had already been marked as a maverick and classified as “not a good team player”. To seek instructions over shadowy situations would merely damn me further, as one lacking both initiative and willingness to play the game.

On the other hand, inside the boardrooms of the two companies, I would be expected to speak authoritatively on behalf of government. How could I even pretend to do so? There were bound to be conflicts between what was desirable in the public interest and what would benefit private capital.

Yet the authority of the Economic Services Branch remained vague and circumscribed.

The only clear instruction handed me was that all director's fees payable to me by the two companies should go straight to the public exchequer and not into my own pocket! No wonder I felt increasingly like a coconut — being set up for a coconut shy.

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For the sake of brevity, I will restrict myself to an account of my dealings as a director with only one of the two companies — the China Motor Bus Company. It would be illustrative of the kind of issues affecting both organisations.

The chairman of the China Motor Bus Company was a doughty Chiu Chow gentleman by the name of Ngan Shing-Kwan. He was born in Hong Kong in 1900 and had a remarkable history. He began his working life as a rickshaw puller along Nathan Road in the early 1920s. He soon joined with another rickshaw puller to form a “transportation company” to ply their trade.

In 1933, when the government got around to recognising both the need for, and the viability of, scheduled bus services, it decided to offer two exclusive franchises for tender, one for Hong Kong Island and another for Kowloon and the New Territories.

Ngan won the Hong Kong Island franchise and another group got the other. Through sheer hard work and determination, Ngan created a very effective company. I first met him when I was a junior reporter with the *South China Morning Post* back in 1947, when he was trying to restore normal bus services after the ravages of the Japanese occupation.

By 1976, he had the company operating on 140 routes, providing work for over 2,000 employees and earning \$20 million in annual profit. The

company had also acquired a number of strategic properties, including four bus depots at North Point, Chai Wan, Wong Chuk Hang and Kennedy Town. I quite admired the man for what he had achieved from his modest beginnings.

Ngan's personal standing in the community had risen in line with the fortunes of his company. He was appointed an unofficial member of the Legislative Council in 1951 and served till 1961, spending the last two years as a member of the Executive Council as well. He became active in charitable organisations, particularly in the Tung Wah Hospitals Group and in the Po Leung Kuk, a refuge for girls and young women in moral danger, that is, those who had been sold off as children to brothels or had been otherwise lured into the trade.

Ngan was made a Commander of the Most Excellent Order of the British Empire in 1961. He had three children, a daughter, Irene, and two sons, Horace and Henry. He lived to the grand age of 100.

So far as the bus operations were concerned, he had a reputation of being very hands-on in the company's day-to-day activities and being conscious of every penny spent. But he did introduce the double-decker bus to Hong Kong. Overall, therefore, he was a man to be reckoned with, a formidable opponent should I ever need to play any kind of political poker game with him.

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My first attendance at a board meeting was a revelation. The number of directors was small but Ngan's daughter and one of his sons — Henry it was, I think — were among them. They did most of the talking.

Appointing kinfolk to management positions was quite a common practice among Chinese family-run companies. They had learnt very quickly the advantages under Anglo-Saxon corporate law of getting listed on stock

exchanges to risk other people's money to run an enterprise where they previously had to risk their own.

I had prepared a few questions for my own edification at that first board meeting. I wanted to know the average age of the buses in the fleet, how regularly their engines were overhauled, what mechanism was in place for regular exchanges of dialogue between management and staff, the extent of cross-subsidisation — if any — on routes to new but as yet sparsely populated areas and so forth. The impression I got was that the board preferred to discuss broader matters rather than details.

From the tenor of those discussions, I concluded that board meetings were perhaps unnecessary in that company. The three Ngans could well have settled most company business at breakfast each morning — assuming they ate that meal together.

Life's ironies soon played upon my imagination. I surmised that I was in all likelihood the only one around the directorate table who relied on bus services on a regular basis. I frequently used the No. 23A bus, particularly on muggy days when I did not fancy walking uphill back to Palm Court after a long day's work.

