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Berkeley, California

Jack Chi-Chien Tang

THE TEXTILE INDUSTRY AND THE DEVELOPMENT OF HONG KONG, 1949-1999

Interviews Conducted by  
Carolyn Wakeman  
in 1999

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## INTERVIEW HISTORY—Jack Tang

In November 1998, three generations of Tang family members traveled to China from Hong Kong, Thailand, and the United States for a double celebration. The group of twenty-eight gathered in Wuxi, their ancestral home, to commemorate Jack Tang's father, the industrialist, educator, and philanthropist P. Y. Tang, on the occasion of his 100th birthday. Three days spent visiting cultural and historic sites brought a deepened understanding of the Tang lineage's importance and of P. Y. Tang's legacy. Sent to study engineering at MIT, he returned to China to expand and modernize, through war and revolution, the textile industry started in Wuxi by his own father Tang Pao Chien. When the Japanese invasion threatened his industrial holdings and his family's safety, he successfully rebuilt his company, Ching Fung, in Shanghai's International Settlement. A decade later, anticipating that a Communist victory in China's civil war would lead to the confiscation of property belonging to wealthy capitalists, he again took the risk of relocating his manufacturing interests, this time in Hong Kong, and thus South Sea Textile Manufacturing Company, Limited, was born.

The reunion in 1998 provided an occasion for leaders of Wuxi's city government to honor P. Y. Tang and his family for achievements dating back to the Ming dynasty. A gift by Jack Tang and his brothers establishing a scholarship fund to subsidize Wuxi students at the local university offered the most recent example of the family's contributions. The money for the scholarship bequest came from reparations negotiated in accord with a United Front policy to compensate prominent overseas Chinese for personal property nationalized by Communist authorities after 1949. Expressing the city's gratitude for the Tangs' \$250,000 donation, Wuxi's mayor and its Communist Party secretary hosted the family reunion, and paid tribute at an official banquet to a family formerly denigrated as part of China's capitalist class.

The Wuxi visit left a lasting impact on younger Tang family members. Nadine Tang, born in Boston and raised in Hong Kong, found that the visit to a sixteenth-century stele commemorating a Ming dynasty ancestor, combined with the opportunity to see the remnants of the Tangs' residential compound, established a tangible connection to her heritage. A social worker in Berkeley, California, and chair of the UC Berkeley Foundation, she soon urged her father to record his memories and experiences for his children and grandchildren. "Not me, forget it, I don't have anything to say," Jack Tang replied, but Nadine persisted. "This is too important a piece of our history to lose," she said, "and you are the only one who knows it." From that exchange Jack Tang's oral history was born. "I never realized what an interesting life I had," he later remarked. "I had no idea I had so much to say."

The interviews took place over four years, during Jack Tang's visits from Hong Kong to California. Retracing his steps across the decades, he reflected with characteristic understatement on the way his personal and professional challenges had unfolded. Reminiscences about his childhood in Wuxi drew together his memories of the extended Tang family. Recollections of his student years in Shanghai, at MIT, and at the Harvard Business School explored the educational and cultural influences on his early adulthood. Discussions of moving with his wife and children to Hong Kong to join his father and gradually assume responsibility for the family's prospering manufacturing interests showed his emergence as a shaping force in Hong Kong's economic and social development.

As interviewer, my goal was to document the career of a distinguished Hong Kong industrialist, and at the same time place Jack Tang's accomplishments in historical context. Through his retrospection, the process of Hong Kong's transition from a sleepy island entrepot to a manufacturing powerhouse and a cosmopolitan financial center became sharply focused. He headed Hong Kong trade delegations during contentious negotiations over textile quotas to promote industrial growth. He incorporated Tristate Holdings, Ltd., as a subsidiary, took South Sea into a new business of apparel manufacturing, and expanded it into Taiwan, the Phillipines, and South China. He provided influential leadership to Hong Kong's business community as the first Shanghai Chinese to head the British-dominated General Chamber of Commerce. He represented Hong Kong's interests in Beijing during negotiations over the terms of the Basic Law that would govern Hong Kong after the 1997 handover. He received many honors and awards for his work. From the isolation of the Korean War years, to the volatility of the Cultural Revolution, to the uncertainties accompanying the end of British rule, Jack Tang's achievements as business and community leader helped define the evolution of Hong Kong.

Integrity, modesty, and humor characterize his recollections. He is candid about the dilemmas he faced following in his father's footsteps and deciding the future of the family business. He is articulate about his changing attitudes toward China after his meeting in 1984 with Deng Xiaoping. And he is emphatic about the values that guided his career, including the passionate belief that education is the one possession that can never be taken away. Devoted to his family, he imparts to his children and grandchildren the expectation of responsibility, generosity, and resilience that he learned from his own father. "I never wanted to be the best or the most successful," he states, "but if I took something on, I wanted to do it well."

The oral history benefited from many sources. After taping the interviews, I edited the transcript to eliminate repetition and clarify historical context, while preserving the spontaneous, conversational tone. Jack Tang then checked the manuscript for accuracy and completeness, testing his memory against that of other family members and verifying names and dates. Finally, I edited the manuscript a second time while Joanna and Nadine Tang made available an array of documents: records of family genealogy, annual reports of South Sea Textiles, texts of speeches delivered on many occasions, and important family photographs. We are grateful to the Regional Oral History Office for providing the taping equipment and the transcription service, reproducing the photographs, and indexing the final manuscript. We also wish to thank Willa Baum, emeritus director of ROHO, who first launched this project, and Megan Andres, Shannon Page, and Gerald Stone, who guided it to completion.

The Regional Oral History Office was established in 1954 to augment through tape-recorded memoirs the Library's materials on the history of California and the West. Copies of all interviews are available for research use in The Bancroft Library and in the UCLA Department of Special Collections. The office is under the direction of Richard Cándida Smith, Director, and the administrative direction of Charles B. Faulhaber, James D. Hart Director of The Bancroft Library, University of California, Berkeley.

Carolyn Wakeman

Berkeley, California  
February 2004

## INTERVIEW WITH JACK CHI-CHIEN TANG

**I FAMILY BACKGROUND AND EARLY EDUCATION**

[Interview 1: July 20, 1999] ## [1A]<sup>1</sup>

**Missionary School**

Tang: I was born on April 17, 1927, in Shanghai. My father's name is Tang Bingyuan (Tang Ping Yuan, 1898-1971), and my grandfather's name is Tang Baoqian (Tang Pao Chien, 1866-1936). I'll write down the Chinese names for you. But our father was always known in his Shanghai days as Tang Xinghai (Tang Sing Hai), which means star and sea. When he came to Hong Kong, everybody called him P. Y. Tang. Of course, these are both his names.

Dr. Claude Marshall Lee, a physician and head of the Episcopal school, later delivered my siblings in Wuxi. But when I was born, my mother went to Shanghai, and I was delivered by a cousin who was a well-known physician. I will start by talking a bit about the Tang family. There are a few big families in Wuxi, including the Yungs, all in textiles, flour, industry. Wuxi is known to produce a lot of industrialists, especially textiles, and a lot of flour milling industry. They all intermarried.

My childhood was spent in this big compound, Stone Skin Lane--I don't know why that name--a very narrow lane, and the compound had a front and back gate. Five families with their children and grandchildren were all in the compound. There were two formal halls with the ancestral scrolls, and on Chinese New Year everyone would have to go and pay respects to the ancestors.

I remember my grandfather--he died just before the Japanese came, about 1935. My father adored him, and I remember he used to practically every day go and call on my grandfather. He was a merchant with very little education, the number two son of a

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1.## This symbol indicates that a tape or tape segment has begun or ended. A guide to the tapes follows the transcript.

family with six sons and two girls. The girls married and lived outside the compound. My grandfather always told my father he should go into industry--there were four basic industries, food, shelter, clothing and transportation--and that became my father's aim in his life.

My grandfather started with no technical knowledge and very little education, but he could gather enough funds to start a textile mill and also a flour milling business. A number of people put in some money. He also went into vegetable oil extraction, peanut oil, that sort of thing, which he started around 1920 or late in the 1910s. The textile business he started was managed by his eldest son (Tang Chi Yuan, 1892-1922), eight years older than my father. That son died very young, in his early thirties, and my father was called back [in 1923] to run the textile business--he came back from MIT. He had hoped to go on to get a master's degree, but because of the death of his older brother, he had to go back.

My father was born in Peking in 1898. My grandfather's older brother and younger brother were all scholars and officials in the Qing dynasty. The older brother was the tutor to Li Hongzhang's son, who eventually married the older brother's daughter. My father was always told to do good and be successful so that my grandfather's branch would also command the same respect in the Tang family. The number three brother was not such a high official but still a scholar, and my grandfather was the only one without much of an education, so maybe he was trying to upgrade himself. Every time the Tangs had a funeral or wedding, he would have the shabbiest sedan chair, while number one and number three had the best. The old class system was scholar, farmer, laborer, merchant, that was the hierarchy, so my grandfather pulled himself up from merchant to manufacturer, and he always urged my father to work hard and be successful.

That expectation informed my father's personality very much, and he wanted to carry out his father's wishes, so he went to Qinghua [University], then got into MIT with a Boxer indemnity scholarship. The Boxer Rebellion in 1900, when a powerful martial arts group believed that bullets couldn't hurt them and swords couldn't harm them, attacked foreigners in Beijing with the support of the Empress Dowager. That started a war, with an army raised by eight foreign countries, and after the war China had to pay reparations to each of the foreign countries. The Americans used that money to set up scholarships for Chinese students to be educated in America. He graduated in industrial engineering, Course 15. Apparently he tried to live within his scholarship money, and he used to tell me that some days he had to live on bananas. So he had an interesting and eventful life, and that's how he started. He graduated from MIT in 1923, and he had [already] spent a couple of years at Qinghua. By 1936 he had run the [textile] factory for over ten years, and just before the Japanese came into Wuxi, he started a mill in Shanghai in the International Settlement.

So when the Japanese came into Wuxi, of course they took that mill, but he was already starting the operation in Shanghai, and that operation lasted all during the war, even after Pearl Harbor when the Japanese marched into the International Settlement. There was a puppet government, headed by Wang Jingwei, but my father never was able to claim back the Wuxi mill. The Shanghai mill was very profitable during the war, and immediately after the war it was even more profitable. That was the period of hyper-inflation when all commodities were at a premium.

I was eighteen when the war ended in August 1945, and I still remember soon after the war carrying a briefcase of notes just for one meal, for lunch, inflation was so bad, and every day at 12:00 the business tallied up the cash position and put it into non-cash, so every bale of cloth produced--we had spinning, finishing and weaving. It was a seller's market, and you would be doing the buyer such a favor by giving him ten bales of yarn or whatever. I still remember in the papers someone called "the king of toilet paper," because he hoarded toilet paper. No one wanted cash because tomorrow it would have half the value of today, but any commodity [had great value].

During my father's Shanghai days he was known nationally as a big industrialist, and I suppose because of his reputation as a modern manager, he was well respected, and also active in the community. I think he was one of the examiners of the Ministry of Education, anyway one of the advisers, and I remember he used to go to meetings where they decided the Boxer Rebellion scholarships, and of course he was very active with the industry associations.

China had a total of five million spindles in 1948. Of the three largest textile operations, by far the largest was the Yung family[']s]. They had half a million spindles. The second was the Wing On Kwok family, and they had only half that number of spindles--of course, looms and spinners also. My father had the third. They were the kings of industry period, not just of textiles, because in those days the textile industry was always the first. When industrialization came, the first industry to be mass produced was textiles, whether in Manchester, England, or in the New England states. And after the war in the Far East, the first thing developing countries went into was textiles.

Anyway the three of them controlled the textile association. They set up a textile school and also started, I think, a loom factory for weaving machines. Anyway they were very active and did a lot for the industry. I benefited from this very much in the early days in the 1960s and '70s when I went to Taiwan, and my father's name was well known. And when I went back to Beijing in 1984, the older people all knew his name, so I benefited. My life has been shaped by that background to a large extent.

Going back to Wuxi days, I went to a missionary school, Episcopalians ran both the school and the hospital. The head of the school was [Dr.] Claude Marshall Lee, his deputy was Dr. Pott. [The] Lees came from Virginia. Dr. Pott I don't remember, but his brother James Pott was pretty well known in China. He later became the president of St. John's University. So my contact with American missionaries goes back to my childhood. Later on, I became friendly with other people who had an American missionary background. One was a writer for a magazine--she just had her ninetieth birthday. She was married to Till [Tillman] Durdin--that's another interesting story in itself--and we became very friendly. I don't know whether you have heard of Till Durdin. He was working for *The New York Times*, and he's the one who brought the news of the rape of Nanking. He was in Nanking, and he smuggled the news into Shanghai's International Settlement, and from there to the world. His wife was from a missionary family, and she was, herself, a writer.

Wakeman: Peggy.

Tang: Peggy Durdin. Poor girl--she can't see but I still visit her every couple of weeks. But anyway, (in those days--my memory--I don't know if this would be of interest--) I

remember spending summertimes in Shanghai, where I was born, and visiting my maternal grandfather [Wen Bing Chung].<sup>2</sup> And also visiting him in Suzhou. He was an official in Suzhou, in charge of customs in the province or something. I remember the big *yamen*--you know, the official residence--a big, big gate, and we would go in in a rickshaw. A tremendously big gate. The gatekeeper had his quarters there, and he would tell us ghost stories.

I've often considered myself as sort of a product of the East and West. My higher education was in the States, and I worked in New York for three years. Our life in Hong Kong was more West than East because of the British influence, but also because of my whole family's--I mean, my father's--connection with America through his Boxer Rebellion scholarship and all that.

My maternal grandfather was one of the "first one hundred." He was sent by the Qing dynasty--I think he must have been about twelve, thirteen--sent to Connecticut to attend a prep school. I remember him as very kindly and very human, and not at all like my old-fashioned paternal grandfather, who was very stern and very Chinese.

I remember visiting my maternal grandfather in Shanghai, and I would sit on his lap. My mother [Kin May Wen Tang/Wen Jin-mei, 1903-1988] told me that's how I got my name--he called me Jumping Jack. So he was very Americanized. I remember seeing a picture of him in his queue, playing baseball.

Wakeman: In Connecticut?

Tang: In Connecticut. [In California]

Wakeman: Your wife [Joanna Ching Kwan Poon] said he went to Pomfret.

Tang: I think it was--I'm not sure. Anyway, somewhere at a prep school in Connecticut. After he came back, of course, they--the first one hundred--they had some fairly historical figures. I have a copy of a book about this one hundred [Chinese mission students in the United States, 1872-1881], and they all, of course, became leaders. One became the minister of transportation, something like that. But it's all in this book.<sup>3</sup>

When my grandfather went to America, he went, of course, by boat. Then, when he arrived in San Francisco, he saw Wild Bill Hickok's show, and when he traveled by

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2. Wen Ping-Chung was also known as Won Bing Chung. Biographical materials state that in 1929 he applied for promotion to the positions of Inspector in Suzhou, Director of the Suzhou Bureau of Port Inland Taxes, and Negotiator in Suzhou. The 1988 recollections of Dr. and Mrs. Ching Lin Hsia [Mrs. Hsia was Kin May Wen's first cousin] state that Wen Chung Yao was probably Wen Bing Chung's first cousin and invited B.C. Wen to be a Vice Minister of Foreign Affairs. The *South China Morning Post*, July 23, 1920, states that Wen Bing Chung was Vice Minister of Foreign Affairs of the Military Government (Canton).

3. According to Thomas LeFarge, *China's First Hundred: Educational Mission Students in the United States* (Washington University Press, 1987) the photograph was taken in San Francisco in 1881, when Chinese students, waiting for a steamer for their voyage home, defeated their Oakland challengers. (p.53)

train to the East Coast he saw Indians. I don't know whether the Indians attacked the train, but to me it sounded just like in the movies!

### **Maternal Grandfather**

Wakeman: Do you know anything about his experience--for example, how he happened to be chosen to be one of the group to go to the States at the age of twelve?

Tang: Yes, a little bit. Actually, in Hong Kong we went to see another missionary, an American Catholic missionary, and he somehow had the Hong Kong history--some newspapers or publications--and there was something about my grandfather's family. We wanted to know about that. Apparently my grandfather's father was living in Hong Kong, and my grandfather was recruited--he was sent by the government. There must be some write-up on this fellow [Yung Wing] who graduated from Yale [in 1854]. He went back and convinced somebody in the Qing court [Zeng Guofan] that China should send young people to be educated in America.

But in those days, the wealthy people and the powerful officials, those who did send young people abroad, sent them to Europe. America was a backwater--Indians and not safe and all that sort of thing, I guess. So when they recruited the first one hundred, they had to recruit from the poor families.<sup>4</sup> According to the newspaper, I think my grandfather's father was a carpenter, and that's how they recruited.

Wakeman: Would he have had some contact with missionaries?

Tang: Well, not in his early life, I don't think. But his contact with missionaries came after he married my grandmother [former name Ni]. There were three Ni sisters, and one was married to a minister [Mrs. Niu]. The other one [Ni Kwei-tseng] married Charlie Soong. So that's the missionary contact. And my grandmother was [a Methodist and] quite religious, [as was] the whole family, I think--all three sisters.

But I don't remember much of the Soong family--I mean, T.V. Soong. I've met them, but we stayed away from them, I think partly because my father was too proud to want to make use of that connection. So I don't remember much about the Soong family, although T.V. and the three Soong sisters were first cousins of my mother.

The whole family history, of course, is quite American-oriented, but my mother went to school in England [the Leamington School in Warwick] when she was, again, very young [in 1918]. In that respect, it's a very unusual family history, and quite outgoing in those days. My mother went to England, as I say, and I guess finished high school, then came back to Shanghai and taught at McTyeire's, the well-known [missionary girls'] school in Shanghai. Then she met my father, and they got married. In her later years,

4. In a speech delivered to the graduating class at the Customs College in 1923, Wen Bing Chung states that a school was established in Shanghai in 1870 to prepare prospective students with a course in Chinese studies and a preliminary course in English. Semi-annual examinations then selected bright and competent students to be educated in the U.S.

with all of her children in America, she would come and visit everybody twice a year. I think she felt very at home, very much at home in the States.

Wakeman: Can you give any more detail about visiting your maternal grandfather in Shanghai? The household or the family, anything you remember from your childhood?

Tang: Yes. They lived in two houses, sharing a driveway, you know, you have a gate, and you drive in to the gate, and you have two houses, one on each side. My grandmother's family (the Wens) lived in one house, and her sister's family (the Nius) lived in the other. That was in the early days. Nothing ostentatious or anything. It was [my grandfather's] official residence in Suzhou that was quite impressive. I remember very vividly it was sort of a garden. Actually, a very, very big garden, surrounded by a wall, almost like a city wall. I think it wasn't somehow maintained, but left uncultivated, and they would go shooting birds or whatever, almost like a game reserve. I remember the gatekeeper would tell these stories about ghosts and fox spirits.

Wakeman: What do you remember about your grandmother?

Tang: I remember she would have us to lunch. This was after my grandfather had died, so then we would have been at the International Settlement in Shanghai. She was living in an apartment, and we would go there every Sunday to lunch. She had an old, old cook who would cook favorite dishes. My favorite dish was finely shredded celery with minced beef. Anyway, she was very fastidious. I don't really remember too much. She was just an old lady. Nothing distinguishing. Overweight.

But I remember more my grandfather--he had a real personality, a good personality, kindly and friendly.

Wakeman: How old were you when your grandfather died?

Tang: I think about nine years old--both my grandfathers died maybe a couple of years before we left Wuxi in 1937. My maternal grandfather, around '35, I think. I don't remember. But my paternal grandfather, I remember, died shortly before we left Wuxi, so it must have been in 1936.

Wakeman: Would you like to talk about your paternal grandfather [Tang Pao Chien]?

Tang: Yes. I don't remember much about him, either, except he was, as I say, a very old-fashioned--typically old-fashioned--very serious, rather severe kind of person. Oh, and he smoked opium. I used to see sometimes after dinner he would be in the opium bed and having a smoke. That used to be "for my health." He also smoked a water pipe, and he believed in this *qigong*. He would sit there, cross-legged.

The other thing I do remember is during the famines--every other year there was a famine somewhere. He would ask his male housekeeper to accompany a boatload of wheat or whatever to a famine area [to distribute to famine victims]. Wuxi is on a canal, as you know, so goods move by boat.

By the way, he's the only brother [Tang Pao Chien] who didn't stay in the compound. My father did [because he lived with] the [third brother's] widow. The older brother's

widow and children also stayed. But my grandfather lived only one or two doors away, next to the compound. I remember his house was right on the canal, so the boatload of wheat would go along the canal somewhere. It couldn't have been [transported] very far inland as the boat can't travel that far. Probably the next province.

### **Family Compound**

Wakeman: Maybe you can describe the compound.

Tang: Oh, the compound. I remember the front gate. Our house was right next to the gate and there was a big courtyard, pretty bare, no grass or anything. It was all slate surface. To the right of the gate was this courtyard, and two of these [ancestral] halls where they would display the scrolls, ancestral portraits, I think twice a year. The rest of the year nothing happened in those, except, of course, when you have weddings and, I think, funerals. Then you use those two big halls. The funerals would usually start from the compound and then everybody in the procession would go to a *sitang*, where the family records are kept. And somebody who manages the books.

Wakeman: Tablets?

Tang: Yes, the tablets. Also sort of keeps the library, the family tree, the volumes of family history. Sort of a housekeeper who records these things and tidies up after the funeral procession. You'd go and kneel to the tablets and all that. And the family cemetery is also there. I remember also [in the compound]--it's quite interesting--you have those [ancestral] halls, then you have a long [adjoining] corridor leading to the right, and you have a number of families on that side.

On one side of the corridor were all the coffins. You know, the old belief was that if you buy your coffin early, on your fiftieth birthday or whatever, that's supposed to give you longer life, so the coffins were piled up. There was only one little dim light, [and] when I would play with cousins on that side of the compound and come back late, really scary! Really scary. Boy, you would run like heck.

There were two wings at right angles around the open yard and beyond were houses, where some of the other families lived.

## [1B]

Tang: Both my parents being quite westernized, they were allowed to build a Spanish-style house, which is most incongruous, of course, right at the front corner of this compound, very near the first house after you get in the gate. It's still there. Last time I visited, I was told by the local bureaucrat that the public works department at Wuxi has offices in that building. I was also told, "They don't make this glass like they used to." Some of the original glass is still there.

Wakeman: What about the compound itself?

Tang: The compound has been demolished, finally. I think bit by bit they built some new offices in part of the compound. And finally, I think five, six years ago, they tore down the whole compound. But my father's house is still standing.

Wakeman: You mentioned that there were five different families living in the compound. Perhaps you'd like to explain who was living in these two parts of the compound.

Tang: Yes. My grandfather's siblings, all five brothers and their families. When I say "their families," it would be three generations: [also] my father's generation and my generation. So there were quite a few people.

Wakeman: How large was the compound? Do you have any way of describing the size?

Tang: I don't remember it as palatial. Obviously, area-wise it must have been sizable because our house was maybe two stories, and I would say that must have been about 3,000 square feet--nothing big. The rest of them were not so spacious. I mean, the other families probably didn't have that much space, but it was an old-fashioned house.

I would say in general my impression is--when I visit Suzhou in my later days--that Wuxi people are very diligent, very hard working, very thrifty. You can see from the houses. The Suzhou people are known to be not the same. Suzhou people, the saying goes, have all the silk material and fine clothing, but at home they don't even have rice for dinner. In Wuxi every penny is saved. The two cities are only just twenty, thirty miles away from each other, but with such different characters. Also, there was no industry in Suzhou to speak of. But beautiful gardens. In Wuxi, there's no garden to speak of that's worth going to see, except, of course, the park that apparently the Qianlong emperor said was even more beautiful than anything in Suzhou. So the Wuxi people are quite proud of that park. But that's not a private garden.

I think when the Yungs became wealthy, they started to build summer houses along the Taihu [Lake Tai]. My grandfather also, I remember, had a smaller summer place there, but the Yungs' summer house was quite famous, in Wuxi anyway, with its plum flowers.