How strange it was that by the time a person got to be a director of a bus company he would have little further use for buses. I recalled fondly what a delight it had been when I was given a complimentary bus pass as a reporter for the *Morning Post*. Now that I was a director of the company, I could not use one of its buses without paying my own way!

But by travelling on them I at least acquired some first-hand knowledge of how the buses sounded when they climbed uphill, the kind of passengers they picked up along the way and how effectively or otherwise their drivers carried out their duties.

In another of the early board meetings, I was myself caught flat-footed on the question as to whether the company ought to engage an international firm of accountants to revalue the assets of the company. I had not thought about that possibility although I knew that local companies had been undergoing similar exercises for various purposes.

All kinds of alarm bells started to ring inside my head. In respect of some franchises, like those for the bus companies, the government had attempted to limit a return on capital employed to approximately 15% or 16%. It was a modest amount by mid-1970s private business standards, especially when compared with what gorging property developers could make.

The bus companies, unlike the ferry companies, were land rich because they had long ago acquired space for parking their buses. Land prices had soared exponentially since they gained their franchises in 1933. On the existing regimes, shareholders could not be rewarded unduly. Excess profits would have to be ploughed back into the business for upgrading and improvements, to buy better and more comfortable buses and — heaven forbid! — to reward salaried staff for their contribution to the profits.

With a vastly revalued capital base, a bus company could well make out a case for increasing bus fares, in order to produce a reasonable return on capital. It was a move fraught with unpredictable consequences.

Caught out as I was, I could only resort to playing the slow-witted civil servant. I said I was no accountant and I was extremely bad with numbers. Before any decision was taken, it would be best if I were to get hold of one of the government's Treasury Accountants who could then go over with the bus company's accountant the details of what would be involved. They could then produce a joint paper for the board to consider.

Accountancy rules were a nightmare for me, I added. I had no idea what would be allowed and what would not. For example, over the last 40-odd years, the company must have written off some of its assets. But some of those physical assets were still there. Could written-off assets be turned back

into real assets without giving rise to tax and franchise implications? I had no idea. Perhaps the Inland Revenue boys should be brought into the picture as well. I would find it impossible to give an opinion until a joint paper had been produced and studied by the board.

In that way I managed to fend off temporarily the ploy for a re-assessment.

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The various elites in Hong Kong moved in fairly narrow and overlapping circles. Their members therefore tended to keep bumping into one another at the same social functions. I did not consider myself a member of the elite but sometimes, by fluke or through the kindness of others, I received invitations to functions. Since I had been given face, the least I could do would be to turn up to acknowledge their courtesies.

Thus it was that, soon after the board meeting concerning the re-valuation of assets, I came across the bespectacled Ngan Shing-Kwan at one of the perennial cocktail parties punctuating the colony's social calendar. At the age of 75, Ngan still cut an impressively erect and dignified figure. After exchanging a few civilities, we sipped drinks and engaged in desultory conversation. Neither of us was much inclined to adhere to the protocols of the cocktail cult by circulating and making our presence known.

After a while, surrounded by the low-toned murmur of cocktail chatter, I sensed the venerable notable falling into a mellow mood. Apropos nothing at all, he suddenly allowed: "You know, David, I'm getting on. Not so young any more. Don't know why I should continue to deal with the headaches of running a bus company. Could just give up the franchise; let somebody else take it on."

"Oh, you're still in fine fettle, Mr. Ngan, and performing a very vital public service," I replied. "So much more remains to be done and a man of your

energy and experience is exactly the one to carry it forward. You've already dedicated your entire life to buses, to serve the public. It's not like you to throw in the towel at this stage."

"What is the point of carrying on? Shareholders are not satisfied, drivers are not satisfied, commuters are not satisfied and you — speaking with the voice of government — are also not satisfied."

"I've only ever spoken on my own behalf, to suggest improvements here and there, not voicing any official attitude."

Ngan looked for a long moment into my eyes through his dark-framed glasses. Then he said: "I've known you since you were a young reporter, just out of school. I saw your good work as secretary of the War Memorial Fund. You used to be a straight talker, David. Now your words appear hedged around with hidden meanings. You're beginning to sound like a Brit."

"I am indebted to the venerable Elder Ngan for pointing out the failings of a junior," I quickly replied, making a half-bow. "My shortcomings are indeed many. But, as the ancients have said, it is difficult to move in close proximity to ink without risking being stained."

Ngan looked at me closely again. "Yes, in life a man must exist on several levels; it's not getting any easier. But just between you and I, David, give me an honest opinion. Should I give up the franchise and all its associated headaches? I could just sit back and develop the company's properties. Make a bomb."

I suddenly realised that I had got myself sucked into a poker game holding the weakest of hands. Nonetheless, I had to make a play or withdraw. A bluff was possible; in desperation I took it.

"Providing the public with transportation has been your whole life, Mr. Ngan," I ventured. "You have earned social appreciation and respect through such work. Your children are now following in your footsteps. What do a few dollars one way or the other matter to a man like you? You're not aiming to become one of those for whom Horace coined the phrase *virtus post nummos*."

“What! My son said that? What did he mean?”

“Oh, I’m sorry for confusing you. I was not referring to your son; rather to the Roman satirist from 2,000 years ago. He mocked his fellow citizens for putting cash before conscience.”

Ngan gave a humph. “Seems like nothing much has changed in 2,000 years,” he observed dryly.

“But they have, Mr. Ngan! You’ve set a superb example; your long years in public service, in government and in various charities, with nary a thought for personal enrichment. If money had been your main concern, you would have given up buses long ago. Yours is an example worthy for the young to follow.”

“You haven’t been sipping the oil of flattery in that glass of yours, have you?”

“You asked for my opinion; I’ve given it. What satisfaction can a few more dollars bring? Why jeopardise the good name you’ve built up over decades?”

“How so?”

“Well, you know how things work. You’ve served on the Legislative and Executive Councils. For the sake of argument, let’s assume you give up the franchise. Now, I’m not sure of the status of the land you’re using for depots. If they’ve been designated as such, what good would they be to you if you were no longer running bus services? You could sell them to a successor company, I suppose, probably at knocked-down prices. Unless, of course, the situation has already been resolved while you are still holding a strong hand.

“You can, of course, apply to have the land use reclassified, in the way agricultural land in the New Territories have been changed to building land. But that could be a tedious process, involving a number of different departments and the Town Planning Board.

“Frankly, I have heard rumours from my old Department for Home Affairs. A number of district leaders have apparently been making representations over the lack of parks and playgrounds in their districts. Should the question

of converting bus depots to other uses come up, the public pressure might escalate to such a degree that the government would feel obliged to resume the depots to meet popular demand.

“How would it look to the public if you were then to oppose the government’s proposal, to request that the land be converted for building luxury condominiums or shopping malls or whatever else you might have in mind? I have no idea what the government might or might not do, mind you. I’m only speculating on possibilities.”

I paused briefly to let my words sink in before continuing: “The internal transport situation is changing very rapidly. New towns are being built and new bus routes will be required. The Cross-Harbour Tunnel has opened up new patterns for cross-harbour traffic. The mass transit system being built will never obviate the need for buses. It is a period of massive challenges. Hong Kong needs people like you to meet them. Can you really duck out and say it has nothing more to do with you?”

The chairman of the China Motor Bus Company frowned and looked down into the half-filled glass he was holding. “This is not the place for this conversation,” he said, eventually. “It is too noisy, too many people wandering around. Why don’t we have a quiet meal together next week? We can talk further then.”

“By all means,” I said. “I’m always at your disposal.”

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After attending a couple more board meetings and having some conversations with old-timers like Ngan, I gradually came to the view that a key to reducing urban degradation had to lie in curbing the rampant passion for private car ownership, stoked regularly by the slick advertisements paid by car manufacturers and dealers.

But before the middle-class passion for car-ownership could be discouraged,



With Ngan Shing-Kwan at a cocktail party.

a cheap, efficient and comfortable system of public transportation had to be in place. That in turn meant the administration had to get more involved to bring it about, rather than leaving things to the vagaries of profit-driven private enterprises.