My father had a motorboat called *Jingsing*, you know, Venus. That's part of my father's name and mother's name, Jing Mei-Sing Hai. I remember going along the canal and going to the Taihu some Sundays.

Wakeman: In the boat?

Tang: On the boat, yes.

Wakeman: What kind of boat was it?

Tang: It was a motorboat with a cabin. On my father's I think sixtieth birthday, the family gave him another boat, a [30-foot] Chris Craft, [named Venus II], actually made in Hong Kong, but the Chris Craft design. And I took over the boat when he died.

Ever since, I've always had a boat. And that was certainly helpful to life in Hong Kong because the pace is so fierce that you really have to get away from the city, so [I use it]

every Sunday, if I'm not traveling. And also that was a chance to meet a lot of people. We had a lot of visitors. I don't mind spending my Sundays with visitors, even those who were introduced by friends. They'd come along, and we'd have a picnic and go out and swim in the summer and walk in the winter, go on any of those islands and take a two-hour hike. I met a lot of interesting people from all over the world. That was part of the life in Hong Kong that I really enjoyed.

### **Paternal Grandfather**

Wakeman: Yes, I can imagine. Let's go back to your grandfather. You talked about your maternal grandfather's past, but you haven't talked about your paternal grandfather's history. Your paternal grandfather--how did he get his start?

Tang: All I know is he was a merchant who obviously made quite good money, enough that he was able to start a textile factory. But he needed a lot of support from the big families. They all supported each other, buying shares of each others' businesses in different manufacturing [ventures], and all that sort of thing. Cross holdings. I don't remember him because he died when I was about seven years old. What I know of the Tang family is really what my father told me.

I perhaps know a little more about the Tang family history, rather than specifically my grandfather's beginning. As I say, he was second son. He always felt a bit inferior to the brothers who were officials. Number one brother was in Beijing most of the time. But his offspring lived in the compound. When I was young, there were very few of my grandfather's left. Number one brother, I certainly never saw. [tape interruption]

When I was a kid, number one brother, Tang Fu Chien, had probably died, and he lived in Beijing most of the time. Number three, Tang Juo Chien, also died early, when I was a child. I don't remember seeing him. Number four, Tang Ming Chien, also had died. Number five, Tang Chih Chien, was blind. He was still living. Don't remember much. And number six, Tang Ying Chien, was, of course, much younger. He was very much alive. He had gone to St. John's University, and he was a gentleman of leisure most of his life. I don't know what number four and number five did, but I remember number six very well because he later on also went to Shanghai and then to Hong Kong. But the other of my grandfather's generation, I don't remember much. As I say, some of them died earlier, maybe they were in their fifties. But in those days, life expectancy was much lower.

Wakeman: Sure. Do you remember your grandmother?

Tang: Yes, yes. My grandmother, Chen Tzu Yun, like most women in those days, stayed behind the scenes, but, yes, I remember her. I guess my father was not very close to my grandmother. He was the second son. The first son was sort of a playboy, not in the sense of the present-day playboy, but he didn't do much. He would just go and have tea in the morning and then go to the park to air his birds. The youngest brother, my youngest uncle, was of course my grandmother's favorite. I think in that respect that was another motivation for my father to succeed. He was adopted by the number three

uncle, his number three uncle, the minor official, because they didn't have any children, so one boy from the number one branch was adopted by number three, and my father from the number two--so number three adopted two boys.

Wakeman: When the uncle adopted them, what were his responsibilities? Did he raise them?

Tang: Yes, when my father was very young, I think he lived with number three. Number three died certainly when I was a kid and probably long before that. I still remember the widow, my adopted grandmother, Sun Kuang Yuan. My natural grandmother was very short, slight--I think all of them had bound feet. Just an old dutiful wife. I remember her sewing. Not much else.

Wakeman: What about your own childhood? We talked a lot about the household and compound.

Tang: Yes.

### **Father, Mother and Siblings**

Wakeman: Maybe you'd like to talk about your father and your mother a little bit more.

Tang: Yes. My family is a fairly sizable family. My father's first wife died in childbirth. Left one daughter. That was my half-sister Susan. Then I'm the oldest of six. I never felt the pressure, but my siblings tell me that the parents expected a lot out of everybody, and they always felt--as a matter of fact, one of my siblings, my number two, Michael, my younger brother, felt he couldn't measure up, and that affected his whole life. He was all right until high school, and he went to the Peddie School and then Lehigh University but never graduated. Then he went to Georgia Tech, but again he didn't graduate. Then he was sent to Korea, and there, I think, he had some traumatic experience. He was always high strung, and after he returned, he may have been manic depressive.

Wakeman: With whom was he sent to Korea?

Tang: The U.S. Army.

Wakeman: And then returned to the U.S. after?

Tang: Yes. He was in pretty bad shape at that time and was a bit weird. But he's much better now.

Wakeman: Do you know what happened to him in Korea?

Tang: Not much. He was an orderly to a general. He probably couldn't get along with his peers. After he came back, he had psychiatric help. He got married to an older woman who's like a mother to him. He's now sixty-nine years old, and his wife died about three, four years ago. They lived in Princeton, New Jersey, and he had a job at a printing press. He would get into a fight with a black worker. I don't know, he never got along.

He had fights and all that. And then, I guess about ten, fifteen years ago they moved to Myrtle Beach. But anyway, that's one brother.

When number three was born--[tape interruption]

--there was something wrong with him physically. What is it called? Gigantism. He was unusually tall. He was very good at certain things, like when a car was coming two blocks away, he knew exactly what the horn sounded like and things like that. He remembered everybody's birthday. And [that] number four [uncle] had died on such-and-such day. But he was not much else. In a way, like the *Rain Maker*? You know, that man--

Wakeman: *Rain Man*.

Tang: *Rain Man*. Did you see that movie, *Rain Man*?

Wakeman: With Dustin Hoffman.

Tang: Dustin Hoffman, yes. He [the movie character] was a genius with numbers but nothing else. But anyway, something is, I'm sure, defective.

Wakeman: Did he come to the States?

Tang: No, no. Now, in his case it wasn't the competitive atmosphere, what the parents expected. That was, I think, a physical--

Wakeman: Limitation.

Tang: Yes. Then two sisters. They went to school here. One to Northfield Academy in Vermont and then to Bryn Mawr [Connie] and the younger one to Wellesley for one year. She finished up at Berkeley [Nancy]. Got married.

And then the baby brother, the baby of the family, Oscar--he's very successful in New York. He's in the investment business, and set up his own company in 1969. Very clever financier. He's made a fortune. Has been living in New York ever since. Schooling-wise, he had exactly the same schooling as I did except instead of MIT he took engineering at Yale and then Harvard Business School. We both married early--

## [2A]

Wakeman: The same experience as your younger brother, the same education?

Tang: Same education, yes.

Wakeman: And your half-sister, your elder sister?

Tang: She [Susan] died. She was married to a diplomat from Taiwan [Samuel Wong] who became ambassador to Lima in Peru. Her husband was, I guess, fooling around. She eventually shot herself, yes.

Wakeman: She was in Taiwan?

Tang: In Peru. He was ambassador there. She was also educated in this country; so was he, in Minneapolis. So that's--let's see, the whole family.

Wakeman: So your father and mother. You've talked to me before about them, but you haven't talked about them [for the tape].

Tang: Yes. My father, of course, as I told you, was a very driven man. Had a lot of drive, and he had a lot of courage. Started the third time in his life from the ground up [in Hong Kong in 1948] and made a success. And then in his later years he became involved politically. He was well respected in Hong Kong.

But, I think in Hong Kong he always felt sort of constrained, limited. He used to tell me that to do big things, you really need a country behind you, and Hong Kong was--especially in those days, when he came to Hong Kong--a village. Just half a million people, and all of a sudden, maybe one million refugees came in within two, three years. He was maybe born too late or too early--too late. If he had been in China, he would have been really a giant. He was already a giant in China, but he left Shanghai, after all, when he was only fifty. If he had stayed on in China--and it had not changed politically. Nevertheless, I think he did accomplish a lot in Hong Kong. He was a big fish in a small bowl. [tape interruption]

### **Father's Education and Manufacturing Conglomerate**

Tang: My father, as I say, was very much motivated. Do you want me to repeat--

Wakeman: Yes. His personality, his relationship to his own father, and his feelings about his work.

Tang: Yes. I think he adored his father, my grandfather. I still remember when I was a child he would come home from work and then go and pay his respects to my grandfather right away, practically every day.

My grandfather's philosophy was that you must go into industry and go into manufacturing of the four necessities in life: food, clothing, housing, and transport. And my father did follow this precept, really literally. My grandfather started the Ching Fung textile business, both a silk mill and a bleaching and dyeing factory. My father carried the textile business on and expanded it. And then he also went into the flour milling business and set up Fung Flour Mill. That's food. And he also went into vegetable oil manufacturing, setting up the Jen Fung Oil Mill. Again food. And then he started the Li Nong Brick Factory, and when the war came, he bought up, I think, a lot of shares in Jiangnan Cement in Shanghai. I think he controlled Jiangnan Cement. So that was housing. Then, at the end of the war, he wanted to go into transportation, but first he thought he would get a taste of it, and he got Chrysler's agency for China. So that completed the cycle and sort of fulfilled my grandfather's wish. All the four necessities in life my father got involved with.

At the same time, of course, his life was very much of a struggle because no sooner had he done a good job on the Ching Fung textile mill in Wuxi--[than the war intervened]. Really when he came back from the States [in 1924], and went into the management of the mill, he discovered they had no management. All the foremen knew nothing about [production], and there were no textile engineers, and no appreciation of quality and costs. They were only a bunch of foremen who knew nothing and ran the mill rather autonomously, hiring and firing workers. That's all they knew. The situation was such that nobody really cared about efficiency and quality.

An example is they would hire women who had just given birth and who would bring along their babies--

Wakeman: Nursing babies?

Tang: Nursing babies in the factory while they were working, attending the machines. That's not only against safety regulations but also [inefficient]. So, I mean, my father had to practically reorganize the whole operation. He started to train engineers in the factory and recruited people with some education, and not these ignorant people who just deal with a work-force entirely on a personal basis, a lot of times hiring relatives and all that sort of thing, without respect to merit or [ability].

And thereby he started a strike, but eventually he proved himself. And the mill, after his reorganization, became known as very much of a quality mill. The profit margin went up, and finally he was able to convince the board, or the older generation, who had a lot of doubts about this young whippersnapper. He had a lot of education from MIT and all that, but [their attitude was], "What makes you think that you can run a business?" Eventually he convinced them by his success, a better profit, and he expanded.

But then, just at that point, the Japanese war started. Around 1936 he went to Shanghai and started to build a new textile mill. It may have been 1937. And then, when the Japanese came to Wuxi, he had [already established] something in Shanghai, [the Bao Fung Textile Company] in the International Settlement.

Wakeman: Can you say anything about the size? I don't have a sense of the size of the mill at Wuxi. How big an operation was it, and what about the working conditions in the factory?

Tang: Well, when it was started in 1921, it had 14,800 spindles and 250 looms. Before the Japanese took over, I think it was somewhere around 60,000 spindles. I don't remember how many looms, but at the end of the war it had grown to 69,248 spindles and 532 looms. In November 1998 we all went to Wuxi--we were invited by the Wuxi government--for the commemoration service for his hundredth birthday. The whole family went. And there's a publication about it that mentions these numbers. I'll give it to you.

So he was able to have something operating in Shanghai, I think by 1938. And then he did very well, of course. During the war there was a shortage of goods, and you didn't have to worry about markets. And then [in] 1945, after V-J Day, they made even more profit because there was tremendous hyper-inflation. I still remember when I was a teenager having to carry a briefcase of bank notes, just to pay for one lunch. So all the

production was--it was like a gold mine. Just sell the yarn and make more. It was very profitable, very rewarding.

But then by 1948 the writing was on the wall that the Communists were coming, and so '48, '49--by '49 he had a mill in Hong Kong started, his third effort from [the] ground up. He started operating South Sea Textile Manufacturing in Hong Kong, and that went through two years of very difficult times. There was no market in Hong Kong for cotton yarn. Six or seven mills had started by then, all by Shanghai refugees [who went] to Hong Kong. But there was no market because Hong Kong, just right after the war, in '46, was really a village of half a million people, and it was an entrepot, living on trading. There was some cottage industry but no large-scale industry at all. Purchasing power was low, and the place was flooded by refugees.

By 1955, I think, a population survey showed about two million people. But so many of them were living in the hills, in shanty towns. Even in '55, I remember, when I saw Hong Kong for the first time--I still remember reading in the papers every winter when the weather was dry, [how] one fire would start, and 5,000 people would be without a roof.

So [during] the first couple of years [in Hong Kong], the mills couldn't sell all their production. A lot of them were on the edge of bankruptcy. Then the Korean War came, 1950. [Maybe because of ] the war psychology, with people thinking of shortages and all that sort of thing, the countries around Hong Kong started to import textile yarn.

At the same time they were trying to break into the U.K. market. In those days, there was such a thing as imperial preference, and finally, they broke into the U.K. market, through good quality and, of course, cheaper prices. Eventually, two mills [in Hong Kong] set the [quality] standards in Manchester. They compared all the yarn to Red Rose, which is a Hong Kong production. Cotton cloth was compared to the Flying Fish quality, which is our brand. [tape interruption]

### **Schools During Childhood**

Tang: My childhood memory, going back to Wuxi again--I remember the occasional lunches I had at Dr. Claude Marshall Lee's home after school. I suppose that was my first taste of western food. I loved the apple pie, but I hated the creamed spinach. But these missionaries were really wonderful people. Mrs. Claude Marshall Lee actually spoke perfect Wuxi. I mean, Chinese with a Wuxi accent. They were so very devoted to the work. I think they probably did a lot to cement relationships with the ordinary people, lower classes or whatever, and the people outside the city, in the farming communities, and also the very unsophisticated society in Wuxi.

I think they introduced these ordinary people in China to religion and also, at the same time, they probably cemented those relationships with feeling, with friendship. Of course, my background--my father's Boxer Rebellion scholarship and all that--all gave me a sort of impression before I ever came to this country of America and Americans. [tape interruption]

Tang: The primary school I went to [in] Wuxi--the name was, in Chinese, Sung Kung Wei. It's actually an Episcopalian school. Translated into English, it would be Episcopalian Primary School. That was, of course, not a classical education--no Chinese classics and all that. It was really more adapted to the western system. I was there, I remember, for five years [1933-1937]. Then I moved to Shanghai in 1937, when I was ten. It was difficult to get into a school without long notice, but I was able to go into a girls' school, Chi Siu. It was just a primary school, with very few boys. I don't remember whether there was an English name. But I was there, I think, for two years--primary six and then one year of--

Wakeman: Junior middle school?

Tang: Junior middle, yes [1937-1939]. And then I got into the high school [in 1939], which was called Nanyang Model School, for eighth grade. That was a well known school, more or less a prep school for engineering and science, and I graduated in 1944. A lot of the graduates went to Qinghua and Jiaotong universities, especially Jiaotong, especially in engineering and science. That's my schooling.

Wakeman: Do you have memories of the move from Wuxi to Shanghai?

Tang: Yes. We left Wuxi when--

[End of Interview]

### **Japanese War and Occupation**

[Interview 2: July 21, 1999] ## [3A]

Tang: My father was away. He had gone to Manchester to order machinery. What I remember is my mother [Kin May Wen Tang] taking the whole family to Shanghai. I think the Japanese war was imminent, and so we went to Shanghai rather hurriedly, without too much preparation. I remember my mother renting an apartment in Shanghai, in the French Concession. It was a good area, a very good area, but the building was run down. Anyway, she rented it. The previous tenants were White Russians.

And we moved in. I remember this very well. We discovered bedbugs. This somehow stuck in my mind. I remember the way to deal with bedbugs is spray the beds, then put the posters of the beds in cigarette tins. In those days there were fifty cigarettes, the English brands, fifty cigarettes in a tin, and you'd fill the tin with kerosene and put the four posters in kerosene so that bedbugs wouldn't go back into the bed.

Wakeman: How many of you were there? How many brothers and sisters?

Tang: Let's see, now. My half-sister, myself, and Michael, Victor, and two girls, Connie and Nancy. Oscar had not been born yet. Oscar was born in Shanghai. There were six of us and my parents. There were certainly not enough rooms for all of us, so we had to double up.

My mother was a lady of strong character, and she was quite helpful to my father. During that move she exhibited a lot of gumption. I remember she--I think with a faithful retainer--took a taxi from Shanghai back to Wuxi. This was just before the Japanese came in. As I say, my father was away on business in Manchester, and she was able to get all the cash in the mill and bring it to Shanghai in a taxi. It was pretty risky business.

Wakeman: You bet.

Tang: A lot of risk. The Garden Bridge over Suzhou Creek separated the International Settlement from the rest of Shanghai. At that time, there were already refugees trying to get into the International Settlement, and that bridge was sort of the border checkpoint. It was really like Berlin, if I remember. I guess being able to speak English was helpful, and she came in at the checkpoint. I remember it was very early in the morning, and it was quite dramatic. It was on the radio, that a lady without any name had gone to the bank and converted cash to foreign exchange, mostly American dollars and also British pounds, sterling, whatever she could get. That money helped to start the Shanghai mill.

Wakeman: Your father had already started the mill before he went to Manchester? You said he had started the mill and had begun to transfer his business--

Tang: Yes. I'm not sure, but I think that's what he went to Manchester for, to buy the machinery, and this cash came in from Wuxi. The Wuxi mill had always had a sales office in Shanghai. He always used to say the quickest way to Manchester was via the Siberia Railroad, and he did that. But even then, of course, it used to take days or weeks.

Wakeman: Weeks?

Tang: Yes.

Wakeman: What else do you remember about that period, the period of the Japanese war and the Japanese occupation?

Tang: Of course, we left Wuxi, and the impression I have of the Japanese war was when we came to Shanghai [in early 1937]. Soon after that [in August], I remember watching the Japanese bombers and fighters, from a distance. We could see the bombing of the Chinese part of Shanghai, which was pretty close. One stray bomb came into the International Settlement, I remember. It was dropped on this amusement park and killed a lot of people. That was, I suppose, the closest thing to experiencing a war that I had.

And then Pearl Harbor [in 1941]. That night there was not much ado, but when we woke up the next day, the Japanese had marched in [to the International Settlement]. I don't recall anything about the sinking of the American gunboat or something in the [Huangpu] River. There must have been a gun duel, but I don't recall much about that.

Wakeman: You were isolated in the International Settlement.

Tang: Yes. But the Japanese, of course, marched into the International Settlement.

Wakeman: What about in your school? Was there any influence from the Japanese?

Tang: Yes. Well, first of all, we were not allowed to leave the International Settlement--I mean, the family didn't allow [any of us] children to wander off. But one experience I had--this was when I was already eighteen [in 1945] and I was learning riding, with Mr. Sokoloff, the riding instructor. We rode out to Hongkew, and we got off and walked the horses past the Japanese gendarmes. One of the horses decided to, you know, relieve himself--horse manure, of course--right in front of the gendarme. Boy, I thought we'd had it! He was shouting at the instructor, who had to clean it up. But that was the only scary encounter with the Japanese army.

Of course, we had to hoard food and all that sort of thing. We had bought a lot of tin cans, and I remember the corned beef and Carnation milk. And we also bought rice, in case of a shortage. We had rice. And I remember, if you kept rice long enough, you got worms. But apart from that, we didn't have to starve or anything. Of course, when you're a child you can stand a lot of privation. But I don't recall any real hardships apart from not being able to go out[side] the boundary of the International Settlement.

Wakeman: When did your father return? And what was it like for him to reestablish the new factory?

Tang: Oh, he returned soon after my mother came back from Wuxi. I think he had left from Wuxi, and when he came back, he came back to Shanghai, so it might have been a month or so.

Wakeman: And this was 1937?

Tang: Yes. Of course, during the war there were a lot of stories that people were taken into 77 Jessfield Road. That was where the puppet government had their sort of gestapo [head]quarters. And there were stories of people [being arrested and tortured], but for a teenager of twelve or thirteen, life went on. Not too much different, I suppose.

I understood later on that the Japanese wanted to have a stable situation in Shanghai, and along the coast, so they actually sent some food from Japan. Anyway, they did not plunder the economy. I don't know, maybe they weren't so considerate in the interior, but in Shanghai they wanted to maintain [the] reputation of being a good colonialist.

So, as I say, my family didn't really suffer. We weren't short of food or short of rice or other staples.

Wakeman: And your father was successful in buying the machinery in Manchester?

Tang: Oh, yes, yes. And started the factory in the International Settlement. Lots of machinery.

Wakeman: Did you visit the factory? Can you describe the factory?

Tang: I don't remember at all. I don't think I visited the factory.

Wakeman: It was successful? He was able to hire workers and to resume operations in Shanghai?

Tang: In Shanghai, yes. I think he took some stock from Wuxi, but I don't remember much about the business side.

**Middle School and University Education in Shanghai**

Wakeman: What about high school? What are your memories of your middle school?

Tang: Middle school.

Wakeman: Did you still study English?

Tang: Oh, yes. Actually, from primary through middle school, we always had English.

And oh, yes, because the Nanyang Model School was in the French Concession, in junior year we had French, one year of French, I remember, taught by a Chinese dentist who had studied in France. Then, after Pearl Harbor--the Japanese came [occupied the International Settlement] in 1941--I graduated in '44, so in between we were required to have Japanese. I remember they sent a Japanese teacher, and of course all the students didn't want to learn and were sort of resisting.

One of my classmates, I remember, did something or said something--the class would just be talking, and they didn't pay much attention to the teacher--so once he slapped this classmate of ours. Of course, that really sent the wrong signal. Looking back, it was a pity we didn't learn very much--because learning a new language really would have been useful afterwards. I actually went to Japan a lot, and I always regretted that [I] never learned Japanese at the time. It was for free!

Wakeman: Yes.

Tang: So that's another memory that I have.

[In] '44 I graduated. Then I went to St. John's [University] for the summer, for summer school. And then in September I went to Jiaotong [University].

Wakeman: What did you study in summer school?

Tang: I just took courses, freshman courses. I suppose I could have continued on [then] but, against my own inclination, my father always wanted me to go and take up engineering. The old-fashioned Chinese thinking, I guess, is that you can always get a job as an engineer. Besides, he had in mind something for me that would fit into his future plans. As I tell my children, in those days it was quite easy. Life was quite simple. You didn't question. Your parents were always right. What they said they wanted you to do, you did it. So with me there was no question. My father said, "You should go into engineering." Even during the war, he already had plans, [an] idea of setting up a rayon factory. The making of rayon requires more chemical engineering. You need caustic soda and all that.

Right after the war, he bought a big piece of land in Taiwan. There was no question that I would go into chemical engineering, not textile engineering, because--spinning, weaving is textile engineering, but he had other plans, and so [my focus was] chemical engineering. Of course, Jiaotong was just transitional. Eventually, he wanted me to go

to MIT, his alma mater. So that was simple. You just follow along. But I hated engineering. I didn't like it.

Wakeman: What would you have studied if you hadn't studied engineering?

Tang: Well, I really didn't know. I was not ambitious at all, and I didn't know what I wanted to do, so I just went along. But after MIT, going to Harvard Business School was my own decision. Of course, my father approved it very readily. He could see that [it was useful]. I enjoyed Harvard very, very much.

Wakeman: When you were at St. John's and at Jiaotong, were you comfortable speaking English?

Tang: No, no, I had private tutoring in English, in addition to what I learned at school, but I spent my time reading. I read all of *Silas Marner*, and I enjoyed reading Sir Walter Scott, *Ivanhoe*, and all those books. But I never spoke English much, so I guess my English speaking started when I met my first wife [Madeleine Yuet Mui Huang]. She was going to St. John's, and she spoke English daily with her parents, and also some German.

Her father [Huang Kiang Chien] was actually educated in Germany. Again, it was unusual for a Chinese family, but he went to Germany when he was a young teenager. He went to Munich to an engineering university, and graduated as a mining engineer. He was born in Indonesia, so overseas Chinese. Anyway, when I met my first wife, I started to speak English, yes.

Wakeman: What year was that? Was that when you were at St. John's?

Tang: Yes.

Wakeman: Would that have been December of '44?

Tang: Forty-four. Yes, December of '44, yes.

## [3B]

Tang: That really covers Wuxi and Shanghai.

### **Beginning of the Civil War, 1946**

Wakeman: One more question about Shanghai. What did you know in 1946, before you went abroad, what did you know about the Communists? Did you have Communist friends? Did you know about Communist student groups and movements or "Resist Japan" organizations and national salvation societies? What consciousness did you have of the Communist movement?

Tang: The Communist movement at that time--the only thing I remember is that when I went to Jiaotong University in September '44 after graduating from high school--. In the

summer of '45, after my freshman year, the war ended. From September of '45 to the time I left for the States in May '46, all that period, there were student demonstrations. We hardly had any schooling. Every week, every other week there were no classes. Students were going to demonstrate against this, against that. Afterwards, of course, I heard all the student leaders were Communists.

Wakeman: Did you participate in the demonstrations?

Tang: No, I didn't. I don't even remember what they were against. But anyway, of course, with my family background and all that sort of thing--no, I didn't. I stayed home.

Wakeman: Because sometimes it was people like you whom the Communists actually sought out, people from wealthy families who knew English and could be recruited to become part of the movement.

Tang: Yes. You know, I had one classmate. His father was sort of a *comprador* for General Electric. They were not wealthy, but they were, of course, well-to-do. Later on they found out that one of the brothers [was a Communist]. I met him, we used to play bridge and all that sort of thing. I had visited his home and met his younger brother, and nobody knew. Eventually, the family left for Hong Kong, and that brother didn't want to come. They discovered he was a fervent Communist--you hear of cases like that, yes.

Wakeman: Many of them.

Tang: Yes, most of the student leaders, even in St. John's. Lu Ping was from St. John's, and Li Xuwen. He was the first deputy director to Xu Jiatun at Xinhua, the New China News Agency. The shadow governor [of Hong Kong] was Xu Jiatun, and his deputy was Li Xuwen. Also, not only was he at St. John's, he was at the School of Divinity! I don't know what Lu Ping--Lu Ping was in agriculture or something like that. Oh, yes, they were all student leaders and the cream of the crop, yes.

Wakeman: Did your father talk about the rise of the Communist movement at all? Was your father concerned about that before you left for the States, or did it seem remote? What about--

Tang: In '46 it was still remote. In the papers, I still remember we were going to eliminate the Communists. At that time, they were fighting in Manchuria. Oh, we were going to just annihilate the Communists in six months. Well, I certainly believed it. I guess in '45, right after V-J Day, and in May '46, when I left Shanghai, nobody thought that the Communists would prevail.

Wakeman: They were very active in north China already.

Tang: Oh, yes. Fighting in Manchuria. I was told, of course, the Russians gave them all the ammunition, which they took from the Japanese. So the Communists were well equipped.

Wakeman: And what they took from the Nationalists also.

Tang: Later on, yes, when they came down south. Then it became a free-for-all, especially when they got to the river, coming across the [Yangtze] River. After that, it was very

quick. Whole army divisions would just be surrounded. Also, they bribed some of the army commanders. But mostly, I think, everybody knew it was all over.

### **Family's Decision to Leave Shanghai**

Wakeman: When did your father decide that he would have to leave Shanghai?

Tang: Forty-eight. I think he moved the family out of Shanghai in '48. I was married September 18 in Boston. I came to this country in '46 by myself, but my mother took all my siblings out, two by two. The next year, '47, my mother, took my brother Michael, and the oldest sister, Connie, to the States. In '48, when she came to my wedding, she took the rest of the family, my sister Nancy and brother Oscar.

I think it was 1948 when they were attending my wedding that news came that Chiang Ching-kuo started this movement, *da lao hu*. You know, hit [strike] the tiger. He announced from such-and-such date on, everybody had to surrender what they possessed in the way of gold bonds and U.S. dollar[s]. You're supposed to surrender all that, or change it to Chinese currency. When that date came, those who did not surrender [their foreign currency] were supposed to go to jail. I think it was just at the time of my wedding in '48.<sup>5</sup>

So after that, my parents started to move to Hong Kong.

Wakeman: So Beijing was occupied in December '48. The Red Army--the People's Army had--

Tang: Yes. They probably came down from Manchuria.

Wakeman: They had already taken a couple of other major cities before Beijing.

Tang: Yes. And Chiang Kai-shek was already preparing--at least, that was everybody's comment--that he was ready to loot and leave and go to Taiwan. He packed up the palace treasures and all that sort of thing. That's when my father decided to clear out of Shanghai. But even then, he had expected one day to return to China, because a lot of people thought the Communists wouldn't last very long. They were used to living under

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5. The Nationalist government announced the issuance of its new currency on August 19, 1948, when all gold, silver and foreign currency in private hands was called in for conversion to the new money. Chiang Ching-kuo, son of Chiang Kai-shek, enforced stringent economic controls, which coincided with the rationing of industrial raw materials, such as cotton, in the name of national emergency and post-war rehabilitation. A "tiger hunt" was started against illegal practices by prominent businessmen, and numerous arrests were made in September, which included some wealthy citizens. A few executions were carried out with much publicity. See A. Doak Barnett, *China on the Eve of Communist Takeover*, p. 72-73. Rong [Yung] Hong-yuan was arrested in Shanghai for an unauthorized purchase of Hong Kong dollars to pay for a supply of cotton, and spent over two months behind bars before a bribe of a half-million U.S. dollars bought his release. See Wong Sih-lein, *Emigrant Entrepreneurs*, p. 19.

the warlords--living [in a situation where] one day somebody comes in, and the next day [the military advantage shifts]. So very few people, I think, thought that the Communists would last.

Wakeman: When did your father close his factory in Shanghai?

Tang: Oh, the factory in Shanghai was never closed. It was just that he also started the operation in Hong Kong, but no, Shanghai went on. After the war, of course, the Wuxi mill came back [from the Japanese]. And after the war, for some reason or other, they set up small spinning factories everywhere along the railway, from Shanghai to Wuxi, a few thousand spindles per mill. Funnily enough, under the Communists, they also eventually had this *xiangxia gongye*--you know, rural industry. Eventually--you asked me what was the capacity--I think including those--yes, a few thousand spindle-mills were not included in the main organization. They were separate and subsidiaries; I think he set up another company or something. So altogether, I think under my father's control, he probably had a hundred fifty [calculates to himself]--a hundred and fifty [to] two [hundred] thousand spindles. I'm not sure of the figures because there were several of these smaller factories. I would say, a range of a hundred and fifty to two hundred thousand spindles maybe, maximum two hundred thousand.

So after the war, my father controlled the third largest amount of spindles. And how many looms--I don't remember at all, at the dyeing, finishing factory. I believe the Yung family owned half a million spindles, and the Kwoks, I think, maybe something like a quarter of a million. And so we were the third.

Wakeman: Can you give some idea of your family's wealth at that time? I don't mean necessarily in dollar amounts, but can you describe--

Tang: Well, I can only tell you that [later] in Hong Kong you had billionaires from real estate. I never measured up to that kind of wealth. The only industrialists who became that wealthy--I can only think of one, Chen Ting-hua, in Hong Kong. But he went into real estate in the seventies. He's now a world-class real estate man. He's in *Forbes* magazine, I think. But he's still keeping the textile operation going because he doesn't want to be known as a speculator or a trader or a real estate [baron]--he wants to be known as an industrialist. Still that old idea.

But in fact, he was a very smart investor/speculator. He made a fortune in the stock market in the fifties and sixties. He decided to buy a dilapidated building that went bankrupt, and he got into the textile business that way in the late fifties. By the early eighties, his textile mill was the biggest in capacity in Hong Kong. But in the seventies he went into real estate, and today he's probably losing money on the textile side. That's ten, twenty million, thirty million a year loss. But he's making maybe half a billion Hong Kong dollars in real estate, so he doesn't care. I mean, that's small change. And still he's known as an industrialist.

By the way, I tried to twist his arm to give money to Berkeley because, you know, he has a foundation, the Chen Ting-hua Foundation, which is, I think--I'm not sure, but probably a billion U.S. dollars. But he said, "No, I give all my money to Buddhist causes." So Julia [Hsiao] was--I think somebody at Berkeley was very smart somehow. They said, "Oh, yes, we have a school of"--I don't know.

Wakeman: Buddhist studies.

Tang: Yes, Buddhist studies. And I understand from Nadine that they were able to get a million dollars for Buddhist studies.

Wakeman: Great!

Tang: So anyway, yes.

### **Early Experience in the United States: MIT and Brown**

Wakeman: Well, let's talk about your experience of leaving Shanghai--leaving your girlfriend, your family--and moving to MIT. What were your studies like?

Tang: Yes.

Wakeman: Your own experience going abroad.

Tang: When I left Shanghai in May 1946, I was nineteen years old. Of course, I left my family really [for] the first time because all during my nineteen years in China, I was not allowed to--I mean, I didn't have an opportunity to travel or go anywhere. So that was truly the very first time I left my family for more than one day away. As soon as I arrived in the U.S., I missed my family, I missed my girlfriend; but then pretty quickly I was able to adapt to the situation here. It was very easy to adapt in America, the land of milk and honey and all that's good.

My first impression was the waste, however. I used to hold [onto] wrapping paper--you know, in Shanghai, especially during the war, you'd save all the wrapping paper. It's such good quality, and I noticed the wasted food and all that sort of thing. That was my first impression.

Wakeman: Where did you stay that summer?

Tang: I stayed with my aunt, who was quite a few years older than my mother. She more or less took care of my mother when they were in England together. Then she married a diplomat, Nationalist diplomat, Dr. C. R. Hsia, who had gotten his doctorate from Edinburgh University. At that time, he was with the Chinese Information Service, and he was also attached to the U.N. Actually, the first impression was when I arrived in New York, oh, maybe one o'clock in the morning, and took a bus from La Guardia to West 72nd Street. In those days, that was a good residential area, and I remember driving along Broadway, and all the lights were on. It was really an amazing thing, at that time of the night. People were still--

Wakeman: In the streets.

Tang: In the streets and all that, and it was quite amazing. Then I had my first experience at a cafeteria [Horn and Hardardt's]. Today you don't see [the automats].

## [4A]

Tang: I stayed with Aunt Hsia until I left for summer school in Virginia. I was able to get in [on] short notice in June. I took a train to Blacksburg, Virginia, to Virginia Polytech[nic] Institute, VPI, in the mountains. And then spent a summer there. I remember I stayed with a landlady, and I felt pretty lonely.

Wakeman: Pretty far from home.

Tang: Pretty far from home, and [a] really strange place, not knowing anybody in Blacksburg. I remember buying a pair of Florsheim shoes for five dollars. [laughs] The landlady was quite nice, but I didn't make any friends.

Wakeman: Did you take engineering courses? Study English? What were you studying?

Tang: Engineering courses, English. I remember getting an A in English. But when I first got there, I didn't know what the English teacher was talking about for two weeks. You know, the Southern drawl was very difficult. But anyway, I ended up with a[n] A in English.

And then--I have not much memory. Where did I eat? I don't even remember where I had my meals. Probably in the school cafeteria as the landlady [didn't provide] room with board.

After summer school, I went back to my aunt. In the meantime, I had applied to MIT, but it was impossible on such short notice, because they had the GI. Bill, and they said, "Try next year." But I was able to get into Brown University. I think my aunt knew a friend or something, so I went to Brown University for a year, and then I was transferred to MIT in [thinking aloud] '46, '47--yes, '47.

Wakeman: How did you like Providence?

Tang: What?

Wakeman: How did you like Providence? I went to Brown myself.

Tang: Oh, you did? I didn't see much of Providence, but life was better because [in] '47 my first wife arrived and went to Pembroke for a year when I was there, yes. So life was looking up.

I lived in the dormitory, and my roommate was a captain in the marines, the air corps. He was a pilot, and he had been flunking out of Brown. Then he went to war, came back, and he really studied hard and was a changed person and did very well. So I had a good time at Brown, actually.

Wakeman: But then you applied again for MIT for the following fall?

Tang: Oh, yes. It had to be MIT! [laughter]

Wakeman: Did your girlfriend stay at Pembroke?

Tang: One year, and then moved to Boston when I went to MIT. By then her father had died, very young, of a heart attack, and her mother was a widow [Huang Yu Pao]. She was the only child, so she and her mother lived together. We went to Boston, and we shared an apartment [after I spent a short time] in the dormitory.

Wakeman: Where were you in Boston?

Tang: An apartment in Kendall Square which was on top of, I think, a shoe shop. It was looking right onto that big Citco sign. Anyway, that was '47, right?

Wakeman: So you were a sophomore.

Tang: Yes, okay. So we were there one year, and then in '48, September, we got married, and we stayed on in that apartment for two years. And then [in] July '49 Martin was born, so we then had to look for a three-room apartment, and we ended up off Harvard Square in an apartment behind Harvard Law School.

The MIT period--actually, I didn't like it at all. First of all, I didn't like engineering.

Wakeman: Were you doing chemical engineering?

Tang: Chemical engineering. Secondly, it was called the brain factory. I was in the dormitory for only one semester, but anyway, there was no campus life. Everybody just would go to class and then get back to the dormitory and hit the books, and tomorrow's another day. That's why [later] I kept asking Howard Johnson, and the successive presidents, "How is campus life?" [I learned] it's entirely different today. There's a lot of campus life.

Wakeman: Did you make friends either at Brown or at MIT? What about the process of assimilating into American life? Joanna was talking a lot about that, how important her roommates at the University of Indiana were for her, and the time she spent at their homes.

Tang: Yes. I guess girls were more accepted. I was never invited to any home. But my dorm mate in Providence--his home was on the West Coast. Apart from him, at Brown I didn't make too many friends. The people around, the other dorm mates--they were not very friendly to foreigners, I guess.

But at MIT I had Madeleine with me. And I wasn't living in a dormitory.

Wakeman: Not too much opportunity to mingle with--

Tang: It was after our marriage and when I got to Harvard Business School [that] I did make a lot of friends. There were quite a few married students, and we made a lot of friends. At Harvard Business School, it was an entirely different atmosphere.

Wakeman: What year did you graduate from MIT?

Tang: 1949.

**Experiences of Friends and Family, 1948-1950s**

Wakeman: How closely in touch with your family at home, and your father, and events in China were you during the time you were in Boston? Did you follow the news very keenly to understand what was going on in China, or did you feel cut off from that?

Tang: Well, my father was not a very good correspondent. My mother certainly wasn't. I think I used to get some letters from my father, but I don't remember much.

Wakeman: The Communists took Shanghai in May, '49, right?

Tang: I thought it was later in '49.<sup>6</sup>

Wakeman: Anyway, in spring.

Tang: In spring, yes. I don't recall that period. As I say, I was really pretty much cut off. What I remember was really the effect on Chinese students on the U.S. side. A lot of friends I made in Boston, Chinese students--I remember there was a group of students at MIT who were studying for master's degrees. They had been [approved for study abroad] by the Nationalist government from [Southwest United University in] Yunnan, I think, late in the war. They came by India, and I became friendly with quite a few of them. One finished MIT and he couldn't get a decent job. In those days Chinese weren't very acceptable here. [tape interruption]

He told me he was going back to China. He was an excellent student and a good engineer, but it's a pity that [he couldn't find appropriate employment]. In several of these cases, it wasn't really great patriotism [that prompted students to return to China]; it was just practicality.

Wakeman: And some people had families in China and no way to move their families out. Many practical considerations.

Tang: That's correct. One person did get a decent job--in that group, I'm talking about. He did have his fiancée--[tape interruption]

He brought his fiancée from Yunnan. They were all sent from Yunnan to go to MIT as part of the government. So this person's home was Kunming, and his fiancée came out. I remember he got married, and he found with Sylvania, a fairly decent job, and I think he worked out and was quite successful, so he settled down [in the U.S.].

Wakeman: What happened to your friend who returned to China?

Tang: Of course, I never heard from him anymore. I don't know what he did during the Cultural Revolution. There was one who was an even more unlikely case. He got his MBA from Harvard, but he couldn't get a decent job [in the U.S.]. You know, the business community was more difficult--it was easier for engineers to get a job. He

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6. Communist troops entered Shanghai on May 25, 1949.

definitely went back to Communist China not because he wanted to, and I got a letter from him a couple of years after he left. He was complaining about [conditions]--really hated the atmosphere. Of course, that [letter] was very unwise, I think. I'm sure he must have been treated very badly during the Cultural Revolution, if he lasted that long, if he lasted that long.

Wakeman: Did you ever feel tempted at all to return to China?

Tang: No, no. With my family background, the Communists were really the scourge. I was never idealistic. But anyway, what I remember [about] that period is really only the reflection--for instance, on the students of the Chinese community in Boston. Oh, very interesting story--when I arrived in Boston, my cousin, Aunt Hsia's son [David Hsia], was at the Harvard Medical School. He really took me around to see his friends and all that. That started even when I was in Providence. And I was accepted and taken in. One of the families who befriended me was Paul Lin's. Have you heard of him?

Wakeman: Yes.

Tang: Yes. He married the daughter of a banker. So anyway, they took me in and drove me around and showed me Gloucester and Salem. Then soon after I arrived in Boston they left, and I found out later that they had left for China. No, it must have been after 1948. He really went back to the Communist cause, and he was never heard from again by all the friends. Only after the opening up in the late seventies, one person said he thought he heard Paul's voice in a film about China. It came out later on that he was sort of an assistant to Zhou Enlai. Just around the time of the Cultural Revolution, Zhou Enlai got him out of China, and he went back to McGill [University].

Wakeman: I don't know that story. Where was he, then, from '48 or '49, whenever he returned--where was he until the late sixties?

Tang: Late sixties, yes. Apparently, he was an assistant to Zhou Enlai, an interpreter. But, as I say, in that period I saw only the reflection. Students went back to China, and some involuntarily, or not with enthusiasm. Others, like Paul Lin, it was a big surprise, the son of a Canadian-Chinese minister, married the spoiled daughter of a well-known banker--of all people.

Then came the big investigation of all the [Chinese students in the U.S.]. My cousin was active with the CSCA, the Chinese Students Christian Association, and so I also joined. My cousin was once chairman or something, and Paul Lin was also a chairman.

## [4B]

Tang: There was a big investigation of all the CSCA activities. I remember in 1950 having a visit from an FBI agent asking about whatever I knew about the CSCA, which was nothing. I wasn't active. I was just a member. And I'm not a good Christian, either! But I remember that they were investigating. Then, of course, just the news from the newspapers that the Communists had taken over Shanghai. Nothing more than what was in the newspapers.

[I remember] little things, like my family moving to Hong Kong. My mother told the story once about her mother coming to Hong Kong. She couldn't get used to life there and said, "I just can't take it." So she went back to Shanghai, even though the Communists had already come in.

Wakeman: What happened to her in Shanghai? And did any other members of your extended family stay behind in Shanghai?

Tang: No, she went back by herself.

Wakeman: What happened to your grandmother in Shanghai?

Tang: She did all right. I think sort of a quiet lady, Soong Ching-ling [widow of Sun Yat-sen]--

Wakeman: Took care of her?

Tang: Yes, Madame Sun--so they didn't bother her. She lived in an apartment by herself. I'm not surprised that she couldn't get used to the life in Hong Kong, because when they moved, they brought along some of the textile factory staff. Also my father's friend and partner in some of the business ventures in Hong Kong--he and his family also moved. My father bought a house, a small house, so everybody had to live there. As I say, even two or three of the staff from Shanghai lived there, so it was partly dormitory, partly home. So it was crowded, and I think it's not surprising that my grandmother decided to move back to her own, comfortable apartment in Shanghai.

Let's see. What else about that period? In my personal life, in the summer of '47, before going to Brown, that summer Madeleine's father died. In '48 we got married, and in '49 Martin arrived. Then MIT. Through that period, as I said, I really didn't like life at MIT. I never felt an attachment to MIT, actually, until after Martin graduated from Sloan--and [there was a] three-generation relationship. Then I also realized that the MIT name had really benefited my life a great deal.

People say that where you went to college only matters for the first five years of your business life, but I think it's been beneficial all the way through my career. I was a very poor student at MIT, so I was quite grateful to be able to go through the program and squeak through. [laughs]

Wakeman: Did you know all the time you were at MIT that you would be returning either to China or, as it turned out, to Hong Kong to take a part, to play a role in your father's business? Or did other possibilities for your future occur to you?

Tang: After 1950, after the [start of the] Korean War, I knew I would never be going back to China. I really didn't have enough of an idea how significant [my father's] operation was in Hong Kong, and whether it would be [successful], but vaguely, I figured if it was of any significant size at all, he would want me to go back eventually, even if I didn't [want that]. I guess the truth is I expected that I would go back to Hong Kong.

If the Communists hadn't come in and Shanghai had carried on, I'm sure I would have had no doubt, and I would be happy to go back to Shanghai. But Hong Kong--you

know, I had never been to Hong Kong. From all reports, it was sort of a provincial village-type of thing. I wasn't sure.

### **Harvard Business School and Growing Family**

Wakeman: I asked because you said you squeaked through as a student, so I wondered what kind of motivation you had to continue to study chemical engineering and how you thought you would use your education after you finished MIT. Did you know you wanted to go to business school?

Tang: Oh, yes, yes. All I knew is that I wouldn't continue as an engineer. No way. And I wouldn't be qualified to get a master's degree, anyway. I wasn't good enough as an engineer. So what else? Well, I wasn't interested in law or any of the professions, so business sounded very good, attractive to me. That was, as I say, my own decision. My father was supportive of that decision, but also I'm sure he didn't want me to go back at that time because in '49, South Sea was not doing well. As I said, the Korean War saved all the Hong Kong textile companies.

Wakeman: So in the fall of '49 you went to business school.

Tang: Yes, right. And it was [a] very difficult, very hard transition. With most students that's true, but in those days there were not too many engineers who went to business school. They were mostly liberal arts graduates. And there were a lot of older students from the Pentagon, quite a few colonels and majors. Of course, they were much more mature, and had many years of experience with procurement and the business side of the army and navy and air force.

For me, it was very difficult to make the transition because at MIT in engineering, one plus one is equal to two. There's no other consideration. At the business school they don't tell you anything. You wonder what you're paying good money for--just a lot of B.S. and class discussion. They say there's never one definite solution. One plus one may equal two, may equal two and a half, three. It's not an exact science.

And also the teaching method [was different]--you have no books. You discuss the cases, and there's no theory, no formula. Then each draws his own conclusion. You interchange ideas, and the professor doesn't tell you what the solution is--never.

Wakeman: This was a new way of thinking.

Tang: Entirely new way. It's a process of making you think, making you analyze things and come to a conclusion. That's really good training for life, but it was difficult. By Thanksgiving you're thoroughly demoralized. What's going on? That applies to everybody, but to the engineers especially. So I did poorly the first semester, but then the second semester I began to recover. Then disaster struck.

Martin was born in '49, July 6. Just after the start of the Korean War, in October 1950, I had a bad cold and a cough which wouldn't go away, so I went to the infirmary at

Harvard, and they discovered I had T.B., and my second child, Nadine, was born September 29.

Wakeman: 1950?

Tang: Yes, 1950.

Wakeman: And you fell ill a few weeks later.

Tang: Yes. And, boy, the world was coming to an end when I was told that I had to go to a sanitarium in upstate New York, Trudeau, Saranac Lake. That was perhaps the darkest moment of my life. So I went to Trudeau for six months of bed rest and was allowed two visits during that time. Madeleine actually drove up to Saranac Lake twice during the nine months.

Wakeman: With two babies.

Tang: Two babies.

Wakeman: Was her mother still there, too?

Tang: Yes, yes. My mother-in-law had lived with us ever since my father-in-law died. There were a lot of sympathetic souls around, of course, but nevertheless I felt [I was] really losing [everything]. When you're that young, you think [such thoughts]--but the nine months went by. I gained about forty pounds. I was really skinny.