It must necessarily involve more governmental intervention beyond the window dressing of having a Secretariat officer on the Boards of Directors of private bus companies. A single officer, even if highly committed, could do little without appropriate supporting staff. He would have little feel for day-to-day bus operations, little hope of getting behind the algebra obscuring the reams of accounting figures presented to the public, and little opportunity of gauging the true sentiments of the travelling public.

More governmental involvement would also go against the touted economic ethos in the colony, not to mention the trend towards privatising public services being pursued in many countries in the neo-liberal world. Such a trend struck me as misguided, because profitability should not be the sole or even the main determinant in certain crucial public services. Other

less tangible factors like public trust, reliability and satisfaction also needed to be taken into account.

But the key stumbling block lay in what Sir John Cowperthwaite had long drawn attention to — the dearth of sufficient intellectual resources within the bureaucracy. That demand for fine and innovative brains would always outstrip supply in every society, particularly in frequently underpaid civil services.

Nonetheless, I decided to launch a trial balloon along the lines of my thinking. I suggested it might be more effective if liaison with the bus companies were taken out of the hands of the Secretariat and transferred to a line officer like the Commissioner for Transport, since he had an entire department to do investigative work should such be required.

That suggestion contained an obvious snag. The Commissioner of the time was an expatriate. How would he handle a couple of all-Chinese boards without a working knowledge of Chinese? For that, among other reasons, I did not expect my suggestion to be met with any degree of enthusiasm. But it seemed worthy of a try, as a prelude to getting the services of a Treasury Accountant to do a forensic examination of the bus company accounts.

Another thought came to me during my reflections. I could not shake the idea that, in spite of old Ngan's set ways, there was something quite admirable about him. He shared the same pedigree as other community leaders like Q.W. Lee and Ip Yeuk-Lam. They were all native sons of Hong Kong, who had risen from lowly beginnings to reach the top of their chosen callings.

In reaching the top, they must have been seasoned and humbled by life's limitations, for they had all apparently paid only passing attention to material rewards and other forms of personal enrichment. None of the three had attempted to rush down what Tao Yuan-Ming, had described as "the dusty road to empty fame". Instead, each had tried, without fanfare, to give back to society whatever was in his power to give. Truly admirable.

Why was the number of that kind of people progressively diminishing? Had

society itself turned more shallow, more materialistic and more meretricious? That baffling conundrum lingered in my mind.

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My trial balloon on tackling liaison with bus companies had hardly got off the ground before my attention had to be switched to another vexing problem. A sudden development in the international civil aviation sphere required my immediate attention.

In July of 1976, Britain renounced the Bermuda civil aviation agreement with the United States. That decision triggered fresh negotiations between the two countries. Since nobody in the Economic Services Branch at that time had any experience in civil aviation negotiations except myself, the responsibility for tackling that issue landed squarely on my lap. It meant brushing up once again the text of Professor Bin Cheng's 726-page tome — *The Law of International Air Transport*.

The original agreement, made in Bermuda back in 1946, provided the first blueprint for civil aviation services in the world, because at that time Britain and the United States were the two dominant aviation powers. Its provisions were highly restrictive at the insistence of Britain, because it feared American financial dominance and the superiority of American commercial planes. Britain had concentrated on building fighter aircraft during the war. But it did have one important advantage — a far-flung colonial empire over which it could control landing rights.

The Bermuda agreement covered such matters as precise routes, capacity, load factors, frequency of flights and level of fares. In theory, it was supposed to provide fair and equal opportunities for both parties. In reality, deep pockets mattered. Equality of opportunity did not necessarily lead to equality in outcomes. It nonetheless set the pattern for some 4,000 subsequent bilateral aviation agreements between states, all registered with International

Civil Aviation Organisation.

In practice, BOAC, the British state-owned airline, could not compete with the privately-owned American airlines and hence could not gain an equitable share of the lucrative trans-Atlantic traffic. Indeed, it kept losing market share, falling steadily to only 30.9%.

Another reason for denouncing the existing agreement was because it had no provision for British Caledonian Airways, a private company founded at the end of 1970, to begin services from Gatwick to Houston and Atlanta. Those cities had not been nominated as “gateway cities” under the agreement. Therefore the British sought to secure a more beneficial regime through re-negotiations.

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When the original Bermuda agreement was negotiated, Hong Kong had no airline of its own. So it fell upon Britain to call all the shots on landing rights in the colony. But over the years, Cathay Pacific had arrived on the scene and had developed a thriving regional aviation network. It harboured ambitions to go farther afield — across the Pacific in one direction and towards Europe in the other. Its interests, together with Hong Kong’s wider interests, therefore had to be catered for.

The government’s approach to civil aviation had been established by Sir John Cowperthwaite when he was the Deputy Economic Secretary. Whereas Whitehall saw the colony as a bargaining chip to gain commercial advantages for BOAC, Sir John saw the importance of developing Hong Kong as a hub for international air services, both to support the colony’s trading activities and to provide local employment in the airlines industry and in the ancillary aircraft maintenance sector.

The government, at the behest of Sir John, was therefore prepared to fight Whitehall robustly to defend the interests of both the colony and of Cathay

Pacific, but not to the extent of restricting foreign carriers flying to Hong Kong simply to protect Cathay Pacific's bottom line. Otherwise, it was pretty much an "open skies" approach. Thus civil aviation negotiations with foreign powers involving Hong Kong landing rights tended to be three-cornered quasi-political affairs, with a strong local dimension.

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Cathay Pacific was founded in Shanghai in 1946 by two pilots who had been flying supplies to Chinese forces over the Himalayan hump during World War II. One was Australian and the other an American. They began by using a Douglas DC3 to fly passenger services to Manila, Bangkok and Singapore.

In 1948, Butterfield and Swire bought a big chunk of the company and it became registered as a Hong Kong firm. Since becoming part of the Swire Group, it has seldom looked back — until quite recently. Today it remains one of the leading airlines in the world.

After I had become the Assistant Economic Secretary and given responsibility for civil aviation matters, I got acquainted with many of the top brass in the Swire Group. The one relationship I enjoyed best was the one with John Bremridge, especially after he had taken over as Chairman of both Swire Pacific and Cathay Pacific in 1973.

John was a buff, hearty, down-to-earth and straight-talking gentleman. He had joined the Swire Group in 1949, after reading law at Oxford. He was no stickler for rituals nor was he given to putting on airs. What endeared him to me most were the forthrightness of his opinions and his concern for improving the quality of life in the community. His refreshing approach on social issues soon earned him a seat on the Legislative Council in 1974, to be followed by one on the Executive Council in 1977.

The first time he invited me for dinner at his home on the Peak was an occasion I shall never forget. Once the meal was over, the ladies retreated

customarily for powdering of their noses.

After their disappearance, John said: “Gentlemen, shall we go and water the garden?”

I was unsure what he had in mind but I followed him and the three other male guests out of the dining room and into his front lawn. He then led the party to a low hedge at the far end of the lawn. Above the hedge — of hibiscus, if memory serves — stretched a delightful panoramic view of the harbour and the lights of Kowloon, tremulously disguising both the wealth and the tawdriness of the city alike. Yet, somehow, those lights seemed to merge and complement the scattering of stars in the heavens.

John then unzipped his fly and without further ado began urinating on the lawn close to the hedge. His guests and I — with considerably greater hesitancy — followed suit. Apparently the other male guests had been accustomed to his routine. I surmised that with the limited bathroom facilities in his home taken over by lady guests, John had hit upon using the garden to cater for the needs of the men.

Some years later, John was knighted. Presumably not for his innovative way of watering his garden!

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The British denunciation of the Bermuda accord necessitated a fresh aviation agreement between the two countries. The common aim was to conclude it within a year. The leader of the British delegation was Patrick Shovelton, the Deputy Undersecretary of State in the Department of Trade and Industry, a very experienced Whitehall mandarin who had been on the team negotiating Britain's entry into the European Union. He was supported not only by officials from his department and from the Civil Aviation Authority but also by industry representatives from BOAC, British Caledonian Airways and Laker Airways.