One of my classmates at Harvard, a Canadian, was also married and lived in the same building. We played bridge on Saturdays. But most Saturdays we had to hand in a report at the business school. The business school policy was to give you a taste of what business is like, but I remember thinking what kind of a dinky graduate school is this? Classes all day, Monday through Friday, and Saturday you have a big case to read, and you have to write a report. It has to be in by eight o'clock Saturday.

Wakeman: Saturday evening.

Tang: Saturday night, yes, eight or nine o'clock. Some of the married students would be driving the car to hand in the report and meet the deadline, while your wife is still typing in the back seat. [laughter]

So after eight o'clock Saturday, we used to play bridge until Sunday morning.

Wakeman: Were most of your friends Chinese?

Tang: No. As a matter of fact, they were all non-Chinese. One was a colonel from the army, a very nice person. Another couple, Canadians. And another couple from California. We four were sort of a discussion group, but more, really, friends. And this other Canadian couple were the bridge partners.

Wakeman: So you spent nine months in--

Tang: In Trudeau and then came down from the mountains and went back to finish my second year, but I was not allowed to take a full load, so the second year I took three semesters, and I actually graduated in '53, spring. But I'm still considered class of '51 because all my friends were class of '51. So I went back and finished Harvard Business School in '53, spring.

I couldn't get a decent job in administration or marketing, but I took an offer from Mobil. It was basically an engineering job, funnily enough. I worked in [a] small refinery in Brooklyn. That was the only refinery in metropolitan New York, I guess. The capacity was 10,000 barrels a day. In those days, the optimal size would be 60,000 or 80,000. Some refineries in Texas produced 100,000 barrels.

So six months after I joined, I was given the job of helping to design sort of an expansion from 10,000 barrels to 15,000. I was sent to 26 Broadway to work with the refinery engineering economics department at [the] head office, 26 Broadway. That's where the old Mr. Rockefeller reigned. That was interesting.

Wakeman: Where did you live?

Tang: In Great Neck [Nassau County, Long Island, NY]. We bought a little house actually on the border of Great Neck and Little Neck [Queens County, Long Island, NY]. Bought a house--very small house. My father used to call it a doll house.

## [5A]

Tang: I had a good time in [the] refinery and made good friends. Very nice people. Then, by I think 1955, early 1955, my father wrote and said, "You have proven yourself to be able to make a living. Now it's time to come back to the family business." So in May 1955 I went back to Hong Kong. I took a leave of absence for six months because I wasn't sure whether I would like it, so that was the understanding. I went back to Hong Kong in May and then stayed on ever since. Looking back, I would not want to trade that for anything in the world. It's been such an interesting forty years. Went through all the crises, one every two or three years, political.

Wakeman: When was your second daughter born?

Tang: Fifty-five.

Wakeman: Did you have three children when you went back to Hong Kong?

Tang: Yes. In '55, March, Leslie was born, and in May I left.



## II HONG KONG

Wakeman: Did your wife have any reservations about moving the family to Hong Kong?

Tang: Yes. But, being a Chinese--although she was quite westernized--[she agreed]. One thing she had reservations about was [arrangements] for the children. In the States, you go shopping, you have some swings and all that sort of thing for the children, and the shopping mall. Children are catered to very much, and in Hong Kong in those days there was nothing for children. That was the main concern she had. But then, after a while she liked her life there, with domestic help and a cook. We had always eaten well [in the U.S.], because my mother-in-law was a good cook, and that was her department. I washed the dishes! And [helped with] cleaning and the laundry.

Wakeman: Did your mother-in-law move back [to Hong Kong] with you?

Tang: Yes.

Wakeman: And what was it like? Did you think you'd ever be returning to the States to live? Did you have a feeling that you were closing that chapter of your life?

Tang: Actually, yes. I don't think it was six months before I made up my mind. In Hong Kong the quality of life was tremendous at that time. Business life was not as hectic, and life was quite enjoyable.

Wakeman: Can you describe it? What made life enjoyable?

Tang: Yes. Actually, I went back to Hong Kong via Tokyo, and so traveled with my father from Tokyo to Hong Kong. When we arrived, he said good friends of his, living in Repulse Bay, had invited us to have a swim and go up for tea. I stayed with my parents on MacDonnell Road, in an apartment. So we drove down Garden Road, and I still remember, you had a traffic cop standing there, directing traffic. And he was wearing shorts, like in Bermuda today, and hose. And then you rode down the hill and you saw the cricket club. [Under British rule] it was really, as I said, like Bermuda today. So we had a swim at Repulse Bay beach. Very few people there, even on weekends.

Wakeman: How many houses in Repulse Bay then?

Tang: Where my father's friend lived, you didn't see any buildings. The houses were nestled behind the trees. But on top of Repulse Bay, up a driveway, there were two twelve-story high-rise buildings.

I think shortly after I arrived, I had already decided to stay. The quality of life was very good, but also there was a lot of politics. On the hillsides there were numerous shanty towns and--

Wakeman: Fire.

Tang: Fire, yes.

Wakeman: And public health problems and epidemics?

Tang: Yes. And a lot of refugees without jobs. I remember hiring our first set of domestic help, two women. One was a cook, and the other one was general amah. Seventy Hong Kong dollars a month. So you know, there was poverty at that point.

Wakeman: Were they refugees, the women you hired? Who were they?

Tang: Well, I don't know. These amahs were from outside Canton, about fifty miles from Hong Kong. They all had a queue, and they all vowed not to get married because in Canton men used to not work or support the family. Anyway, I think women just didn't want to get married. They kept a queue as a symbol.

In that period everybody sort of felt these industrialists really contributed to the economy because employment was very important, because of all the refugees.

Wakeman: So you bought a house, and your wife came--I assume she came later with the children.

Tang: Oh, yes. My family came at Thanksgiving time. So from May to November I was alone. Well, I was not alone. I was living with my parents. By then the six months of leave of absence was up, and that was the closing of a chapter. My wife sold the house and moved back. [tape interruption]

### **Apprenticeship at South Sea Textiles**

Tang: In Hong Kong I was on a salary which was not that large and I couldn't afford to buy a house. I rented an apartment near my parents, on the same street, MacDonnell Road. I think the rent was nine hundred dollars a month, Hong Kong. Of course, at that time, the exchange rate was roughly five to one. Presently it's roughly seven point eight [7.8] dollars to one U.S.

Wakeman: How big was the apartment?

Tang: Oh, it was about 1,800 square feet. It wasn't really big enough. It didn't have enough rooms, so the two girls shared one bedroom. We had our room, and my mother-in-law

had to share a bedroom with my son, who was pretty young. Actually, we didn't have enough bedrooms until I bought my first apartment on Bowen Road which had four bedrooms. That was in the mid-sixties, when Leslie was already eight, nine years old. But [in 1955] living was very comfortable, even on a small salary. I remember I was paid three thousand dollars a month. My father said, "You have to start low," because I shouldn't make more than the [other managers].

Wakeman: What was your job?

Tang: My father was shy about putting me into the textile business, so I had some odd jobs with South Sea Textiles, but I mainly took care of Mayfair Industries, which was just started at the time to make zippers, zip fasteners. That was a small start-up company. I was in charge there until it was sold. But I became involved with South Sea a couple of years after I arrived [when] I went to work in the mill.

Wakeman: Where was the mill?

Tang: The mill was in Tsuen Wan, which is nine and a half milestones from the city, from Kowloon. The milestone is measured from Tsim Sha Tsui. I remember the journey was twenty minutes. We had to cross the harbor by ferry, and then the factory car would be waiting underneath the clock tower at the Tsim Sha Tsui ferry station. And then go to the mill, maybe twenty minutes, and very little traffic.

In '56 or '57, soon after I arrived, they started to build a new road. Before that, it was very narrow, sort of like a country road from the outskirt[s] of Kowloon to [Tsuen Wan].

Wakeman: Tell me a little about the mill. How big was it?

Tang: It was started with 10,000 spindles, and then by 1955 my father had bought some Japanese spindles, Toyota, and in '52 or '53 he started [a] weaving operation, so by 1955, we had not quite 20,000 spindles and maybe 200 looms.

Wakeman: Where did the looms come from?

Tang: Also Toyota, yes. That's why [the] Toyota company regarded the Tang family as friends. As I mentioned last night at dinner, we were offered the agency for Toyota motor car[s]. That's a story in itself. Maybe I should later on mention that in regard to my experience with the Japanese market in Japan, yes.

Wakeman: How many employees, at this time?

Tang: I would say 1,500, or around that, workers and staff. It was unusual at its time in that my father bought a large piece of land, preparing for expansion later. The land was something like eighteen acres. But the land was divided by the road, and we had a tunnel underneath the road. One side was manufacturing machinery. On the other side, the larger piece of land, we had a dormitory--male and female dormitories--and a large garden with flowers. We had gardeners and dormitories and cafeteria facilities.

In American business history, that period was known for its paternalistic management style. In New England and even after they moved down to the South, all the textile companies owned the towns. They had housing for workers and staff.

There are a lot of similarities between the U.S. and Hong Kong.

### **South Sea's Labor Force**

Wakeman: Did most of the employees live there in the dormitories, or did some of them have families? Did the families live in the dormitories?

Tang: Yes, the staff families. For the workers, no, we didn't have family dormitories. In those days, housing was very short, so it was subsidized housing. Of course, they all liked it very much. Only in the seventies, did they start to move out. As incomes started to go up, they could afford to live outside the factory. They didn't want the dormitory life and, you know, disputes with the wives and the servants. Some of the staff, the more junior staff, had to share kitchen facilities. So when they could afford to, they all moved out. In the early sixties we built some single staff dormitories because after I got back--my first job in South Sea was, as I said, the factory management. I went there from the head office, but I didn't have authority over the mill manager. I was assisting [the] factory manager to train engineers, and I trained about seven classes, one every year.

Wakeman: How many in a class?

Tang: About ten--

##[6A]

Tang: I insisted on a college education [for managers], but I couldn't get any college graduates. In the late sixties the only university was Hong Kong University, and the top 10 or 20 percent went to government. Every year there were exams, and the top graduates would join the civil service. For the others, their first choice would be Hong Kong Bank and the British banks and the Charter Bank, and then local banks. I don't think any of them went to industry.

Without any college graduates locally, we recruited from China. In the fifties I think the universities carried on from the Nationalist day[s]. They were not too bad.

Wakeman: How did you recruit in China?

Tang: These were kids, boys who came to Hong Kong after they graduated on the mainland. They just came and applied--newspaper ads. And the balance came from Taiwan universities. In those days, you see, it was very difficult to get into Hong Kong University. There were so few places. So some of the Hong Kong students actually went to university in China. Others went to Taiwan, and when they came back they applied.

We couldn't just recruit textile engineers.

Wakeman: There weren't any.

Tang: There weren't any. So anyway, I trained through the years, about seventy-odd, but I lost all of them. I started losing them, really, very soon after they completed their one-year training. They had classes on spinning technology and weaving technology, all given by the chief engineers in the mill. During that year they also went into the factory, for on-the-job training. I trained seventy, and I lost maybe a quarter of them even before the Cultural Revolution because most of them were refugees from China. Some, of course, were Hong Kong people, but most of them were refugees. And because of that, 1997 [when Hong Kong reverted to Chinese rule] was always something on their mind. After the training, when Canada opened up by the early sixties, Canada's policy was to attract as many people as possible because it's such a big country and sparsely populated. To develop the country's economy they needed talented people. And so race was not a problem. At one time they didn't welcome Chinese or Asians--not as bad as Australia was, but I think Canada was still a bit difficult.

Before the Cultural Revolution in Hong Kong, maybe '64, I remember going to see the person in charge of immigration at the Canadian Commission, who was a good friend of mine at the time, Bob Thompson. Some of my students had applied to go to Canada. I talked to him, and found out that their policy was wide open, so I lost maybe a quarter or 30 percent of the seventy people I had trained.

After the Cultural Revolution, '67 in Hong Kong, I lost more. I think by 1970 I had lost at least half.

Wakeman: And most of them emigrated to Canada?

Tang: To Canada, yes. You know, you have a few going to Canada and then, of course, everybody [follows]--and of course the ones I lost were the best, because they were the more adventurous and more confident and were willing to take risks, so that was quite a blow. Really, I tried to train [new personnel] partly because our existing factory management was getting on--

Wakeman: Those are the people who came from Shanghai?

Tang: Yes, yes, yes. They were all chief engineers. Middle management was pretty weak in the sense that a lot of them came up from the ranks. I always have felt--I guess like my father--that everything being equal, it's better to have some education. So I trained them to enhance the quality of the middle management, and also for the future. You could see that the textile industry was going to expand, and we would expand. And you could also see that new mills would probably come up.

We had a reputation for good management, and so all through the fifties, other mills stole from us. And all through the seventies I lost some of these--the older ones who came up through the ranks. They went to new mills or existing mills [that were] expanding. None of our competitors had any training course[s]. So it was much easier to just raid us! Many a time we discussed what are we going to do? Of course, you can't compete with Canada. You can't compete with a politically safe country. They just didn't want to be around, too close to the Communists. You can't do anything about that.

But how do you prevent competitors--there's no way, either, because they would just get a junior engineer from us and make him chief engineer because we had a good reputation. So the conclusion was always just to discuss what could we do. There were too many of them [trainees] for us to make [them all] chief engineers. So anyway, through the seventies that was a heartache but something that you can't do anything about.

Wakeman: Can you talk a little bit about the laborers and also about the relation between workers and management? How much was an average wage for an ordinary worker in '55 or in the late fifties?

Tang: Yes. An average worker in '55--I mentioned I hired servants before my family arrived--one maid and one cook, [and paid] seventy dollars Hong Kong a month. But that includes board and lodging. In the mill, they were paid a little more than that. [They had a] dormitory, so that's equivalent to the maids, but they had to pay [for] their own food, but [there were] subsidized meals. Labor was plentiful even [in] '55. When we started in '49, apparently, there were hundreds lining up at the gate and applying for jobs. But even [in] '55, when I arrived, six years later, you put up a notice just at the gate, and you'd have ten, twenty people come in and apply for that one job.

Plentiful, but it was not that easy to manage because of the fact that you had a rightist union and a leftist union in the mill, both trying to organize. It was a delicate situation even before I arrived. There was never a strike but there was one period [in 1956] when the unions were really fighting each other.

Wakeman: Which union was stronger in South Sea Textile?

Tang: The rightist [pro-Nationalist] union was stronger, but the leftist [pro-Communist] unionists--just like [in] China before the Communists took over--the Communists were more devoted, more dedicated, and they were better organizers. We were on the surface neutral. No politics. All we care [about], really, is business. But the rightists, the pro-Nationalists, were bigger in number.

Wakeman: So on the surface you were neutral, but under the surface?

Tang: Well, I think we helped the rightist union. But we also saw that a lot of them were really not very devoted. What they really wanted was a little favor here and there. But anyway, we had a personnel manager in the mill who was very, very capable. He actually didn't like the rightist union organizers, either. As a matter of fact, we sort of had to favor the rightist union because all the textile mills--the spinners association--had a relationship with the rightist union. They were connected with Taiwan, members of the [Guomintang] party and all that sort of thing.

But I think our personnel manager was very capable and clever. He started to organize his own group of workers with what he called *wu hao*, the five virtues--hard work, and faithfulness--the five virtues. They would go for an outing on the first of May and for the August moon festival--you know, they could go have an outing.

After the first three classes of trainees graduated and had some experience in the mill, we started a movement to increase productivity. Productivity was very low. That's when

I went to Japan also, not only to buy machinery and chemical fibers, but also to make connections with some of the mills that had a strong reputation, like the automobile industry. The textile industry was the first Japanese industry to really impress the world with its quality and efficiency. In the sixties and seventies they were really, I think, considered the best in the world, better than the German textile industry in efficiency and quality control. Exactly like what Toyota did [later] in the automotive business.

So I went to Japan, and we had three different periods where Japanese advisors stayed in the mill. That's when the personnel manager's capabilities showed. We needed a core work force to be the pioneers. Workers didn't like to [excel]--because they didn't want to show up their peers. Even though they had the capability, they didn't want to be different from their peers. Funny.

Wakeman: How did you overcome that?

Tang: This is where our own organized work force, the *wu hao*, the five-virtues-workers came in. They spearheaded, and the young engineers, of course, led. And with the help of the Japanese consultants--

Wakeman: Did productivity go up?

Tang: Yes.

Wakeman: You never mentioned what kind of textiles South Sea was producing?

Tang: Well, until the late sixties it was all cotton. In the late sixties we became a member of the terylene club. ICI [Imperial Chemical Industries] had invented or discovered the polyester fiber. DuPont licensed it from ICI. Anyway, ICI wanted to sell fiber to Hong Kong, and they picked three mills. They wanted the top quality producers. So we bought new spindles and built a new factory in the compound. And then we started to produce blends, polyester-cotton.

Wakeman: What year?

Tang: It must have been 1964, because that's the year South Sea went public. I remember ICI took 5 percent to show support for South Sea and took 10 percent when we went public. That was my father's idea, to spin this fiber, the blend. You need higher quality workers, and I was dubious about that, but we started our own high school to educate the workers. Actually, we invited an old educator to come and advise us.

That Dr. Sun was principal of Shanghai High School. It was really a competitor of Nanyang Model School and very good in science, math, or preparing the graduates for engineering school. This person came to Hong Kong as a refugee. My father was one of the founding members of this middle school when the Jiangsu Association started a school in Hong Kong. And Dr. Sun was president of that school in Hong Kong, and he brought it from nothing to one of the highest-standing middle school[s] in Hong Kong.

## [6B]

Tang: A lot of the graduates eventually got good jobs. Some came to work in an office, and it was a very successful venture. I was dubious in the beginning because of the cost, and I didn't think it was necessary--you know, the spinning of the blends was really not much different from the spinning of cotton. But anyway, if you had to spend that money, you might as well be successful. It was also to the benefit of Hong Kong education, I suppose. It was a pretty high-level school, and South Sea Middle School's academic results were very good.

Wakeman: How long did you run this school?

Tang: It continued from about '64, '65, until about, I would say, '77, '78. It was discontinued, actually, when Hong Kong was beginning to be less and less competitive in textiles. By 1979, '80, one very good mill actually shut down because they made a wrong decision to go into weaving. They were only in spinning, and when they went into weaving they lost a lot of money. And then they went into making denim at the tail end of the denim boom--you know, the fashion jeans. Hong Kong's denim industry really boomed and made a lot of money, but they came in at the tail end. They were one of the best mills, but they shut down and moved everything to Indonesia. That was about the time we had to close the school.

Wakeman: So why did you close?

Tang: For cost reasons. And also by '78 I started to reorganize the operation because I had sold some of the land. That big piece of land which was [intended] for expansion actually came out to be a real boon. That side [of the plot] was not used--it was maybe ten or eleven acres. By the time we moved the last machinery to a new site in '82, '83--by then most of that land had been sold. This is a very good indication of the socioeconomic development in Hong Kong. I totalled up the profit from the land, and we made a lot more money from the land than all those years from '49 on in manufacturing. A lot more. It's a very unbalanced sort of an economy. If I had waited until '96, the top of the boom in real estate, that land would have brought maybe five times the money.

Wakeman: And it was which year that you sold it?

Tang: I sold one piece in '78. Actually, I left a small part in a joint venture with Mr. K. S. Li. That was eventually sold in '89.

Wakeman: Let's go back and talk a little more about the fifties. We jumped ahead. What was Hong Kong like? What things do you remember especially about life in Hong Kong? Were there many refugees coming during the famine years at the very end of the fifties and early sixties?

Tang: Yes, yes. Shall we sort of divide my experience in Hong Kong into, say, three different areas and [give] an overview of each, and then later on maybe we can fill in [the details]? The socioeconomic aspect, the political, and the industrial development--the textile industry and manufacturing. Of course, the socioeconomic development is very

much related to the textile industry or, rather, that's an important part of its development through the seventies.

### **Textile Quota Negotiation**

Tang: So anyway, the industry part--maybe I should go back to 1955. It was very profitable. The textile industry was very profitable in the fifties and sixties, and a lot of new factories opened up. When I arrived in 1955 there were nine mills, and a lot of them weaving factories. They were always smaller. You see, in the textile industry, spinners have always been, as I mentioned, kings. In the early days--late forties into the sixties--spinners were the kings in the business social structure.

But then you had a big event that affected the industry in 1958. A big delegation of Lancastershire mill people came to Hong Kong for industry-to-industry negotiations. They requested Hong Kong to agree to a voluntary quota to give them breathing space. They said they had to reorganize their industry and they needed to renew their equipment to be more competitive.

Colonel Clay represented the British trading interests--he worked for Hutchison, the big trading company. My father represented the spinning and weaving--the textile interests. And Mr. C.C. Li represented the garment side. We [had] negotiated with Lancastershire before, [but this time] a quota was arrived at. Of course, the Hong Kong government supervised that. The total textile exports to England would not exceed a limit which was the shipment figure of that year, 1958. It [would] stand still.

The textile industry undertook to be the backer. Garments shipments could double or whatever, and spinners would take the slack or absorb the overshipment. So that was the arrangement.

Before the three-year agreement expired, Lancastershire, through the [Hong Kong] government, requested a continuation, another three years of breathing space!

Wakeman: What did you think of that arrangement?

Tang: Well, I was vehemently against that. Of course, after the first agreement was implemented we lost out because they shipped more garments. But that was okay. That agreement was [an] internal matter. But three years later I didn't think it was fair for them to ask for another period. Actually, there was a lot of resentment because it's the mother country that's coming to limit our free trade rights.

Then there was a lot of pressure from [the] Hong Kong government, who got pressure from Whitehall, and eventually I was one of these Young Turks at the time, a troublemaker. We sort of agreed with the garment people--spinners, weavers and finishers--we signed our names in blood [and pledged] to resist to the last man and all that.

And somebody very, very clever, who was an old friend of mine, he sold the industry down the river. He went to the government and gave the government this idea, and he started talking to the weavers. The garment people were given some sweetener, that they would keep the [present] level and maybe get more yardage. But the first to break the line were the weavers.

The quota logically would be based on past performance. If you ship a million square yards to England, the performance in the last two, three years, let's say, would indicate that you had the capability and the market and all that to use that quota, so you should get [the quota based on] past performance. But this friend of mine was very clever. He bribed the weavers. He said, "Instead of going on a past performance basis, let's go on a loomage basis. How many looms do you have?"

Well, some of these weavers had many of these cheap Chinese-made looms, and [they were] selling rubbish to, say, Indonesia or whatever, where quality doesn't matter. They had very little past performance with U.K. because their quality was not acceptable. Boy, going on a loomage basis, they would get a couple of million yards--a windfall. So they didn't care whether their quality was good enough for the U.K.--let's get the quota first. They knew damn well that the quota would be worth money. Supply and demand, you know.

Wakeman: So what was the reason? What was the rationale for the person who was making this deal? What was his interest? Was he British or Chinese?

Tang: He was Chinese. He was in the trade. His operation would benefit also. He had spinning looms. You see, most of the spinners had looms, but there were many more looms also--independent weavers. But the ones whose quality was good enough for the U.K. market are not that many, and so the majority had many more looms than the suppliers to the U.K. market. So anyway, that broke the line of the resistance. This friend of mine became a very good friend to the trade deputy. They became lifelong friends. So a quota was imposed. It's still called a voluntary quota.

Wakeman: Was 1961 the first quota?

Tang: Sixty-one. And then, I think, in '62 America followed. The irony is, of course, the mother country was the first to impose [a] textile quota. After that, the textile industry in the whole world became subject to the quota system. By 1971 or '72, they worked out a global agreement on textile quotas. That was called multi-fiber because by then there were a lot of shipments in synthetics and blended fiber. But in '61 with the U.K.--that was the cotton textile arrangement.

Wakeman: So how did that affect South Sea?

Tang: Certainly, it slowed down the growth. As I say, we expanded around '64 and went into synthetics and blends, and that was outside the quota, so that was one of the things, and they didn't close the door on multi-fiber until '71 or '72 with the MFA, Multi-Fiber Agreement. So after the [cotton] agreement, the resistance was sold down the river, and South Sea lost a lot of past performance to U.K., which cut down [exports] drastically. Sixteen million yards down to seven and a half million yards. There was a big loss. But then they set up a Textile Advisory Board [TAB] to advise government how to

implement the quota system. My father was invited to go on [the] Cotton Textile Advisory Board [CTAB], and he declined.

Later on, I was asked, but I refused until my good friend, Jack Cater, became the director of commerce and industry, and then he invited me to go on it. It was still the Cotton Advisory Board, I think. So I joined. My first experience in international negotiation was as an advisor to go to Geneva to advise on the Multi-Fiber Agreement.

Wakeman: What year was that?

Tang: I think it was '72, and I became one of the longest serving members on the Textile Advisory Board.

### **Textile Advisory Board<sup>1</sup>**

Tang: That started, as I say, my career on the TAB, on which I served from 1972 through '84, eleven or twelve years. At the end I got an OBE [Order of the British Empire].

That friend of mine, when he sold us out, when he retired from the TAB--he got an OBE, and then this weaver who went into spinning when he went off the TAB also got an OBE, so I wasn't really any exception.

I think I left in '83. Part of the reason is, actually, I begged off because in '84 I was to be chairman of the Chamber [of Commerce], and I knew I would have very little time. But then I went back on the TAB--my arm was twisted--because in '86 they had big negotiations, two big agreements: one with the Common Market, one with the U.S. Both expired in '85-'86, and we had to negotiate new agreements. It also happened to be MFA III. So there were three big agreements, and the director at the time really twisted my arm. I was chairman of the chamber '84 to '86. I went off in January '86, a few months before my time was up. So as soon as all three agreements concluded, I left the TAB. It was just a one-year term.

But as I started to say, of all the government committees, from that pile I gave you--I was on quite a few--a lot of them were just a waste of time, but I enjoyed the TAB the most, and felt I was able to contribute the most [to it]. The negotiations were all conducted by the Trade and Industry Department, and the meetings were most productive and substantive. It was not [just] talk, because the negotiations were very real. Most of those other committees--really it didn't matter what you said.

For instance, the Provisional Airport Authority--I was on that one. It was very prestigious, chaired by the chief secretary, but your opinion really doesn't matter that much. The real world committee was the TAB, because if you do it right, you may get a few hundred million yards more, and for Hong Kong that's very important. Even into the eighties, when textiles and garments became less and less competitive because of

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1. The following section was added during the narrator's review of the transcript.

land and labor costs, I remember textile and garments always accounted for about 35 percent of industrial employment. And I remember in about '84, I think, textiles and garment industries accounted for close to 40 percent of Hong Kong's total exports. That was a year of recession in Hong Kong, so that industry was still very important. And the real estate was way down after hitting a peak in '81. [In] '82 it started to fall down very quickly. By '84, values came down to maybe 50 percent of prices at the height.

When the textile industry hit its peak in the seventies, the spinners' association had twenty-three members, and Hong Kong had a million-spindle equipment spinning capacity. I say this because by sometime in the seventies, open-end spinning had been developed, a different principle from the conventional spinning. It was more suitable for coarser yarn, especially for denim fabrics, as the open-arm spindles were very fast. One open-end rotor would be equivalent to four spindles at the time. Today the rotor capacity is probably doubled.

By the time I retired in '96, there were only three spinning mills left, after a peak of twenty-three. One mill was owned by Chen Ting-hua, purely because of his wish to be an industrialist. The other two--one was spinning specialty yarn; the other was also a very stubborn man, and he made a lot of money developing his factory land also, not really to the scale of Chen Ting-hua. He's quite wealthy and just wants to go on, so really there is only one mill that's justified to be still in business, spinning stretch yarn, which is a yarn with cotton stretched around a core yarn of lycra.

So, the spinning industry in fifty years went from dust to dust. Hong Kong had no industry fifty years ago when it started.

[End of Interview]

### **Expansion of South Sea Textile**

[Interview 3: August 26, 1999] ## [7A]

Tang: Right after the war in 1946, Hong Kong's population was maybe half a million, and very much populated areas today, like North Point, at that time had few high-rises. As a matter of fact, in North Point, I understand, in the late forties, there were really plantations. You know, I hate to go back to the real estate value, but this is what Hong Kong is today. This is a fact, so I keep going back to real estate values a lot. My father could have bought land for the factory in North Point when he came to Hong Kong in '48, '49, for five dollars--Hong Kong--a square foot. And today North Point real estate would be, I would say would be two thousand or three thousand U.S. dollars a square foot.

Wakeman: What kind of plantations were there?

Tang: Oh, I wasn't there, but I mean, not unlike what Panang was twenty years ago. Panang is very similar to Hong Kong in the old days. It's an island, and you have a peninsula, and even the railway station and the clock and the ferry were just like in Hong Kong. And

the Panang island--when I was there maybe in the early seventies it had plantations on one side of the island. Papayas, bananas, coconut.

Wakeman: What made your father choose Kowloon instead of North Point?

Tang: I guess he was always thinking of expansion. He wanted a very big piece of land, and there was this piece of land available. It belonged to Hume Park, which is a fairly big British company. They make piping for sewage. What do you call it? Conduits. They had this piece of land for sale, in North Point, and he told me that price-wise it was about the same. Of course, had he bought in North Point and kept the land until today, he'd be--I would be in *Forbes*! But there wasn't such a big piece, and he would have to buy acres from different owners, so he decided to go out to the new territories.

Wakeman: Can you describe Hong Kong society, the social fabric, in 1965? Talk about the shanty towns on the hillsides, the British colonial influences, and your own experiences coming from Shanghai?

Tang: Economically, to start with, as I say, Hong Kong was a village of half a million by 1955. Soon after I arrived in '56, '57, '58, around that time, they took a census, and because of the refugees, the population was about two million.

Economically, of course, it was, I suppose, very poor. Half a million people. They lived on really trade, trading and selling and buying from China to England and maybe--you know, between Shanghai and the rest of the world. Well, Hong Kong was sort of the middleman between China and the rest of the world in trading. No industry except for maybe a few knitting machines that employed six workers in a loft--that sort of industry, cottage industry. But there was no industry in Hong Kong until the textile people, refugees, came, and the textile industry was the only industry they knew. They brought along some of their engineers and started the industry. There was no time to do a market survey to see whether textiles would be sellable in Hong Kong and all that sort of thing. Everything was done in a hurry.

When they started the operations, they began to realize there was no market. They all started in spinning. You spin the yarn. You have to sell it to a yarn-user downstream. You can't sell it directly to the consumer. So they discovered they had no market. They, of course, quickly discovered that Britain would be a good market because there was a duty advantage. Hong Kong, being a colony, together with India and Pakistan--they had the imperial preference system. In other words, products manufactured from these countries could go into U.K. with preferential duty. But the Hong Kong spinners had no credibility in Manchester, so it took some time to establish that market.

By 1950 a lot of them had inventory piled up, but they didn't have many financial resources. If the Korean War hadn't come, maybe a lot of them would have gone bankrupt. When I arrived in '55 there were nine spinners in Hong Kong, but in '49, '50 there were probably fewer--maybe six, maybe seven--I don't remember. So the Korean War really saved the situation.

You asked me the question why did the Korean War affect the Hong Kong economy. I guess it was the war mentality. Any war creates inflation and a shortage of goods, so the Hong Kong spinners were able to sell yarn to Pakistan, South Korea, the Philippines,

Indonesia, and Thailand, which had no industry at that time. Hong Kong was able to sell yarn at a very good price to all these places. By the seventies Pakistan was flooding Hong Kong with their yarn. But that's how times really change. That's what makes business in Hong Kong most interesting. You can't stand still for more than two, three years. You have to really change with the time. South Korea became a keen competitor in the late sixties.

By the mid-fifties some of the mills with good quality had already established their brands in Manchester. My father had gone into weaving also. We didn't have much yarn to export, as the yarn went into cloth, but our cloth set a well-known standard, the Flying Fish standard. It was very good fabric.

Economically, Hong Kong really was in the infancy after the war. More people came from Shanghai in the fifties, but they were never in the textile industry. So, other industries started then. The toy industry was started maybe in the early fifties and remained one of the main industries in Hong Kong.

The sewing industry was also started in the late fifties, and some small-scale industries, like enamelware, thermos bottles and rubber rain boots. But those three industries didn't last very long, and I would say by the mid-sixties they were all disappearing pretty fast.

Then by the early sixties the electronics industry came in. That happened just after transistor radios were the product, the item that started all this high-tech stuff. Hong Kong entrepreneurs went into the assembling of transistor radios, and they bought all the parts--the cases and everything--from Japan. From that item on, Hong Kong developed different consumer electronics things.

Today, toys, electronics, garments, are still big factors in a much smaller industrial base. Most of the companies today are manufacturing in China.

Wakeman: Yes.

Tang: But headquartered in Hong Kong, yes.

Wakeman: To get back to your own life, in 1955, '56?

### **Labor Unrest and Banking Crisis**

Tang: October '56 was the first crisis I faced, and that's when there was a riot that was started in the first public housing, government public housing project in Lai Chi Kok, which is L-a-i Chi Kok, C-h-i, now a very busy part of Kowloon. Technically speaking, it's really in the New Territories, but it's really the busiest part of Kowloon today, Lai Chi Kok.

Somebody raised a Nationalist flag, on October 10 [China's National Day]. Somebody in public housing, a tenant raised it, and the government servant who was in charge of that public housing pulled it down, and that started a riot. That's when it spread to the

spinning factories. Quite a few of the spinning factories were in Tsuen Wan, where our factory was. The government had to declare a curfew and sent British soldiers or police or something--out there, to stop the rioting.

Before the rioting was over, actually a few hundred people were killed. Now, this is not the public figure. The public figure is, I don't remember, but they probably said thirty people or [so]. The rioters [supporters of Taiwan] started to take their revenge on the leftists, and they beat up or killed some of the leftist union organizers.<sup>2</sup>

It came all the way up to our factory, which is nine and a half miles from Tsim Sha Tsui. Our factory also had problems with the political unions, the leftist union and rightist union, and some of the rightists took the opportunity--they didn't kill anybody, but they made the leftist unionists and some of the engineers they thought were leftists, or who didn't support the rightist position, they made them kneel down, a little bit like the Cultural Revolution days.

Wakeman: Were you there? Did you observe this going on? What was your reaction?

Tang: I couldn't go out there because there was a curfew, but I was on the phone every hour with the mill manager.

## [7B]

Tang: Somebody should have made a movie out of those events. Eventually the curfew was off after a few days. On the second or third day I tried to get stuff out. You see, our factory has a pier, which saved us a lot of money because cotton could come in directly from the harbor. In those days there was no container port, so the ships would unload in the middle of the harbor onto lighters, and these lighters would come to our factory pier directly.

So I sent a boat to the factory. The [managers] all went on the boat, which crossed halfway into the harbor, where they were caught by the marine police. You know, our factory uniform was like a Mao jacket. And the marine police thought they were leftists or rightists, because of their jackets. They were caught and held in detention by the marine police, so I had to go bail them out. They wouldn't let them out until the next day, and I had to go and talk to the government people. Then they let them out of the detention center.

Wakeman: Were there actually soldiers at your company, at your factory?

Tang: No.

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2. According to Frank Welsh, *A History of Hong Kong* (London, 1997), the riots left 59 dead. "Mobs spread from the [housing] settlements to Kowloon, looting shops and attacking property known to belong to Communist sympathizers...The Communist areas were the main targets of Nationalist attack, the most violent incidents taking place in the satellite town of Tsuen Wan, five miles away from central Kowloon on the other side of the container port. A mob stormed a clinic and welfare centre, killing four and ransacking the premises. Prisoners were taken to the Nationalist headquarters and badly knocked about." (p. 459)

Wakeman: The government didn't have to send people?

Tang: Outside the gate there were British soldiers, but they didn't bother to do anything. They just stood there and watched. They didn't want to get involved.

Wakeman: So after those three days, when the staff was released and safe, what did you do to resolve the tension among the workers?

Tang: Well, when the whole thing died down--you know, Chinese are very practical people. I mean, so the show's over. Back to work.

Wakeman: But the dispute among the right and the left--the labor dispute--just sort of evaporated? Did it quiet down?

Tang: Oh, yes, it quieted down. Of course, the leftists for a while--I don't even remember [what happened] when the riots and curfew were over, but things quieted down and actually went back to normal. We lost maybe three days of production.

Wakeman: What about social relationships in Hong Kong during this period, among different social groups? Was your life quite isolated from other segments of Hong Kong society?

Tang: Not any more than, say, it is today. The industry people and the bankers and government officials--we would socialize. Except that in those days maybe the industry people, the refugees, didn't have much of a position in the eyes of the government. We didn't [initially] have the standing that we began to have in the sixties and seventies.

Even through my community activities, I didn't really associate much with other industry people. I was fortunate enough to have had American connections and Manchester connections, and I was fortunate enough to be in the position of meeting a lot of visitors: people from New York, and London, but mostly from the States.

And I've always been rather gregarious. I like people. So every Sunday, as I told you, we would go on the boat, and I invited anybody who just happened to be in town and called me up. We would have a boat picnic, go swimming and all that stuff, every Sunday. So I met a lot of people that way. Therefore, I think I'm considered more cosmopolitan than most business people in Hong Kong.

Within Hong Kong, as I say, I know a lot of government people--bankers, friendly competitors, and the successful retailers, and other real estate people, yes. Again, like anywhere else, I guess, you don't--I don't want to use the word "class"--but you don't really associate with [anyone] other than these people--

Wakeman: How large a circle was this business, government community in Hong Kong in the late 1950s? A few hundred people?

Tang: In those days? In those days, yes, not too many. There were very few industrialists, and in those days real estate people were just slumlords and--not profiteers, I shouldn't say that--slumlords.

Because of the Shanghai mentality, Shanghai people, the non-locals, never bought into real estate in any big way, with only two or three exceptions. Of course, I'm sure a lot of people bought three or four apartments, and made a fortune, but I don't consider them as [being in] real estate.

My father used to say--this is actually not very logical--that he didn't go into real estate because he owned a lot of real estate in Shanghai. All gone [snaps fingers], overnight, when the Communists came. So he said, "Hong Kong. How long do we have?" As a matter of fact, in 1950 some of his friends left because they thought--you know, the Korean War and China was involved--this is it. They're going to march into Hong Kong, and that's it.

So his brother [Yeh Chu Tang], for instance, went to Brazil, took his whole family to Brazil. So really, since 1950, people have been moving out of Hong Kong in rather a steady stream. And, of course, the 1967 riots really aggravated the situation, so more people left, and then in the early eighties, during the negotiations, people got really [anxious]--and they went to Canada, mostly Canada. The second favorite country would be Australia. But emigration has been going on really since 1950.

Wakeman: Let's talk about the early 1960s. There was another influx of people from the mainland, fleeing the famine in the early 1960s. What was happening in your factory? Can you talk about your own work and your own relationship to your factory in that period?

Tang: In the sixties, yes, there was a period when there were a lot of illegal immigrants. Legal immigration has always been controlled. Even today, as you know, only 150 people a day [are] allowed to have sort of a one-way permit. The rest have to prove they're just in transit, on the way to somewhere else.

Actually, there was a touch-base system the British thought of for illegal immigrants. Once they got into central Hong Kong or Kowloon, they were allowed to stay. I guess it didn't affect our operation at all. If anything, it made the source of labor a little easier, because by the sixties, factories were raiding each other for workers already. In the seventies it got worse, and by the eighties people started to think of moving their factories out. In the sixties--yes, we welcomed the immigrants. I think the estimated illegal immigration was something like a hundred-something thousand a year, maybe for a couple of years.

Wakeman: What about your own life in the 1960s? Get back to yourself.

Tang: Yes. In the sixties, really nothing much happened to me personally. When I came to Hong Kong in '55, for three years, I took care of the small zipper operation, making zip fasteners, because my father didn't want to have his son come and [take over]--you know, there were colleagues who broke bread with him right from the beginning, during all the hard times. But in '57 the mill manager was getting on, yes, he had his sixtieth birthday, and he had to retire. Anyway, so I was sent up into the factory. That's when I started to realize that we had the best factory management. And I realized there was no source for new blood. There was no engineering college at all, let alone textile engineering. So I started to train college graduates. I think I touched on that maybe. The easiest thing, the cheapest thing was just to--

Wakeman: Raid.

Tang: Yes, get a junior engineer from me and make him your chief engineer; a senior engineer, make him a mill manager--and that's what happened. So that--

Wakeman: Competition was fierce.

Tang: Oh, yes, yes. And by the late seventies, as I say, the field began to look pretty crowded. And, of course, labor was very short, and that's when I went to Indonesia, looking around, maybe '71, '72 already, but I didn't start anything until '75. Some of my competitors also moved their used machinery to Indonesia. So Hong Kong's economy began to change because of lack of labor and the real estate value. After the mid-seventies, you'd have to be spinning gold thread to be able to afford that real estate.

Wakeman: Let's go back to the mid-sixties. What about the riots in '67? The price of the ferry that caused the riots and so on.

Tang: In my mind, the first crisis was really the rioting in--

Wakeman: October--

Tang: '56. I'm sure there's a lot of material on that because during the rioting the wife of the Swiss consul insisted on going shopping during curfew, and she was, I think, killed.

Okay, the first crisis in my mind was that rioting in 1956. I always thought maybe I shouldn't have the family in Hong Kong, and maybe I should go back to work for Mobil in New York.

Wakeman: The rioting only lasted three days, so then you felt reassured about staying?

Tang: Yes, nothing really--the impact was very minimal. Anyway, I began to like life in Hong Kong. Also my first wife, Madeleine, began to get used to Hong Kong and began to like it, I think, by the early sixties. In the beginning she felt that Hong Kong had nothing for the children, and the children were young.

Then the second crisis for Hong Kong was the banking crisis in 1965. That was pretty serious. The root cause was, I think, real estate, even in the sixties when there was no real market. The rumor was that Hang Seng Bank was all tied up in real estate. So there was a run on one bank and a run on another bank, and they were all bailed out by the two major banks--Hong Kong Bank and the Charter Bank, now Standard Charter Bank. Charter Bank bailed out these smaller Chinese banks, the local banks, and didn't exact any pound of flesh. But Hong Kong Bank took over the largest Chinese Bank, Hang Seng Bank. The rumor was, a lot of their money was stuck in real estate, and there was no active market in real estate. So Hong Kong Bank took about 60 to 63 percent of the Hang Seng Bank in return for bailing them out.

Wakeman: Did this have any impact on your own financial interests?

Tang: Not really, because by '65 the South Sea balance sheet was pretty strong, so, you know, it didn't affect South Sea personally. As I say, that was a fair-sized crisis in Hong Kong.

Wakeman: Let's talk about how Hong Kong changed in the sixties and how those changes affected your own life.

Tang: Okay, in '65, the banking crisis. Most things didn't affect my personal life. My business life, yes. So interesting--I mean, my forty years in business in Hong Kong. I wouldn't trade it for anything else, except I would trade that for Bill Gates' career. [laughs]

**Cultural Revolution in Hong Kong ## [8A]**

Wakeman: You haven't talked about '67 yet, the riots.

Tang: Oh, yes, '67.

Wakeman: Describe the riots and their effect on your family or your business or just on social life in Hong Kong.

Tang: Oh, social life was, of course, very quiet.

Wakeman: What was it like to live through the riots? Did your life change?

Tang: Quite scary. All I remember is you had a line [of demonstrators] from Central to Government House, which is, you know, three, four blocks. People were shouting slogans. In those days, the Communists ran quite a few schools in Hong Kong, and they had all the students out, lining up to petition the governor.

Wakeman: Did you go to the factory every day, just the way you had before?

Tang: Oh, yes.

Wakeman: Was there tension or friction among the workers within the factory? How did the riots affect--

Tang: During the rioting--again, nothing untoward happened in the factory, during those demonstrations. Also they had bombs [starting in July 1967]--a bomb went off about once a month.<sup>3</sup> I think the whole thing started in a factory, actually.

Wakeman: Which factory?

Tang: Some factory. I don't remember. Not a textile factory [the Nam Fung Textile Mill in Tsuen Wan]. Yes, it started in a factory. There was a dispute about laying off people or

3. According to Jack Cater, appointed Deputy Colonial Secretary in June 1967, when the Governor returned to the U.K., "The total of real bombs and explosions amounted to 1,167 and 253 respectively, plus 8,074 suspected bombs, which all had to be dealt with." (See "Sir Jack Cater: The 1967 Riots," in *Hong Kong Remembers*, ed. Sally Blyth and Ian Wotherspoon (Hong Kong, 1996), p. 109.)

something. And it became a Cultural Revolution type of situation because--the way I understand it, the Guangdong bureaucrats wanted to please Beijing, and thought this might be a good chance to show what they can do, and they were talking about taking over Hong Kong. [tape interruption]

Talking about the sixties, of course, I mentioned the banking crisis in '65. That was I guess the most important crisis in Hong Kong's economic history. And the political crisis in 1967. Those are the big crises. Also the loss of the imperial preference status in the early seventies. There was also some minor crisis with the untying of the sterling to the Hong Kong dollar--again, that could have been early seventies.

In the sixties, the crisis in '67 had implications on my personal life, in the sense that I had to make some decisions as to whether to move my family out, the women and children. But I made the decision not to do that.

Wakeman: Can you describe the disturbances in some more detail?

Tang: Yes. I think last time I mentioned this started in May of 1967, in a factory. A labor dispute started the whole thing. It was quite obvious that the cadres in Guangdong province figured that this would be an opportune time to get credit from the central government [in Beijing] by sort of creating incidents and maybe contributing to a takeover of Hong Kong. So they started this in May, and then by July the situation was very much aggravated. That was the time when a Hong Kong police[man] just happened to wander into China and that created a big incident. He was held prisoner.

That was the time when everybody was saying all the Chinese would have to do is give a call to the governor and say, "You Brits better be out of here in twenty-four hours." That was the thinking and the talk at the time--you know, the Chinese would just march in.

Wakeman: It seemed very plausible at that time.

Tang: Oh, yes, yes. At the time, it was very real, a distinct possibility, yes.

Wakeman: How much did you know in Hong Kong about what was happening on the mainland? How much did you know about the Cultural Revolution in China?

Tang: Not that much, not that much. Very little official news. But certainly the incidents in Hong Kong in May brought awareness of what's going on in the mainland. You know, word came out. So in May it started, and July was the peak of the danger. I think by June the governor [David Trench] went to England and stayed for a while. The chief secretary, in those days the colonial secretary, also had left. The police chief also took leave or, rather, took his vacation. All the top people in the government happened to be away. So the top person in government was [Ronny Holmes] at that time, the acting governor, and a good friend of mine, Jack Cater, was sort of number two. They handled the situation for a fairly long period of time. Several of the important people [in the administration] had left Hong Kong just not to take any chances. So, as I say, that was a pretty exciting period.

Wakeman: Did you ever feel that you or your family were physically at risk?

Tang: I was pretty young then. Let me put it this way: when you hear the shouting of the students and all that, lining up to protest at Government House and shouting and all that, you do get disturbed. On the whole, I guess, I felt the business was there, but of course, I considered when the family should be sent out, but in fact, I don't know--maybe I was foolish, the foolishness of youth and all that sort of thing.

I remember one incident. You see, my mill manager is a rather nervous, edgy sort of man, very careful. Sometime [in] late May, when the students were shouting, during the demonstrations, he actually advised--I think he was thinking more of himself. He said--of course, in 1956 they had this experience of being shut up in the mill during the rioting and all that--so he said, "You know, some of the important people in the mill--maybe, let's say, half a dozen or a dozen--we should get them reservations on a plane. You know, every day you have a reservation made, and maybe we should have also a big boat ready." I'm sure he was thinking of the '56 incident. And the boat in case the streets were blocked off, or during a curfew--the boat could land directly at the airport.

So I figured this quite--[tape interruption]

I wasn't going to move the family, anyway. The girls were all in Hong Kong. I told my mill manager, "There's nothing to fear." Actually, I had asked my son to come back. He was a first year student at Cornell, and you know the Chinese-thinking. If the young boss has asked his only son to come back, we can't really ask him to [evacuate the factory managers]. This would sound ridiculous.