Since Hong Kong had become an important aviation hub in Asia after the first Bermuda agreement, it now had to be included in the talks on any new regime. It was decided that I should lead a small sub-group within the British delegation. I would be supported by the Hong Kong Deputy Director for Civil Aviation and a senior representative of Cathay Pacific.

By then Cathay Pacific had already indicated it had ambitions to fly across the Pacific and share in the Hong Kong to London cabotage route, particularly in the light of the unsatisfactory service being offered by BOAC. Local complaints about BOAC services had been loud and frequent.

Civil aviation negotiations were much like other types of commercial negotiations. Parties sought the most beneficial deal they could get, within the accepted rules of the game, or else they would have to walk away without a deal. The problem was that so much money, national prestige and consumer demands were involved that neither side could really walk away. The possibility existed that the British, in sealing a deal, might seek to benefit United Kingdom companies to the detriment of Hong Kong interests. It was my task to ensure that did not happen and, at the same time, to avoid any open ruckus with Whitehall.

Before negotiations began, Sir Murray summoned me to Government House to brief him on how I saw things developing.

I said that Cathay Pacific had legitimate ambitions for a trans-Pacific route and that ambition ought to be supported. But such a route would not be economically viable unless it included a "beyond point" like Vancouver, where a large number of Hong Kong people had migrated to find boltholes out of fear of the colony being returned to China. However, the Americans were unlikely to grant such a concession because of technical arguments over comparative catchment areas. In other words, territories did not normally simply exchange one route for another. Account had to be taken of the potential markets, based on the respective populations and the projected number of flyers in each territory.

In theory, if an American airline were granted the right to fly to Hong Kong, all the customers it could tap in the colony would be the few million people living there, most of whom would in any case be too poor to afford foreign travel. To grant Cathay Pacific access to, say, San Francisco, would in theory give it the entire population of America as potential customers. In practice, it would be economically quite difficult for Cathay Pacific to build up the kind of domestic connections and feeder services an American airline could rely on.

The likely outcome would be that a Hong Kong airline would be granted a route to San Francisco — the best gateway option among West Coast cities because of a sizeable Chinatown there — though it would be unable to operate it profitably without any “beyond point”. In the civil aviation jargon that would be described as Fifth Freedom rights. In exchange, the Americans would want a route to Hong Kong with beyond points to compensate for the smallness of the Hong Kong catchment area.

Such a deal would have a slightly detrimental effect on Cathay Pacific’s regional services, in that it would face more localised competition on the routes that the American carrier might elect to operate as Asian beyond points. But in the wider interests of Hong Kong, enjoying another aviation connection to its biggest market in North America would not be too excessive a price for Cathay Pacific to pay.

I could not foresee any real possibility of the Americans giving Vancouver as a beyond point for a Hong Kong airline, unless Britain were willing to compensate the Americans elsewhere. But given the unsatisfactory state of the trans-Atlantic traffic, Britain would certainly not be willing to make such a sacrifice. In my judgement, the greater danger lay in Britain sacrificing Cathay Pacific’s interests to gain advantages for the United Kingdom-based airlines elsewhere.

After my grim prognosis, the Governor ordered that I make a presentation to the Executive Council, so that it could approve my negotiating brief. I

duly did so and secured my mandate.

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Once negotiations were joined, the entire process came to be known at the Bermuda II, although not a single meeting was ever held in Bermuda. The schedule settled upon was for a week's discussion every month, to be held alternatively in London and in Washington D.C. The thinking behind this arrangement was that neither of the teams would need to be out of its home base more than once in every two months.

What the scheme overlooked was the travelling required of the three members of the Hong Kong sub-group based in the colony. It meant each of the three had to travel half way round the world every month. If journey times and internal delegation briefings were taken into account, each would be away from his home for around two weeks each month. Moreover, since both the Deputy Director for Civil Aviation and myself were at the substantive Staff Grade B level, we were only entitled to travel tourist class.

Whoever assigned me to lead the sub-group apparently took no cognisance of the fact I was also a single parent, responsible for the welfare of three young boys. In the event, the negotiations lasted a full year, with a fresh agreement not formally signed till July of 1977 and with its provisions not to come into effect till the following year.