Wakeman: Why did you ask Martin to come back?

Tang: Because I felt that maybe this is going to be just a storm in a teacup, but I couldn't be sure of that. I figured he might as well come back, and if we had to really go be refugees, might as well have the whole family together. It wasn't really that I was sure that nothing would happen. Looking back, that certainly served to quiet down the managers. When Martin came back in early June, I took him to the mill. I think that did some good, yes.

Wakeman: Where would you have gone with the family if you had found it necessary to leave? The States?

Tang: Oh, the United States. I must say I think that after this July incident, which was the peak of the danger, I was 70, 80 percent sure that the crisis was over. It wasn't, of course, because they [continued to have] a monthly bomb discovered somewhere, but I think only one person was ever killed.<sup>4</sup>

Wakeman: The rhetoric was fierce.

Tang: Pardon?

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4. "As the disturbances continued through the summer, thousands of bombs were planted, which killed fifteen people, including some children, and wounded many more." (Frank Welsh, *A History of Hong Kong*, p. 470)

Wakeman: The rhetoric was fierce.

Tang: Yes.

Wakeman: And in mid-August the British legation was burned in Beijing.

Tang: Yes.

Wakeman: So you probably knew about that.

Tang: Yes.

Wakeman: And the arrest of Anthony Gray, who was held hostage in Beijing, the British Reuters journalist, right?

Tang: Yes, yes. That was news, but what we saw in Hong Kong, what we felt, was that July was really the most critical. And when the Communists didn't march into Hong Kong, I was fairly sure [the crisis would pass], even though the little firecracker bombs went on, I think, until September, October.

Wakeman: How did the disturbances affect your family, your children, your daughters?

Tang: They were pretty young, they didn't know much, I guess. They were kept home more than usual. They were all right, but Nadine was going to college in September that year, and in July, I think, I decided might as well--Martin was already at Cornell, and he was leaving [for the U.S.] in September--might as well send Leslie, the last one, over. My first wife's cousin was in White Plains--and might as well send Leslie to school there. Then the children would be out of Hong Kong, and so in September she was also sent away, to White Plains. My mother-in-law went also, to sort of look after them.

Wakeman: So, how long did Martin stay in Hong Kong?

Tang: For the summer, yes, just the summer.

Wakeman: The annual report says that the disturbances caused a few small strikes in some of the textile factories, but that your own company was not affected, your own production was never interrupted. Could you talk about how you managed to avoid any disturbances at South Sea and how you managed to maintain production in spite of all the unrest in the city?

Tang: The answer is I had a very excellent personnel manager, who became the mill manager. I think he did a great job, playing the rightist union against the leftist union and all that sort of thing. During the '56 incident, there was a curfew, and we had to shut down the mill for almost a week, but apart from that, from the time that the mill started production, that was the only closure--

Wakeman: Remarkable.

Tang: --in the fifties. Businesses are like everything else. It's people. It's your people. Good machinery, good equipment are important, but the most important is always your

management. So yes, our South Sea factory was known to be very well run, known for its quality and service and lack of disturbances, strikes and so forth. It's all management, every day. It's not about managing crisis.

Wakeman: So gradually the sense of emergency or danger subsided.

Tang: I think by October it was all over, like the typhoon season. The government was in disarray, with the top leadership away. I think '67 was really the biggest crisis for Hong Kong.

Wakeman: How many people did leave from the industrial sector of Hong Kong? Many people must have considered leaving, but how many people actually did leave?

[Interview 4: August 28, 1999] ## [9A]

Tang: Some of my factory staff left, especially those who had left China after the Communists came in. They had lived under Communist rule in the early fifties and come out to Hong Kong. They went through the Hundred Flowers--

Wakeman: The anti-rightist campaign?

Tang: And all that sort of thing. They wanted to be as far away from China as possible. Hong Kong was always too close. So '67 did take its toll, with people emigrating to Canada and all that. Personally, I felt that the '67 crisis strengthened my belief that China would not take Hong Kong over. I remember saying to my friends, "We should pick up real estate, buy real estate." But I was just too busy. I said to a banker friend of mine, "You have time on your hands. Any opportunity, let me know." He never did, but he bought all the real estate he could get his hands on. Sixty-seven--I think that was the beginning of his road to being a billionaire. So I'm sure he also felt that if they didn't take Hong Kong in '67, Hong Kong was safe.

Wakeman: Did you feel protected by your American citizenship?

Tang: Not really, not really because, you know, if actually the Communists were to come in, I think it would be like Saigon: you don't have the luxury, the opportunity of saying, "Here's my American passport." No, in a situation like that, I don't think a passport would--

Wakeman: Be much protection? In 1968 you became managing director of South Sea.

Tang: Yes. After the rioting and all that, I guess my father felt that it was time for him to retire and hand over the company management to me, so in '68 he actually moved out of his South Sea office. He set up a personal office. The fact is, however, he worked harder after his retirement from the company because of his commitment to government and the community.

### **P.Y. Tang's Achievements**

Wakeman: Would you like to talk a little bit about his activities and his involvement in those years?

Tang: Yes. He was on Exco and Legco in '68, and that's one of the reasons I think he decided to retire from the business, because that's a lot of work. He was also on different committees. After his retirement he worked at Legco and I think in '69 or '70 he was also invited to go to Exco.

Then I think it was, again, '69, '70 he was asked to be chairman of a preparatory committee to write a report on setting up the Hong Kong Polytech. The committee sat for two years, and he worked very hard on that. He traveled a lot and was looking for a director to become the head of Polytech, and as a matter of fact, I think that killed him. Just before he died he had flown to England to interview people, and after three days he flew back, then flew to Japan after one day in Hong Kong. After he came back from Japan, he had a stroke.

Wakeman: How did you view his responsibilities, his tenure on Legco and then on Exco?

Tang: Let me put it this way: when he was asked to go on Legco, actually I advised him not to accept because he was a well-known industrialist in China. He was already, age-wise and reputation-wise, the senior citizen and elder statesman, but he would be a junior Legco member, and I figured, why do that? But he didn't take my advice. He accepted the appointment. You know, it's interesting: earlier on he was asked whether he would accept a J.P., justice of peace. That was the British stepladder. First the J.P.; then you get an M.B.E., Member of the British Empire; and then you have an O.B.E. after five years, another step up. He was given a J.P., and he declined that.

Wakeman: Why?

Tang: Well, you know, that's a bit of an insult. You know, here's a big man who has a reputation, and you don't put him at the first step. Eventually instead of the J.P. and M.B.E. they gave him an O.B.E and then a C.B.E.

Also, to my mind, why go through the farce of Legco? I said, "Tell me which legislation has been the product of the legislators?" Let's face it. It's all rubber stamp. None of the legislators ever said boo, so why do you want to--well, anyway. But looking back, I think he accomplished quite a bit. He never accomplished anything that the British would want [to] happen, but he did get government to set up the Trade Development Council, which has helped Hong Kong's export trade tremendously. It was the first office in New York promoting exports from Hong Kong. That's an achievement that he pushed [through] government, because he had credibility as a big industrialist, so government had a lot of respect for his ability.

The other thing he accomplished was the Polytech. All through the sixties and early seventies there was no source of expertise for the manufacturing industries, and yet Hong Kong's economic development in the fifties and sixties was definitely a consequence of the manufacturing industries. They provided employment, and Hong

Kong's present economic situation is really all thanks to the industrial development in those days. The factories put money in the pockets of the refugees and provided jobs.

And yet there was not even a technical school. Polytech was a vocational school with a high school standard. But he fought for a technical college. It was sort of a college-level vocational school modeled after the British system. That was the first technical college in Hong Kong.

So that shows how you could accomplish something, even under the colonial system. But one little thing about the negative side of the colonial system is that my father, being an MIT graduate, was more oriented to his American education. In his mind, engineering meant America, so when he was looking for a director, at first he looked in America rather than in Britain. He was chairman of the preparatory committee, so they let him travel to New York, Washington, and San Francisco to interview. The British let him do that, but eventually he hired somebody from England. That was the unwritten [plan]. I guess they told him, more or less, "It's better to look for somebody in England."

Wakeman: How can you characterize the relationship between a Legco member like your father and the executive branch--the governor? What was the relationship like?

Tang: Well, Legco is supposed to be like both the House and Senate in one. Exco is really more the cabinet, except it's--yes?

Wakeman: I was going to ask about the personal relationship.

Tang: Oh.

Wakeman: Between a Legco member like your father, with ideas and initiative and objectives, and the individuals in the executive branch. Would the governor have worked closely with someone like your father?

Tang: I think it depends on the personality and also what the governor thinks is important, and whose advice he should take. Sir David Trench was the governor after '64. I don't know who he valued most as his advisor. He probably took advice from my father on economic matters, but historically I think the governors always emphasized the political aspect of this job. So the favor of the native Cantonese-born in Hong Kong was always courted more, and they, the native families, were given M.B.E., O.B.E., and C.B.E., and then, you know, they got "sir," a knighthood in the end. They doled them out. But only to Cantonese.

And that's another reason why I advised my father not to go in there. A big shot from a big country like China--I mean, why do you want to accept something as a junior member? So that was the system. I'm sure he was articulate in presenting the case for industry, and of course, the government knew that industry really started Hong Kong, so they had to listen to his advice.

In starting the Polytech, he had to fight for a good location. The present location was given to him after many arguments with the financial secretary. He was the only

representative on Legco from the industrial community, and another person may not have been able to get the attention of government. But anyway--

Wakeman: He achieved that.

Tang: Yes, he achieved that. That in itself shows something, proves something. In the late sixties, the government was paying lip service: "Oh, you guys are the ones who brought prosperity to Hong Kong." But politically and, I suppose, socially, the refugees [from Shanghai] had no standing. [Governor] Murray MacLehose said he relied on Y. K. Kang almost a hundred percent. Y.K. was his advisor.

Wakeman: Y. K. Kang was a refugee?

Tang: No, no, no, no.

Wakeman: He was Cantonese?

Tang: Oh, yes. Old family, third or fourth generation, yes.

Wakeman: So tell me the most prominent local families then, in the late sixties.

Tang: Late sixties, the Kang family was beginning to [be important]. Of course, MacLehose came in, I think, in '72. I think it was in the seventies that Y. K. became senior Chinese Legco. The seniority is by the years of service.

So anyway, going back to the Polytech, [my father] eventually found a director, the report had been completed, but before signing it and presenting it to the governor, he died.

Wakeman: Your father's death was a turning point in your own life?

Tang: Well, not in business.

## [9B]

Tang: Yes, a turning point in a sense--I suppose--I don't know how to put this. I suppose I was in his shadow. It was after his death, I suppose, society began to--well--

Wakeman: Recognize you?

Tang: Yes, recognize in that respect. Business-wise, his death didn't make much difference. I felt a personal loss, but, as I say, his advice in business [had already ended when he retired]. I was on my own already.

Wakeman: Was it a huge responsibility to step into his shoes, both socially, politically, and also in terms of the vision you had for the company?

Tang: The vision?

Wakeman: It was your vision now for the company.

Tang: Oh, yes.

Wakeman: Also, did you feel the responsibility to step into his shoes socially and politically, after all that he had accomplished in Hong Kong?

Tang: It didn't affect my thinking, because we were quite different. We had different personalities, I think. How shall I say it? He was more driven. I think my grandfather gave my father a complex, "You have to do well," because my grandfather was number two. Number one was a big official, and my father always wanted to carry out my grandfather's wishes. He really admired his father so much. So he had a drive.

I'm a very unambitious person. I never wanted to be the wealthiest person. I never wanted to be the most powerful person. My drive is really, whatever I do, I want to do the best job I can. So it wasn't that I had to be as good as my father or better than my father. Looking back, I am amused by the fact that my pattern, apart from getting into politics, is the same pattern. I got the same awards he did. They were thinking of giving him a knighthood just at the time he died. Much lesser people than my father were given a knighthood, but a Shanghai knight--you had to wait for the Cantonese to be given the knighthoods. Then it comes to you.

Wakeman: How many others from Shanghai have been given knighthoods?

Tang: Let's see. There was one, Run Run Shaw, the movie magnate. He bought it. I mean, I don't know how much he contributed to the Red Cross, and the patron of the Red Cross is always the governor's wife. He got it pretty early, in the sixties, late sixties. I must say he was the first Shanghai knight and the only non-Legco. I think there was another Cantonese knight who had not gone through the Legco and Exco. My father was slated to be the first Shanghai knight, but anyway, he died.

Funnily enough, I also got an award from the Japanese emperor [in 1987], exactly the same award he got. So it just happened, it's entirely by coincidence, not by design.  
[laughs]

I did things not expecting to be rewarded, and I didn't think I accomplished much. It's just whatever job I do, I have to do the best, try to be perfect on the job. [An] example is when I was asked to be vice chairman of the chamber. I didn't want to take the job because I said, "You know, being the first Chinese and the first Shanghai Chinese to head the chamber"--I mean, after 125 years of British rule of the chamber--gee. I was told, if you want to just coast along, you can leave everything in the hands of a very capable director.

Wakeman: No problem.

Tang: No problem. For the ten years before I took over, most of the chairmen just left everything to the director, but--

Wakeman: That's not your style.

Tang: That's not my style. I thought I have to do a good job, and I have to be prepared to spend a lot of time. So I told David Newbigging, who asked me, "I have to think about it. Give

me a week.” Actually, during the thinking process, I began to dislike David Newbigging. I knew I had to accept it because, you know, [of being the] first Chinese, [the] first Shanghai Chinese. I couldn’t decline it. So I began to dislike him for asking, for putting me in that position!

Wakeman: Let’s go back. Finish with the sixties. Let’s go back and finish, and move on into the seventies.

Tang: Okay.

### **Expansion of South Sea: Taiwan**

Wakeman: So you had already become the managing director. By the time of your father’s death, you were in charge of South Sea, and it really was your vision for expanding the company, for expanding markets, that was the important one by then.

Tang: Yes.

Wakeman: Can you talk a little bit about what it is you hoped to achieve in the business end of your professional career at that point?

Tang: Yes. By 1968 I saw that the possibilities of expansion in spinning and weaving were very limited in Hong Kong. Labor was getting not only expensive but it was getting short. By 1968 you had to advertise in the paper, and the competitors [were] raiding each other for workers, sending a bus to your competitor’s front gate, almost a kidnapping.

So I saw the expansion possibilities were getting more limited. By then also quotas had been imposed, by all the major markets. Through most of the sixties I spent my time trying to open up new markets: Canada and Europe. We were already less and less competitive in Europe, as the South Koreans were selling a lot of textiles then.

I opened up the European market, but it could never be a big market. Strategically I began to think that we would have to look for cheaper labor and maybe a domestic market, to move some of the equipment or expand in that direction. And then in 1969 we sold our share in the joint venture with Levi back to them, because they were going public and they couldn’t have one little joint venture in Hong Kong. It would be a nuisance tax-wise, so we sold the share. The result was we were then able to go into the garment industry on our own after 1969. So I was thinking maybe we should be diversifying into a different industry, related to textiles but nevertheless a different industry. So as far as the business was concerned, that’s a different vision.

Wakeman: Did your father support you in this decision to move into garment manufacturing?

Tang: Yes, yes. So I think it was 1971 that I started the first garment factory in Hong Kong, and then quickly I discovered that the labor costs in Taiwan were only 60 percent of Hong Kong’s, and also there was no quota on Taiwan’s synthetics. So I started to set up

in Taiwan. Yes, that was the main reason, not the labor costs. Labor costs were always cheaper, but the main reason is the quota was still there.

Wakeman: Can you describe that process, the process of setting up manufacturing interests in Taiwan? Politically was it difficult to do? How did you go about making arrangements to make that possible?

Tang: Oh, that was--yes--interesting. Once I had decided to go to Taiwan, I went to see K. T. Li. His contribution to Taiwan's manufacturing industry and later on in high-tech development--I think he was very great. At the time I went to see him, he also was the father of the export zone in Kaohsiung. It was sort of a one-stop idea. He would have the banks have a branch in the export zone, and so you could import the raw material into the zone and then the Customs would clear it in one day. All the red tape and everything was eliminated or facilitated, including the bank documents and negotiating the letter of credit. That was a terrific idea that attracted a lot of foreign investment. Before that, everybody complained about the red tape and Customs.

So I went to--

Wakeman: So in 1970 you went to--

Tang: Seventy-one, I think, '71. I went to see the export zone, and lawyers and accountants and auditors. I must say I was very hands-on. We just started. But then I employed somebody from the States to head that operation.

Wakeman: Did you borrow from your own management in Hong Kong for the Taiwan operation?

Tang: Actually, yes, I did. But I started localization early on. I repeated the same thing I did in Hong Kong, training the staff. I recruited some Taiwan engineering university graduates and sent them to Hong Kong and then a year later sent two of them to Taiwan to start the operation in the factory.

But as general manager I hired somebody from the States. I thought that was pretty ideal. This man had bought textiles, cloth, from me for many years, from South Sea--and he was actually vice president in charge of sales, of fabrics, to the garment factories in the States. Levi was one, for instance. I thought that was perfect. Because of his connection with the U.S. garment factories, he would be able to sell our garments to the U.S. garment factories who would be sourcing from abroad.

Wakeman: Was it successful?

Tang: No. No, unfortunately he was not able to get the right buyer. Then he was, I guess, a bit duped into something. A young man came to him and wanted to buy. He had no financing, so Tom Hood, my general manager, gave him credit, and eventually this young man--I don't know--I shouldn't go into the details too much, but he was a Knickerbocker basketball player who worked for Burlington Textiles and then decided to go on his own and import garments. He made a deal with the governor of American Samoa. He could import the garments to Samoa if he put in a certain amount of value and brought them into the States. He would come in duty-free and quota-free. It sounded very good, so Tom Hood really gave him a lot of credit. This Peter Brannon

was my first bad debt, and gave me my first sleepless nights. I was out \$1 million, and that was in the early seventies. It was pretty good money.

Wakeman: One million U.S. or Hong Kong?

Tang: U.S., yes. Then we had to go to court to try to recover the money. That was a very exciting period in my business career! I wouldn't want to go through that again. Three years of lawsuits. That's when I discovered the flaws in the American legal system. First of all we won the case up and down.

## [10A]

Wakeman: You said the legislation--

Tang: Oh, yes.

Wakeman: --moved through the courts from the lower courts up through the--

Tang: Yes. Well, first of all, we tried to attach the goods in Samoa, our garments--anyway, so we had to start a case in Samoa. We won that. We were awarded--I don't know--a few hundred thousand dollars. Half of it went to the lawyer. Then the goods were shipped to Los Angeles, so we started something in Los Angeles. And that, in more than two years, went from lower court up to the Court of Appeals and the state Supreme Court, three layers. We won every time.

And then--we were actually fighting against the North Carolina bank. They came in and said Peter Brannon owed them a lot of money--loans and all that sort of thing, so the goods should belong to them. Then they threw in some technical thing, and we had to start again in California, start from bottom up. Again we won.

And then according to my lawyer, they were entitled to start the case again in their backyard in North Carolina. By then I was exhausted. Their idea was, of course, here's somebody from Hong Kong, a country hick, probably, who wouldn't have the resources or the time or the patience. Let's wear them out. The bank, of course, had an in-house lawyer.

Wakeman: Terrible.

Tang: My lawyer told me that a very good example of how this works was Carter's Liver Pill.

Wakeman: Yes?

Tang: The government, I think the FDA or some agency, tried to stop them from using the advertisement that said Carter's Liver Pill because there's nothing connected with liver at all in the pill. They knew they would lose, but they went on for ten years in the courts. They figured the legal expenses were worth it because they could have their advertising going on for ten years.

But anyway, in my case I was mad enough to go on. In the end, when they wanted to bring the thing to their backyard, my lawyer advised I better settle out of court. So I got

compensated for maybe--altogether, I think I recovered maybe three-quarters of the damage, but maybe 60 percent of that recovery went to legal fees.

Wakeman: So how did this affect your venture in Taiwan?

Tang: Yes. After just about a year and a half, Peter Brannon took 90 percent of the production, so apart from the loss, from his bankruptcy, about \$1 million, we went on. So the accumulated loss after maybe another year became more than \$2 million. Really, I just should have cut my loss, but I was too stubborn, and I went on. But fortunately, we got more business from pretty good customers, and the Taiwan operation became really the major part of the garment business.

The Hong Kong factory--because we were newcomers, we didn't have really much quota--was profitable, but no big deal. So the Taiwan operation actually is the root of today's operation, and we now employ ten thousand workers, so it's become--

Wakeman: In Taiwan alone?

Tang: No, Taiwan is very small now, because we couldn't get labor. So today, four thousand in the Philippines and four thousand five hundred in China. Taiwan is about a thousand.

Wakeman: So by the mid-seventies, then, you've gone through this loss in Taiwan and have begun to recoup those losses and to expand the Taiwan venture. Is that correct?

Tang: Yes.

Wakeman: When did you move into the Philippines?

Tang: The Philippines--oh, 1988. Yes, 1988.

Wakeman: Let's talk now about the seventies.

### **Expansion of South Sea: Indonesia**

Tang: Back to the seventies. As I say, I saw that the textile side of the business would probably not be able to--you know, not much future in Hong Kong, and I started to look around Southeast Asia to expand or to move some equipment from Hong Kong. I looked around--this was the late sixties, '68--and I went to Malaysia, Indonesia. I never went to Thailand because the Vietnam War was on. The domino theory was very prevalent, and I thought I'm not going to go to Thailand. So Malaysia. This was soon after the massacre in--the killing of the Chinese in Kuala Lumpur [in 1968].

In Malaysia the situation was that Chinese accounted for maybe 35 percent of the population; the Malaysian natives were maybe 50 percent; the rest, Indian. The Chinese--I remember the figure of 93 percent. Economically, the Chinese controlled 93 percent of the economy. But the Malaysian natives controlled the police, the army, and politics. So that's a dangerous situation, to me. Actually, personally, I liked Thailand the

best and Malaysia second, but then I ended up in Indonesia because there I felt the Chinese were less than 5 percent of the population. It was a hundred-something million at that time. Now it's about two hundred million. This was '70, '71.

Even though the Chinese controlled the economy and the natives controlled everything else, the Chinese were such a minority that the Indonesians got a lot of benefit from them. It seemed that they couldn't afford any conflict. So I figured maybe Indonesia is the place. So I moved.

I was considering two things: one was moving some of the textile operation down there. The other was to start a garment factory there. I went there one trip, another trip, and talked to government people. I said, "This is an industry that Indonesia needs most." Not your glamorous projects--you know, big steel plant, big petrochemical, cement and all that sort of thing. I said, "This is the most beneficial because this is labor intensive," and [there was] tremendous unemployment in Indonesia. They said, "Yes, yes, yes." But then when it comes down to the requirements, I said we had to import the fabric to make into garments that are duty-free, and then make the garments and then export.

They said, "Ah, well, that's difficult because we don't want you to take in the fabrics and sell locally." So they suggested, "Why don't you start by making the fabric?" I said, in order to make everything so that you don't import, you'd have to spend a billion dollars, because textiles are a very heavy investment. It's capital intensive: spinning, weaving.

I said, "Why don't you set up export zones like in Taiwan so that goods coming out won't be smuggled?" "Oh, yes, we're planning on [an] export zone in Jakarta." They'd take me to have a look. It's just a piece of land. But anyway, this went on for three years. It was a pity because they didn't have a garment industry, they didn't export, there was no quota, so if I had gone in then--

Wakeman: It would have been very successful.

Tang: It would have been very good. So then, around 1974, I started the textile thing, which was--

Wakeman: Where did you start it? In what part of Indonesia.

Tang: In Indonesia, outside Surabaya, halfway up a mountain, [a] ten minutes' drive, below Tretes. Surabaya, as you know, was a bigger city than Jakarta because there was not much industry, and all the trading and sugar plantations were around there. It was the Dutch Trading Company's headquarters, and there was a commercial center. Jakarta had just the Dutch governor, the political center.

So I started this [factory] outside Surabaya. I told my local partner that in Hong Kong everything is open and above board, and we don't keep two sets of books. He was a young man, very young, early thirties, late twenties. So he respected me, so no hanky-panky, no monkey business. That was my downfall. So we started production around '75--yes, 1975.