Fortunately for me, friends and colleagues rallied to my support, particularly colleagues from my former Home Affairs Department. One of them took the boys fishing while another taught them *tai chi*. A number of others took them out for meals together with their own children. My private secretary at the Secretariat performed the yeoman task of getting them to a doctor or dentist whenever it proved necessary. Ah Duen kept an eye on them at home after school. I would never be able to thank any of them enough for their many kindnesses towards my children.

* * *

Once the Bermuda II rounds began, it became clear the positions of the two sides would develop along the lines I had anticipated. The American side was led by a courtly politician who had once been a cabinet member, though not with a previous brief in either transport or civil aviation. He was supported by a strong but youngish government team plus a number of representatives from American airlines.

I very much regret that the name of the American leader has slipped my mind, so that I am unable to record it here. The reason I want to mention him is because, at a time when the talks had already gone well past the eleventh hour, he did Hong Kong an immense favour.

The contrast between the two sides could not have been more striking. From the start it was patent who held the stronger cards. Shovelton, although he was speaking on behalf of a socialist Labour government, delivered the British position with all the polish, courteousness and grace of his English upper class breeding. The American leader set out his position in the home-spun style of an experienced politician of his nation, leaving technical details to members of his team.

Both touched upon the long and fruitful relationships between their nations and expressed the goodwill and determination to reach a fair and equitable agreement, taking into account the need for reasonable competition, orderly markets and greater consumer choice.

Yet, if two close friends or siblings were to share a meal or a bottle of wine, would either make an issue out of how much the other had eaten or drunk? If issue were taken, then the inference must be that the relationship between the two was not that close or, if close, the spoils of the free market took on a greater significance for each than personal sentiments or friendship.

A completely free market in civil aviation, therefore, would appear to

be little short of a tooth and nail free-for-all for profits, for dominance, for eliminating competition and for the eventual triumph of cartels or monopolies. Such developments were patently taking place in sector after sector of the economy, in oil, pharmaceuticals, food production, banking, mass media, service industries and so forth. Supermarket chains were using their buying clout to squeeze lower prices from small producers. That was the reason why governments had sometimes to intervene with anti-trust laws to abate the economic savagery.

American airlines, too, were caught up in that system. They had to secure anti-trust immunities from government to form alliances and share codes with one another. Yet governments and politicians seemed to have a way of pretending that none of that was really happening.

Most members of the British team were middle-aged or beyond. They behaved with the legendary reserve and *sang-froid* expected of them. Most on the American side, apart from its leader, were in their thirties, outgoing, lively and oozing with self-confidence.

It was perhaps a reflection of the times that I happened to be the only non-white among both delegations. That fact must have stood out like a sore thumb among them, although I myself had learnt, ever since my boyhood in Australia, not to be self-conscious among foreigners.

As my crew cut hairstyle hinted at an American influence, some members of the American team were curious enough to engage me in conversation during coffee breaks. One of them asked if the crew cut was popular in Hong Kong. I told him it was not popular at all but I had taken to it while studying at Stanford.

That revelation broke the ice and they quickly, with their usual American openness, overwhelmed me with their *bonhomie*. We chatted easily thereafter about the likeliest teams to be paired in the next Rose Bowl, the batting records of that celebrated New York Yankees slugger, Babe Ruth — some of whose records still stood — and the odd witticism coined by Mark Twain

or Groucho Marx. One day, one of them ventured to ask me how I liked working for the British.

I replied mischievously. “What do you think it could be like to be a hewer of wood and drawer of water within a shrinking British Empire? Don’t forget you chaps jumped ship in 1776. We’re still stuck.”

My statement must have resonated with some historical chord in his psyche, for he replied: “Yes, life’s a bitch sometimes, isn’t it? We spend years polishing the illusion we are completely free, bound only by our principles and our ideals. Once we start making a living, we find we’re bound mainly by the orders of our bosses.”

Another idealist biting the dust of reality, I thought. “Well,” I said, “if you and I were to negotiate solely on the basis of our principles and ideals, I’m sure we’d end up with an agreement neither of our governments would ratify.”

“Without a doubt. And we’d both be banished to our respective Bureaux for Paper Clips!”

We shared a good laugh over this.

I, of course, had a sneaky ulterior motive for cultivating relationships with the American team. I was not much concerned about the trans-Atlantic bunfight, where each side was trying to nullify the natural advantages of the other. The Americans were pushing for open skies whereas the British, under the cloak of orderly markets, were trying to introduce restrictions more severe than had previously existed under the original Bermuda agreement.

My focus was on teasing out the American attitude on granting Vancouver as a Fifth Freedom point on a trans-Pacific route and in making them more kindly disposed towards such a request, even though it could not strictly be justified under established rules. I was trying to plant the notion of it being a generous gift on their part, to an underdog haplessly caught up in a fight between Rottweilers.

Naturally most of the negotiations had to be concentrated upon the trans-

Atlantic routes, on what routes ought to run from London's Heathrow or Gatwick or Stansted, and to which United States gateway city. New private British airlines like British Caledonian and Laker had come onto the scene since the original agreement in 1946 and their ambitions now had to be taken into account.

American airlines all preferred operating out of Heathrow but there was simply not enough physical slots there to accommodate all of them. Provision to allow respective civil aviation authorities to designate particular carriers on particular routes had to be agreed upon, as had provisions against predatory pricing, capacity dumping and other competitive sharp practices.

During those trans-Atlantic talks I insinuated to the American team members over coffee breaks that Hong Kong's attitude towards international flights was much closer to theirs than to London's. Hong Kong was not the least afraid of competition, I declared. We were used to it and we would welcome more American airlines mounting services to our city. But, as a colony, we had to follow instructions from London. I had ventured those views in the expectation that they would be noted to generate more sympathy towards Hong Kong's position.

When it came to discussions on the trans-Pacific route, the Americans fought for beyond rights to Tokyo, Seoul and Bangkok, to counterbalance the differences between the sizes of the two catchment areas. The British side asked for Vancouver, but the Americans were not disposed to grant it and the British side was not inclined to press very hard. At the end of those sessions, the British team had to settle for just a route to San Francisco for a Hong Kong airline, without a beyond point.

* * *

Prior to the final plenary session for both sides to summarise and agree the terms of the accord, I had asked Shovelton for permission to say a few words

on behalf of Hong Kong. He readily agreed. Thus I took the floor after Shovelton had concluded the summary of the positions agreed by the British side.

I began by thanking both teams for the fair and professional way they had dealt with Hong Kong's requirements. I then went on to express my own deep personal disappointment over the failure to secure Vancouver as a Fifth Freedom point for a Hong Kong airline.

"I blame this failure on no one except my mother," I continued, to the bafflement to everyone present. "My mother has made Vancouver her home for a great number of years; and I have visited her there a number of times. Each time I had dreamt of one day making a direct flight from Hong Kong on a Hong Kong airline to visit her.

"But during all my visits, she never told me once how valuable Vancouver was in civil aviation terms. It was only during the present negotiations that I realised Vancouver was more valuable than Tokyo, Seoul and Bangkok combined. Hong Kong has granted all those three cities for an American route but we have been denied the single point of Vancouver in return. If I had known earlier how valuable Vancouver was, I might have approached these talks differently. But now it is too late. My mother is in her mid-70s and it seems my dream of visiting her on a Hong Kong airline must — sadly — remain a dream."

It was then the turn of the American leader to summarise his agreed positions. At the end of his summary, he added the following final sentence: "Because of David's personal requirements, I grant Vancouver."

The entire British team was taken completely by surprise. For a short while after the signing of Bermuda II, Vancouver became known among a small coterie of civil aviation negotiators as "David's mother's point".

After returning to Hong Kong, I judged it prudent not to go into any of the subterfuges I had engaged in. I merely reported the success of the British team in securing a route to America which included Vancouver as a

Fifth Freedom point.

After further negotiations with the Canadians, Cathay Pacific began flying across the Pacific in 1983. And I did manage to fulfil my dream of flying direct to Vancouver on a Hong Kong airline to visit my mother.

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