Maybe about a year after the operation [began] there was a big devaluation, 33 percent devaluation. Of course, we lost a lot of money because we were able to borrow U.S. dollars. Our credit was good, and we borrowed U.S. dollars.

Wakeman: To finance the Indonesia--

Tang: Yes, operation. Because the interest rate for the rupiah was much higher. Of course, after the devaluation, we lost a lot of money because--that's what started the Asian crisis [in 1998], devaluation. Everybody was owed U.S. dollars, and the sales proceeds were in rupiahs, so to repay one dollar, all of a sudden requires two rupiahs, rather than one rupiah.

Then, I think three years after that--

Wakeman: The devaluation was in '75, '76?

Tang: Seventy-six or '77, yes.

Wakeman: So three years after, about '79?

Tang: Yes, three or four years after that there was another one-third devaluation, but that time we made some money instead, because we hedged. We hedged the U.S. dollar. We had bought a U.S. dollar contract, so we didn't lose. As a matter of fact, we over-hedged a little bit, so we made a little money on the exchange, yes.

Wakeman: So by then, by the late seventies, had the Indonesian operation and the Taiwan operation both become profitable?

Tang: Yes, by the end of the seventies Indonesia was--oh, yes, Taiwan was definitely starting to make money, and then by the end of the seventies we were making very good profit, good margin, yes.

Wakeman: In Taiwan?

Tang: In Taiwan, yes.

Wakeman: What kind of garments were you selling?

Tang: We started to sell pants, mostly men's pants and so forth, tailored pants to [Kaiser-Ross]--

Wakeman: Casual wear? Are you talking about jeans and khakis, or do you mean more formal wear--suits?

Tang: No, no. We did some unconstructed men's blazers, but mostly pants. Then in the early eighties we started to trade up, and we got into men's trousers, ladies' skirts, and then tops. Today we sell all ladies' stuff. My policy was to--you know [there are] hundreds of thousands of garment factories in the world, maybe millions. The world doesn't need another garment factory. So to exist and to do well, the policy was simple: you had to be doing something different. What's different?

In my case, we couldn't think of having our own design and designer and all that sort of thing, so what's different? Our strength was in manufacturing. The difference was trading up, because a cheap item you sell to Wal-Mart. If we're in that, then we have to be the cheapest producer. We were not the cheapest producer. We could never ever be.

## [10B]

Tang: So the policy was to trade up to the higher end, where it's not the lowest-cost manufacturing that's the ruling factor, but quality--quality and service, on-time delivery, because it's very important. You mention delivery in two weeks, you have to ship by air, and you lose all the profit. You mention delivery in one month, and forget it. The season is over. So quality and service, trading up in the product line.

Wakeman: And this was successful?

Tang: Yes. So today we are selling mass-produced ladies' wear, we're doing the highest possible--we're doing Dana Buchman, Ann Taylor, DKNY. Donna Karan is still a bit too high. Maybe unit-wise it's not really suitable for mass production. That's \$1,200 a jacket. But Dana Buchman, \$400 or \$500 a jacket. And we're producing for Anne Klein \$600 to \$800 a jacket. So that's really the mass produced--and yet, the real high end--not too many manufacturers in the world can do that.

Wakeman: Quality.

Tang: Yes, quality. So that's been the strategy.

But now, going back to the Indonesian operation, by the late seventies it was making money but nothing to write home about. When I first went to Jakarta in, I think, 1970, around that time, Suharto had just gotten in, I think [in] '66. When I talked to government people and all that sort of thing, there was no corruption. What corruption there was when you wanted some semi-confidential information, you give twenty dollars U.S. to the clerk, and you get the documents.

The word was that the central bank [in] Indonesia had some Berkeley people sitting in the office and sort of monitoring, advising them. And I think the Ministry of Finance was the heart of the Mafia, the Berkeley Mafia, the Harvard Mafia. They listened to the advice. The European countries were giving Indonesia aid every year. Close to a billion dollars. This was in the early seventies. Several hundred million, the high hundreds.

So they had advisors. The Indonesian government listened, and corruption was minimal. By the time I started production in '75--as I said, for about three, four years I was talking--

Wakeman: Negotiating.

Tang: Yes, talking and all that. But by '75, when I started--of course, I had to face the real world. That is, import cotton and you have to deal with the government. Then I found that already the situation had changed. Corruption had crept in. By the early eighties, corruption was bad, so by '84, I got so fed up. Of course, we did everything within the regulations, but--one example is the laws. When you import cotton, it's duty-free, but

you have to put down a deposit [of] 1 percent of the value of the cotton. You get back that 1 percent when you sell the yarn and you can produce proof that you have sold the yarn and paid the sales tax. That's to make sure that you pay the sales tax. Then you give the document, and then they give you a refund, 1 percent. They're supposed to give you the refund within--I don't know--a short period of time.

From '75, when I started selling yarn, until the day I sold the operation in '84, all these sales receipts had been submitted but not one cent of rebate. In the meantime, people, one after another, would come and tell my manager there, "I'll go and get it for you; 50 percent would be my fee." Why should I? I wasn't making much profit. Why should I? As I say, that's my downfall. My partner was too busy. He didn't send a staff [person] to look after this sort of thing because if I'm not going to pay any bribery, then there's no use for him to have a staff come and--

Wakeman: Did he advise you to pay the bribe?

Tang: Well, I couldn't see paying the bribe in a case like this. And with the devaluation, when you deposit the 1 percent, it's [in] U.S. dollars, and then it's accumulated. By the time they paid you back--in my case, of course, they didn't--it's worth less anyway, one-third less.

Wakeman: Could you anticipate this from the outside? Could you factor in the fact that this would be one aspect of the business that you were going to have to take into account, or was this unexpected?

Tang: It was unexpected. But, also it depends on the domestic market. I mean, you can factor it in, but if you can't sell at a higher price--but that's what investors mean--the uncertainty--or in this case it's the certainty! It's a certainty that there's rampant corruption.

Wakeman: How large did the Indonesian operation become before you sold it?

Tang: I didn't expand. The devaluation and then this corruption--I never thought of expansion. By the time I started, a lot of my Hong Kong textile competitors were either starting there or moving used equipment to Indonesia. On one of my visits, I think [in the] early eighties, I went into a Chinese restaurant and [at the] next table there were nine factory managers who were all alumni of South Sea.

Wakeman: Amazing.

Tang: Yes. One was a mechanic when I first went to Hong Kong in '55. South Sea has always been a training ground. Anyway, the Indonesian operation was finally sold in '84. But personally, it provided a very interesting chapter in my life, sometimes frustrating, but nevertheless it's interesting.

Actually, even in the eighties and nineties, up to the big devaluation and the collapse of the economy, occasionally I would hear from friends that corruption went from bad to worse throughout the years, after my selling of the operation [in] '84--as Suharto's children grew up. In the late seventies, I think, only one son was in business and raking it in. Throughout the eighties more and more of his children--so just before the crisis, I

was told that Suharto had raked in--the family--\$40 billion. It was just about the amount that at the beginning of the crisis they said they needed from IMF [International Monetary Fund], yes.

You probably read recently that they've discovered the IMF aid money is siphoned off, like in Russia. In Bali they discovered it [the banking scandal known as Baligate in 1999]. I'm not surprised at all.

Wakeman: Was it corruption that made you decide to sell in '84?

Tang: Yes, I was so fed up. I think the major reason was I couldn't get back one cent from the rebate, and I sold the operation--by then, I think the rebate had accumulated to over \$1 million U.S. I didn't get any money for it on the sale. But I couldn't care less. Get rid of it. And I sold it for a song.

Wakeman: To an Indonesian buyer?

Tang: Yes.

### **Joint Ventures with Japan**

Wakeman: In the seventies you started to expand your connections with Japan.

Tang: Yes.

Wakeman: And you were able to expand the Japanese market.

Tang: No, that was in the eighties. In the seventies, I had two joint ventures with the Japanese. One was a disaster. It was--I don't know if you remember the double-knit, polyester double-knit? Women liked double-knit. It was really a big boom, easy traveling and it doesn't--

Wakeman: Wrinkle.

Tang: --crease and it doesn't wrinkle at all. I think it was in the early seventies there was a craze where double-knit went into men's suits. And so in this country [U.S.] it started really a boom. People would have one or two knitting machines, double-knit machines, in the basement and make very, very good profit. There was a shortage. And so one of the Japanese makers, a chemical fiber maker, making the polyester filament, which is the raw material for double-knit, came. At the time, all the progressive textile firms in Hong Kong, the most progressive, went into double-knit. By the time the machinery arrived, [the] double-knit market [had] collapsed. The polyester suit--do you remember?

Wakeman: Yes.

Tang: The polyester suit. I mean, that's--

Wakeman: A very brief fad.

Tang: Yes, very brief fad. I think in five years we had to shut down the operation. That was one with [Kurari]. That was a joint venture.

The other joint venture was with Mitsui. My father became a friend of the chairman of Mitsui before he died. They were talking about a joint venture, and after he died, Mitsui approached me to see if I wanted to continue. So I said, "Okay." So we went into the building of a container warehouse. That was a time when the container operation was just in its infancy. [tape interruption]

Joint venture--

Wakeman: The container warehouse.

Tang: The container warehouse, yes. We had a piece of land, so we put in the piece of land as our part of the capital, and we completed the warehouse in--let's see, my father died in '72, so I think around '74 the building was completed and we started operation. Unfortunately, there was sort of a recession in Hong Kong, so it started very slow. When I put in the land, I think the market value was a hundred twenty dollars a square foot. I put it in for nine dollars a square foot. By 1978--just a general indication--that building was worth so much, to reflect the land value of maybe two thousand dollars a square foot.

Wakeman: In four years.

Tang: Yes, from '78--no, more than four years, six years. I started the joint venture in '73.

## [11A]

Tang: The Tangs' most illustrious ancestor--his name was Tang Jing Chuan--became the prime minister to one of the Ming emperors. He led an army, and defeated and drove out the Japanese pirates and invaders along the coast of China, and he was a scholar-general, which is a rare combination in China. Usually, a scholar is described as somebody who doesn't have enough strength to tie up a chicken. And a general is usually a fairly ignorant kung fu master, so that's a very rare combination. So his reputation went very far and lasted.

When we visited his house we saw plaques written by the Qing emperor, Emperor Qian Long. But we were told that the house proper was burnt down by the Japanese when they came in to Wuxi. Some of the stone statues were destroyed during the Cultural Revolution. [tape interruption]

Anyway, the other joint venture with the Japanese company was the container warehouse, and, as I said, we completed that warehouse around '74, at a bad time. The operation start[ed] to make money maybe in '76, '77. The property was very small. By '78, '79, every year we were making maybe a profit of 5 percent on the investment, which in the first couple of years you'd expect that's okay, but by '78, '79 the real estate value had gone up so much. My share of the investment capital--the land--by '78, '79 it was maybe worth two thousand a square foot.

At the same time, [the] interest rate was going higher and higher, and I think by 1979, '80 [the] interest rate went as high as 18 percent per annum. And so, under those circumstances, 5 percent profit on what?--if you revalue the building--it would be maybe not even 5 percent. It would be probably practically nothing. And compared to Eurodollar--you know, Eurodollar is risk-free interest of 18 percent per annum. It was ridiculous to go on operating a warehouse which gives you back nothing.

So I think beginning [in] '78 I started trying to persuade my partner--by the way, I made a mistake in letting them have 60 percent. I thought it was only fair because they were going to operate the warehouse, and Mitsui is in the transportation business also and warehousing. For two years, I couldn't persuade them. I said, "You know, commercially it doesn't make sense. We have to sell it." I exhausted all the possible reasons why we should just keep on. The only reason they gave that's valid is that Mitsui in 1974 had it in their annual report as one of the ten important overseas investment[s]. And they cannot say in the '78, '79 annual report that this has been sold because the Japanese mentality is--actually, they don't care anything about the shareholders, but the business community would consider them sort of traitors and real estate operators, which is not a good thing.

Now, having said that, of course, Mitsui is a trading company, even though they're the big brother of the Mitsui Group, which is in everything, as you know. And also, later on they bought real estate in the States. But at the time, the corporate mentality was very rigid. We came with the purpose of investing in Hong Kong, a warehouse, and were not going to change.

Wakeman: So you were stuck.

Tang: So I was stuck. Eventually--I learned two lessons from that. One is the Japanese corporate mentality is very, very inflexible, and there's no stockholder pressure for them to make profit. It's really entirely management controlled, and that's the Japanese way of doing business: large corporations, no personal kind of ownership involved. But, American corporations--very few are personally controlled. The stockholders expect the company to make more and more profit almost every quarter, but not the Japanese corporations. That's lesson number one.

Lesson number two is that even if you know the top management people, if you run into somebody down below, mid-level, and you have not pleased this person who is in charge of this venture or that operation, you've had it. In other words, the decision is made in Japan--of course, on the surface it's consensus, but it's usually the person on the ground who makes the decision. Everybody is agreed, unanimous, consensus. So that's my experience.

Wakeman: How did it come out? When were you finally able to--

Tang: Eventually, I had to be very rude. I said, "I'm a fairly well-known businessman, and this is very, very unreasonable"--okay, "If you don't want to sell it, okay, you buy my share." You know, the Chinese old-fashioned way. Very fair. You name the price, and I buy it; or I name the price and you buy my share. It's a fair--[tape interruption]

And they didn't want to do that. They thought I was just a captive minority. Then I threatened to go to arbitration. I said, "Let's find some referee. Get three parties, one to represent your interest, one to represent mine, and a common"--you know. And then they didn't want to have a bad reputation in Hong Kong, and so I sold my shares.

Wakeman: They sold to you, or you sold to them?

Tang: I sold to them, because I named a very reasonable price. I just didn't want to be known as a patsy in the community. You know, this investment with practically zero return.

Wakeman: Right.

Tang: Comparatively, it was negative return! So that's all a matter of honor and face.

Wakeman: Right. And reputation.

Tang: Yes.

Wakeman: What year did you sell?

Tang: Gee, I've forgotten. I guess it was around '80, '81, I think. I must say I was very patient. It went on for two, three years. In the meantime, of course, [the] Eurodollar interest rate was--do you remember those high inflation years? I think it was when Reagan became president in 1980. [The] inflation rate was double digit, and that's when [the] Eurodollar interest rate was up to 18 percent. That was another experience with the Japanese.

In my business, in the seventies, there were those two joint ventures with the Japanese. And in the textile business I downsized the spinning operation [in Hong Kong] and moved some of the equipment to Indonesia. I suppose those were the major events, yes.

Wakeman: How much if at all did political events in mainland China affect your perceptions about Hong Kong or your business experience? The end of the Cultural Revolution, the plane crash and the death of Lin Biao, Mao's death, the fall of the Gang of Four. These are big events on the mainland.

Tang: There was no effect on Hong Kong business or political perception. Of course, the big political event that affected Hong Kong was something positive, was Nixon's visit to China. I think that was a major political event as far as Hong Kong is concerned, [in] '72.

Wakeman: Do you want to explain just briefly how that affected Hong Kong?

Tang: I was ambivalent. My sympathies in those days were still against the Communists. I thought that was a disappointing about-turn for America to do. And secondly--well, that was not too much of a concern--the Taiwan operation, my garment operation. Taiwan's loss of--well, Taiwan didn't lose its recognition, I don't think, until '78.

Wakeman: '79?

Tang: Yes, '78 or '79, after Deng Xiaoping started the reform. I was a bit uncertain but not too much concerned about my Taiwan operation.

In my community work in Hong Kong, soon after my father died, I was invited to join the Textile Advisory Council, and I stayed on for ten years or something. I was on many government committees, and I always thought that was the one that I liked the best, because government actually had to consult and listen to industry. We were more in control of the situation, not like some of the other committees, where we were just sort of--I shouldn't say rubber stamps, we had our say, but we weren't experts on whatever subject--like the Port Authority Committee. What did we know? Later on, I was invited to the Provisional Airport Authority. What do you know about airports and how to build one, the design of the runway?

But with the Textile Advisory Committee it's not all talk because we had to prepare for negotiations with [the] American team, and really it's nitty-gritty figures and how many dozens of one garment we should negotiate, and how to get more flexibility. The real world. It's not just talk. There was a time factor for all the major negotiations I attended in Washington, in Brussels. In the beginning it was London. Then England joined the Common Market, and there were negotiations with the whole community--every time I was in Brussels. Through that committee work, I think I saw more of how government works, whether it's the E.C.--very cumbersome, especially the Common Market. So I must say that I had very little confidence that the Common Market would work.

The airport committee was chaired by the financial secretary, and the--I don't even remember--the committee that decided on who to give the right of the vote to--we gave 50,000 families the right of the vote, and it was chaired by the chief secretary. The Textile Advisory Committee was chaired by the secretary of industry, so it had less prestige. But I really enjoyed that work the most.

Wakeman: In terms of social life in Hong Kong, did it change in the seventies, or family life, was there anything--

### **Sale of South Sea's Land**

Tang: The seventies? No, not really. Nothing exciting. As I say, by the late seventies, it was very, very evident that textiles cannot continue to be made in Hong Kong, and I was quite happy that I started the garment industry. But by 1978, where my factory is--real estate value[s] have gone up, and I was informed by the government that they would probably change their land policy, because they were finding out that industry was no longer expanding. There was too much industrial land available, and no new factories were built, and some factories were actually moving out. So they were thinking of making some of the industrial land residential land.

By 1978 residential land, even in the remote areas, nine and a half miles from Tsim Sha Tsui was going up and up, and I was approached by real estate developers to buy the land. I ended up by selling part of the land. That was before '76. I moved part of the

factory to a new building, on the land which was not used, except for staff quarters and workers' dormitories.

If I may--would you like to stop that? [tape interruption]

Actually, this piece of land [displaying map], the machinery is--is smaller than the rest. This is Castle Peak Road, the main road from the city. There was a tunnel. That's the workers' dormitory, and this part I think was less than 200,000 square feet, and the other part was the balance of eighteen acres, so that's bigger. So I started to sell off this part, and then I moved the machinery to--I put up a new building here. In '74, '75 I put up a building for the double-knit operation with the Japanese, and when that folded--

## [11B]

Tang: I planned to move the used machinery to Indonesia, so I started to plan on selling that. Then when somebody offered me a good price for the land, including all the spinning operation, I moved part of the machinery to Indonesia, and the other part I moved to the double-knit factory.

Wakeman: So you retained all the rest of the land?

Tang: All the rest. And then in my first deal with K. S. Li--I sold him this piece.

Wakeman: What year?

Tang: Let's see, I would say '78. So that's something important. In terms of money, in terms of dollars and cents, the sales proceeds were equal to all the years of profit from our textile operation, since the beginning [in] '48, '49--that piece of land, just selling it.

Wakeman: So after you sold the part where the weaving operation took place, what did you do with the weaving machinery in '78, when you sold this piece to K. S. Li?

Tang: I had built that building for the double-knits, and the pilings were enough to build higher, so I built higher, and was able to move everything there.

Wakeman: I see. What happened to this piece of land, the piece that you sold?

Tang: That was actually bought by Amoy Canning, a food company. Actually, they intended to use it as a factory, but Amoy Canning was really also in real estate by then, so they were holding it for real estate development. Then, after K. S. bought this piece, he didn't develop it right way because he wanted to buy this whole piece of land to develop a factory, make it a factory building, build it high because the building code--you could build fifteen times the land area. You know, it was when land was only four, five dollars a square foot. But then, when land became valuable, even industrial land, K. S. bought it with the idea of building an industrial building fifteen times the land area and selling off unit by unit.

So when the government notice came, we were able to convert this whole piece into residential land, so the value increased. He bought this whole area here. [referring to the map]

Wakeman: What year did he buy that?

Tang: I'd say '79 maybe, six months after he bought this, a year after. And then he started building apartments here. The development was completed in early '82, when really there was a tremendous drop in the price and a lot of people just walked away. They had put down 10 percent deposit, and before it was 20 percent, 30 percent. In a few months, maybe 50 percent or whatever. Big drop, '81, '82. By '81 everyone could see--K. S. saw that pretty early on, but he figured he got it cheap, so he built it anyway and was selling it at a very excellent profit. But you know, they always pre-sell in Hong Kong. So they walked away.

Before it was completed, the government decided also to convert this site, and all the way to almost Tsuen Wan proper, so maybe half a mile, all along. My neighbor was another textile mill. Most of their land was here [referring to the map]. At the same time I sold K. S. this, he also bought here, and he started building [a] factory building. If he had waited maybe two years, it would have meant quite a few million dollars more.

Wakeman: Did you ever regret the decision beginning in '75 to start selling off this valuable industrial property? Did you feel that was the best business decision you could have made?

Tang: Oh, yes. In 1964, I think I mentioned, South Sea went public, so it's a public company. If I didn't do that, they would accuse me of doing a Mitsui. [laughs] Actually, when the government converted this, that's when he developed this, and when the word was out--I mean, when they notified the conversion to residential, I knew this new factory building had seen its days. It was 1982 when the bottom fell out. I auctioned a piece of land and bought a piece of land further out, Tsuen Wan, and started to be ready to move this factory. I think the whole factory was moved to Tsuen Wan in 1984.

Wakeman: Before then you still had this piece of land, including the workers' dormitories, so you retained only this piece of land after 1984?

Tang: Where the new factory building was, about here. Then I moved the machinery to Tsuen Wan in about '84. Every time I sold, six months later prices went up, so the last piece was after the big drop. Eighty-one was the peak. We were talking about developing this. He wanted to buy it, and we were discussing, and then '81, September anyway, we were negotiating.

I was in San Francisco, attending the industrial conference, and Hong Kong managing director and the chairman of Jardine at the time, David Newbigging, we were talking about land, and they said, "Oh, you know, we could offer you a lot more than K. S. Li." But actually, I didn't want to--because I had all this development with K.S.--I didn't feel it was right to say, "Hong Kong Land offered"--well, they didn't give me a firm offer or anything; I didn't even say anything to K.S. That's why we've become very good friends. I didn't even mention that. I said, "Maybe if you can't pay me a higher price, let's do it this way: I'll keep 40 percent interest, and you develop it." So I retained 40 percent, instead of selling the whole piece.

Wakeman: Has that been successful?

Tang: Of course, then this big, big drop. The market was bad until '86. You know, they blamed it on Margaret Thatcher's visit [in] '82 and the discussion [about Hong Kong's reversion to Chinese rule], but in fact, the real estate market really was very ripe for correction. There was over-building--so at the time it looked like the bubble burst, like the Tokyo bubble in '90. [In] '87 the real estate market started to recover. When was that Black October, when the financial markets in the U.S., Wall Street [had a] big, big correction? In Hong Kong everybody had said after the '82 crash and the uncertainties in the negotiation [with China], and the over-supply, everybody said that the values would never come up back to the '81 level, never. By '88, values exceeded the previous peak, which was a dizzy height.

I think in September, K. S. actually came to me and said, "I know you've never been very keen on real estate as a long-term thing. If you want to sell, I have a buyer."

Wakeman: Sell what?

Tang: Sell my interest.

Wakeman: The 40 percent?

Tang: The 40 percent interest. At the peak in '81, he was selling the development for \$770 a square foot, covered area--apartments--\$770 a square foot. At the time, one dollar U.S. was five dollars Hong Kong, and then, of course, people walked away. The buyers walked away in '82, when it was completed. But anyway, by '88 that same area, next door, I sold him my interest for I think \$980 a square foot.

By '96 it was worth close to \$4,000. That's the swing for real estate value-wise. Of course, it was Hong Kong dollar devaluation. Five dollars became \$7.80, roughly. So anyway, my interest was sold--actually, he was trying to help. I mean, that was market value at the time. But I think they saw that the market would go further up. K.S. helped this Larry Yo. It was sold to Citic and Larry later said he never made a quicker profit than that deal.

After I sold it, I was very happy because Black October was, I think, three weeks after I signed. But Larry--I mean, Citic sold its interest for a quick profit, I think, of \$1,200 a square foot. That was [a] very good, quick profit.

So that's the seventies. So dollar and cents-wise, I guess that was a big thing that happened to South Sea.

### **Chairmanship of the Chamber of Commerce**

Wakeman: How did you become even more politically involved in the 1980s?

Tang: Yes, all right. Well, first of all, [in] '82 I was invited to the General Committee [of the Chamber of Commerce]. In the late seventies a friend of mine, who was then chairman of the chamber, Peter Foxen, head of Inchcape Group--

Wakeman: Head of what?

Tang: Head of Inchcape--you know, the big trading group, wanted me to serve on the General Committee. He was quite farsighted. I think he already had the idea one day there has to be a Chinese chairman. At the time, I think they already had one or two Chinese on the General Committee, but they were all British citizens.

Wakeman: Cantonese?

Tang: Cantonese, yes. He wanted me to go on the General Committee, then he looked up the articles of the association, the bylaws, and found that you have to be a British subject to be on the General Committee. I was away, but he called my general manager and found out that I was [an] American citizen, so he couldn't do it.

Then in 1982 I was asked to join the chamber's General Committee. I suppose, as the first non-British subject. And the same year, David Newbigging was chairman. He asked me, and he also asked C. H. Tung to go on the General Committee. I found out later--the reason for asking C. H. Tung was simply because Y. K. Pao, through his son-in-law, Helmut Solman, had approached the chamber's director--the working director, Jimmy MacGregor. Y. K. wanted to get on the General Committee, and so Jimmy MacGregor approached the chairman and said that Helmut Solman said this. There was a battle for the Kowloon Wharf. It's in the bylaws of Kowloon Wharf that Jardine's chairman would be automatically chairman of the Wharf company, even if they don't hold one share. You know, the colonial system.

And so Y. K. bid for--I think it was '81--so they were business enemies.

Wakeman: Who were business enemies?

Tang: Because of the Wharf--

Wakeman: Who's the enemy?

Tang: Jardine's--because Y. K. Pao made a general offer for Wharf, and Jardine lost Wharf--not the financial interest, but the chair. So Y. K. in '82 wanted to go on the General Committee--and David Newbigging was chairman, so he quickly asked C. H. Tung to join and told Helmut Solman that the shipping owners did not contribute really significantly to Hong Kong's economy. Their ships had Liberian registry, number one. Number two, Jardine's shouldn't have too much representation--there are only twenty seats on the General Committee--and he's already asked C. H. Tung. I mean, that--

Wakeman: That eliminated Y. K. Pao.

## [12A]

Tang: So the irony of it was when I became chairman, I tried to enlarge the General Committee of the Chamber of Commerce, and I spent about two-thirds of my time on General Chamber matters. [tape interruption]

And when I became chairman, I wanted to internationalize and really strengthen the General Committee. Without saying so, of course, that meant bringing on more Chinese members and international members. So one of my first appointments was Helmut Solman. My reasoning was Y. K. Pao is now an important member of the business community. He was the shipping king. Like David Newbigging had said, his contribution to Hong Kong's economy was not so great, but now that he owned Wharf, it's a big company, so he should be invited to the General Committee.

By 1984 he had Wharf, and I think he had wanted to be the first Chinese chairman, but by then had lost interest. So I said, "I'm sure Y. K. would not be interested anymore." So I wanted to appoint Peter Wu. He's Chinese. He represents Y. K. Pao's interests. He was running Wharf by then. But I talked to some of the senior members on the General Committee and found out that nobody liked Peter, so they said, "It's your decision, but he's not the most popular person." So I said, "Okay, then let's appoint Helmut, even though he's in shipping."

I spent most of my time trying to internationalize the chamber. The Chinese called it the British Chamber of Commerce. I invited the first American, a lawyer, Gage McAfee. He was president of the American chamber, so I invited him to come on the General Committee. And they had never had any European on the General Committee, so I invited the general manager of East Asia, the Danish trading company. Soon after I was elected chairman [in] April '84, we were invited to go to Beijing. That's when I saw Deng Xiaoping, in May.

But I spent two years reorganizing and strengthening all the subcommittees and having a closer relationship with the subcommittees. Also generally fighting the director. That's a problem, when you have these people who run the institutions, after ten years they think they own it. He used to tell me, "Forget about the General Committee. Just you and me, we decide things." He was used to that because previous chairmen didn't want to spend their time--they were very busy people. They headed companies, and they couldn't say, "I'll spend most of my time on chamber business."

Wakeman: So how were you able to devote your time, two-thirds of your time, to chamber business?

Tang: Well, by '84 South Sea did not expand; it shrank in the seventies. By the eighties I was considering eventually maybe moving everything out, and by about '84 we had moved all the machinery to the new factory, and it was going on its own, really. I've always had very good help. The thing I regretted was I didn't have enough time to spend on the garment business, but it was also very well run, making a lot of profit. Anyway, in the early eighties there were no big decisions to be made. It was not until '88 that I had to spend the time and make the right decision. [In] '88 we started in the Philippines, and [in] '89, a few months after Tiananmen, we started in China. And today, if we hadn't done that, we would have just one thousand workers in Taiwan, no workers in Hong Kong. We phased out the Hong Kong garment factory around '86. [tape interruption]

The General Chamber of Commerce was the premier business association in Hong Kong during the colonial days. That was the organization that really controlled the whole economy. As I say, the General Committee--the chairman would be either from the Hong Kong Bank, Jardine's, or Inchcape--the big British companies, or the senior

partner of, let's say, Price Waterhouse, which in those days was a colonial, local auditing company. Of course, membership-wise, the[re were] more Chinese companies represented, but it was controlled by the British interests.

The importance of the General Chamber was reflected in the fact that up until 1982 David Newbigging was chairman. Until then, the chairman of [the] chamber would automatically go on to Legco. So they would influence legislation and all that sort of thing.

Wakeman: But by the time you were the head, it was no longer an automatic appointment to Legco.

Tang: It stopped with my previous chairman, yes, but it has a lot of influence on government. [tape interruption]

### **Children's Coming of Age**

Tang: Before we go into the eighties, I think I would like to say something about the seventies, which was really a turning point in my career. Also in my personal life, 1970 was the year that my son, Martin, graduated from Cornell. He became an adult. I also remember that in the summer of 1970, after his graduation, I invited the whole family--all three of my children and my mother, my mother-in-law, and my mother's best friend, Mrs. Dorothy Wong, to travel through Europe. Looking back, I think I had the happiest summer that year, 1970.

We went all through Europe, the Scandinavian countries, and Switzerland--all the cold countries. That summer happened to be a record hot summer for Europe. I remember we started in Bergen, Norway, by bus. Everybody met in Bergen. My youngest daughter, Leslie, was in her teens. She flew into Bergen on her own. That was the first time she had traveled on her own, from Hong Kong to Bergen. We all met there and started on the three-day bus trip to Oslo.

It was just a beautiful three days of traveling. We saw the fjords, and the first night we stopped over in a hotel on top of a mountain. You had two fjords on each side of the mountain, and the bus would wind up to the top. Anyway, it was very enjoyable to have all three children with me and the three generations, all enjoying ourselves. You see, in the fifties and the sixties I guess I was working hard and trying to get somewhere, accomplish something, and do the best job I could, so I guess I didn't spend enough time with my children. And that summer really, as I say, really brought the whole family closer together, and gave me a lot of happiness.

And also I was quite proud at what I had sort of built up, a European distribution for South Sea, and I had appointed agents in the sixties in Oslo and Goteborg, Sweden, and Copenhagen and, of course, Geneva. I had no agent in Bergen, but in most of the places we went to, we were entertained by my agents. So my family was able to see what I had built up for South Sea. I was a bit proud to show them, and I had the best relationship with my agents also, so they invited us to their homes. In Oslo I still remember what the agent served at home. It was beautiful, fresh salmon.

So anyway, that was my happiest few weeks, looking back, because in the seventies, my children started to become adults, and in '71 Nadine graduated from Boston University, and she worked for a year in an old age home in Boston and then came to Berkeley for her master's degree in social psychology. And Leslie by 1973, I think, she came to Berkeley. So that summer in 1970 was even more meaningful, looking back.

By the late seventies, they all became adults. Martin got married in '78, and Nadine soon after that. So they started their own families.

Also, I think it was '78 that Martin came to work for South Sea. That was also a landmark.

Wakeman: What had Martin been doing in the 1970s before he joined South Sea?

Tang: In 1972 he got his master's degree from Sloan, and he put everything he had in a car and drove west. I think Leslie actually started the movement to the West. She was the first one to be determined enough to say that she rebelled against the thinking that the best schools are on the East Coast, and so she refused to go to the East Coast for college education. Actually, the older two followed.

Wakeman: What made Leslie choose Berkeley?

Tang: I don't think she applied to any Eastern school. I don't remember whether she applied to Stanford. Maybe she wasn't accepted by Stanford. But I remember urging her, "Well, if you want the West Coast, why don't you go to Stanford?" So just to show me that she could do that, after her freshman [year] she applied for a transfer to Stanford. She was accepted, and she said, "There you are. Now I don't want to go. I'm staying. But I just wanted to prove to you that I could go to Stanford if I wanted to."

After Sloan I think Martin went into the army for the whole summer, and then packed everything up in a car and drove west and got a job as a trainee with Bank of America, where he made many good friends--still very close friends, even today. After two years of training he was sent to Taiwan for two years, and when they wanted him to continue in Taiwan, he left, and he came to South Sea to work for me. He didn't like living in Taiwan.

Wakeman: Did his decision to come to South Sea work the way yours did, so that at a certain point your father notified you that it was time for you to come back? Did you do that with Martin?

Tang: No, no. Actually, I believe in the children making their own decisions. I was very happy that he wanted to come back, but it was unfortunate that eventually he decided that was not the industry he wanted to be in. For one thing, he found he was allergic to cotton dust, so every time he went into the factory he would sneeze. That was one of the problems.

Also he felt that the textile industry was a sunset industry. And also I think another factor is I made the mistake of sending him to Indonesia. By the mid-seventies, I had moved some of the used equipment from Hong Kong to Indonesia and started an

operation there, spinning, twenty thousand spindles. When Martin joined me, I figured the boss's son has got to start from the bottom up, and the bottom--

Wakeman: The way you did with the zipper industry.

Tang: Yes, that's right. There was nothing lower than Indonesia. I mean, it was not a very--

## [12B]

Tang: I thought I'd let him start from the worst situation that you could confront. That was, as I say, a mistake, but he stuck it through. He stayed to learn the business in Indonesia. He spent one whole summer, after he got married, in Indonesia at the factory--that was in the middle of nowhere--to learn the operation. After that he came back to Hong Kong and then helped to manage the operation from Hong Kong, traveling to Indonesia. I think that sort of disillusioned him, because in Indonesia the way of doing business is quite different from Hong Kong and certainly vastly different from Bank of America. So I think that also contributed to his eventual decision to go outside the textile business.

But also I think another factor comes in. It's not a good idea for father and son to work in the same industry. The success ratio of that sort of situation I think is rather low. A young friend of mine in Manchester was very wise. He said to me--his son was in his teens--and he would tell his son, "You should do this," and "You should do that," trying to direct him. He noticed his son would always listen but then he would do whatever he wanted to do anyway. I still remember his remark, "You can't have two cocks in the family, each crowing." Maybe one of the reasons I didn't really put any pressure on Martin to come back into the business was because of my own experience. My father and I really--our views on how to manage were quite different.

Wakeman: Can you describe the difference?

Tang: You know, when you look back, it's not really the difference. It's really a matter of, you always want to have a different view. Actually, you know, it come[s] down to the same thing. I don't know.

Wakeman: Did you want to define yourself separately?

Tang: Yes, yes, you just want to define yourself differently. As a child, my father was very busy with his business. He had very little time to spend with the children. But I was the eldest and, in the old-fashioned Chinese way, the son and heir. He used to spend time with me. When he was taking a bath, he would say, "Jack, sit down." I would sit on a pot and listen to him, and he would expound: life, philosophy, business ethics, honesty and so forth. I was very much influenced. He always said, "When you are successful, don't let success go to your head," and he would give live examples. "You must be strong, have a strong character." And also, "When you go into business, education is the best asset you can have, so I will see to it that you have the best education you can. That's something that nobody can take away from you. If you accumulate wealth, you may lose it," and all that sort of thing.

In business, [he would say], credit is the most important thing you have. You can always pay back your loans and all that. Credit is the most important asset you can build in business. Things like that. I mean, basically, we had the same view because, as I say, in my day, father knows best. I didn't have any definite ideas. Those ideas, of course, came from my upbringing.

But then, when you get into business together, you have to say, "Yes, but I think it should be directed that way"--even though basically it's the same thing. It's a bit different style. The same principle, the same business philosophy, the same business ethics, but somehow you express it slightly differently.

Wakeman: So how was your style different from your father's?

Tang: Being younger, I tended to think that my style was more democratic, more consensus seeking. But then, as I grew older, I would ask for views, but a lot of times I would say, "Yes, fine, but my experience tells me, and my analysis," so I became more despotic, if you like. [tape interruption]

That's what leadership is all about, right? I mean, you listen and then you have to make your decision, even if it's maybe not the consensus.

So by [the] early eighties I think Martin began to feel that the industry is not what he wants, and so after talking to him, I tried to--he wanted to go into the financial business. So I talked to Victor Fung, who was setting up a venture capital fund, and I put Martin together with him, and so Martin went to work for a venture capital fund for a few years.

But eventually he found his real love, and he went into the headhunting business. Now he's a very successful headhunter with one of the big five or big ten headhunting firms.

Wakeman: So how much of your father's philosophy did you try to pass on to your son as he was growing up?

Tang: Some, but not enough, because actually, I did not have as much opportunity to instill life philosophy and business philosophy in Martin. That's the thing, you see, you were in between generations. In the old Chinese culture--

Wakeman: Responsibility.

Tang: Responsibilities are the most important thing. I suppose my generation felt we had to be responsible for the younger generation, but still it was [more] to the older generation. My grandfather died when I was very young, so my father probably had more time for me, but my siblings all felt that they were neglected entirely. My generation began to feel we have some obligations to [our children]--but my parents, I felt, deserved more time. It's the generation after mine, your generation--75 percent is your obligation to your children.

Wakeman: That's right.

Tang: It's quite a different relationship.

Wakeman: Right.

Tang: I noticed this in talking to my present wife. She devoted practically all her time to her children.

Wakeman: Rather than to her parents.

Tang: Yes. So anyway, that's--so I'm afraid Martin did not have as much benefit from my experience as I did from my father's.

Wakeman: What was it like in the sixties to be P.Y. Tang's son in Hong Kong?

Tang: It must have been a little upsetting, but not so noticeably. I guess I was more laid back than most people. I felt that, basically, it was no shame to work for my father. Like he said, "You have proven yourself, a good education, you've worked for three years on your own for Mobil. It's time to come back." In other words, you have proven [that] you can make a living. So I didn't feel much of a complex about being P. Y. Tang's son.

I always felt that you inherit something and you make it bigger. You make it more successful. There is nothing wrong with that. Yes, it would be best if you could start from [the] ground up on your own, but, you know, how many people have the opportunity of doing that, of being a Bill Gates?

Wakeman: That's right. Did you find you had to keep proving yourself to your father?

Tang: I suppose subconsciously, yes. Yes, maybe the complex was that I felt that I had to do it somewhat differently. Maybe that was the--

So anyway, going back to Martin's and my relationship. Of course, when he first told me that he didn't want to be in the textile business, I felt pretty hurt. I think only when he became so devoted to the headhunting business and he did so well--Spencer Stuart is one of the largest recruiting [firms]. They recruited Louis Gerstner for IBM. He's not only a partner but on the board of directors. Only maybe six or eight partners are on the board, so he's very successful. He's in charge of the Far East, so he travels too much.

When I saw him working Saturdays and Sundays and loving it, then I became reconciled. He has to do what he likes. And he is now in the right profession. Maybe finally I was reconciled to this, perhaps only five years ago.

Wakeman: So what was it like to come into your own--to return to your life--what was it like to come into your own first in 1969 and then fully in 1972?

### **Changing Focus for South Sea**

Tang: Yes. I guess that was a period of confidence building, the seventies. [The] Hong Kong government, in a way, was also trying to make me a successor to my father. I was asked to be a member of the Textile Advisory Board. That was quite [an] important position.

We advised government on all negotiations with importing countries on textile matters. That's Hong Kong's major industry--textiles and garments--all through the years, accounting for at least one-third of exports since the fifties, sixties, seventies, eighties, even when, in the eighties, electronics became a major export industry.

Unfortunately, textile and garments were restricted--quota restrictions--so because of the importance of the industry and the importance of quota restrictions the Textile Advisory Board was [a] very important committee. So anyway, I was a member for, I guess, thirteen years or fourteen years. That's something that I felt I was able to contribute to a lot. And that was the beginning of my contribution to the Hong Kong community.

Wakeman: So then, beginning in '69, but really after your father's death in '72, you were able to define the future and your own vision for the company, for South Sea Textile. Did you find that you had new initiatives that you wanted to bring to the company?

Tang: Not really new visions. It was more a different perspective. When I took over, I felt that the textile industry was going to be less and less competitive in Hong Kong. That was already visible in the early seventies, so I started to try to diversify the business geographically. I looked for [a] new country where we could succeed and still make good profits. So after looking around--my favorite country was Thailand, but the Vietnam War was still going on, and the domino theory was still prevalent, so I didn't.

Anyway, Malaysia was the second choice, but then in '69 there was rioting, and hundreds of Chinese were killed. But eventually I decided on Indonesia.

[End of Interview]

[Interview 5: October 8, 1999] ## [13A]

Tang: And when I went in to Indonesia, the corruption was at its lowest point. Sukarno had been deposed in the late sixties, and Suharto was in his early days, and corruption was minimal.

Wakeman: Did the anti-Chinese sentiment in Indonesia worry you?

Tang: No. In the transitional period, Sukarno to Suharto, they killed a lot of Chinese. That's true. But in a way, I felt that as long as the Chinese would keep a low profile and just keep making money, the Indonesians were not so--not antagonistic, but more laid back.

I suppose after many years of oppression and bad government, like after Sukarno, they went berserk. Usually, they're quite mild people.

Wakeman: Did you consider after the Vietnam War building up some kind of manufacturing capacity in Thailand?

Tang: No, no. The reason is when I went to Indonesia, it was a rear-guard action for the textile business. But at the same time I was already going into the garment business. I'm the first-generation garment manufacturer. I started that operation. But by the mid-seventies

it was still an infant--growing, but--so I was preoccupied with how to save the textile business, the third-generation thing.

So why I didn't go to Thailand. Well, I had already gone into Indonesia. Even after--when did the Vietnam War stop?

Wakeman: Seventy-five.

Tang: Seventy-five? Yes. By that time I was--

Wakeman: Already committed.

Tang: --already committed to Indonesia. My reasoning for going to Indonesia was that the Indonesians are actually quite satisfied with just taking a percentage from the Chinese who made the money. That's unlike Malaysia. By law, they were going to take the Chinese population, the 35 percent of the population that controlled 95 percent of the wealth, and [make] that 95 percent come down to 50 percent. By law, the natives will have so much. But not in Indonesia. Yes, there were anti-Chinese feelings, but the people who are in the position to make policies--they're satisfied with just taking a percentage.

Wakeman: As the textile industry in Hong Kong declined in the seventies, or as it began to seem less promising, how did that affect the relationships within the small group of manufacturers to which you belonged? Was there a spirit of increased competition among the thirty-two or thirty-three people at the very top? What were personal relationships like within that group?

Tang: Personal relationships never changed, actually. There was not that much of a sense of competition because there were market niches for everybody. South Sea--fortunately, we were the leader in quality, so we always had an export market. Our cloth was very much favored in Manchester and in New York, so all our fabric production was exported.

I think on the fabric side, the weaving side, we had very little competition. Other weavers were making the cheaper fabrics and selling to different customers. There was always some jealousy, but there was not cutthroat competition.

Wakeman: Did you socialize together? Did you belong to the same clubs and the same organizations?

Tang: Oh, yes.

Wakeman: And eat at each other's homes?

Tang: Yes.

Wakeman: What were the social relations like?

Tang: We invited bankers and government people, and we'd invite all the competitors.

Wakeman: One thing I haven't asked you about before is language. How much Cantonese did you, yourself, speak, and what was it like to not speak the language of your workforce?

Tang: Well, I don't think it was a deterrent. I don't think it was an asset, either. All I can say is really your management--the owners usually don't speak the language, but your management, of course, had to, so I don't think that really was a big factor one way or the other.

Wakeman: So what language did you communicate with your managers in?

Tang: Shanghai.

Wakeman: After they arrived--the managers--after they arrived in Hong Kong, they learned Cantonese.

Tang: Oh, yes. Having to deal with the workers, yes, they had to learn the languages.

Wakeman: What about for yourself? Did learning Cantonese seem to be something important?

Tang: I didn't think so. English was important, I think, because in dealing with your customers--the bankers and all that sort of thing--it was usually [spoken].

Wakeman: What about for the Textile Advisory Board? What language did you use when you were meeting?

Tang: All English.

Wakeman: All English.

Tang: Yes. During the British regime, all committees were in English.

Wakeman: What kind of relationships did the textile manufacturers have with the British colonial government? Was it a supportive relationship? Did you feel supported by the government, or not totally because of the difficulty of the quotas?

Tang: We had to work very closely. I think in the fifties and maybe early sixties we felt government neglected the industry and wasn't helpful enough. The British imposed the quota--always voluntary quota--but let's face it, nobody wants to be restricted. The first one to restrict Hong Kong textile exports was the mother country, so that caused a lot of resentment. [tape interruption]

### **Community and Government Service**

Wakeman: So let's move on to talk about how your political views began to change--your thinking about China began to change in the early 1980s.

Tang: Yes. I think by the early eighties the government and maybe society were preparing me, you might say, as a successor to my father. In '73 I was asked to go on the Polytech council. I was a council member for five years. That's, of course, because my father was the chairman of the preparatory committee, which gave birth to the Polytech. That was my first encounter with Hong Kong tertiary education.

I was on other committees and boards, mostly government, so that was a period of learning, which prepared me for what was in store [in the] eighties. I think if government had the idea of really grooming me for bigger things, they probably were disappointed that I refused to go into politics.

Wakeman: What opportunities to go into politics did you have?

Tang: Always the first step is Legco, become a Legco member and then after a term you go on to Exco, which is sort of advising the governor. It's more the executive branch of government. Legco is legislative.

Wakeman: When did you have an opportunity to stand for Legco?

Tang: Really, the late seventies--in those days, of course, you were appointed by the governor. So the opportunities were there. But I was quite determined to stay away from politics.

Wakeman: Why was that?

Tang: Well, most people get involved really for the power, but you have to stomach a lot of things, I think. You have to be a certain personality, a certain makeup. I guess I just didn't want that. I think I mentioned this right from the beginning: in analyzing myself, I have no ambitions. My only ambition is to do the best job I can. I don't aspire to be the most powerful person in a community or the wealthiest, just somebody who wants to do the best and be satisfied that I have done the best. Actually, you know, all the honors I was given I never expected. I can honestly say that I never expected it. It wasn't that that motivated me to do a good job.

So in 1982 David Newbigging came to ask me to be vice chairman [of the Chamber of Commerce], because his vice chairman would be chairman, John Martin, and he invited me to be vice chairman to John Martin. I suppose that was a great honor because I would be the first Chinese, non-British and Shanghai Chinese--so in one stroke I would break three records in the chamber's 125 years of history. So that was--

Wakeman: Huge.

Tang: --something. I hated David Newbigging for asking me because I knew if I took that job it would mean a lot of work for me. I wouldn't be satisfied just to have the honor and in two years, okay, I'd be chairman.

Wakeman: Maybe you could describe briefly what the most challenging aspect of the work was, the actual work that you did for the chamber.

Tang: The tradition is two years, and then you become chairman, so [in] '84 I became chairman. In '83, John Martin--well, he wasn't feeling well.

Wakeman: Who was John Martin?

Tang: He was the chairman.

Wakeman: But what was his business affiliation?

Tang: He was the head of a big British company. Actually, he had control of Lane Crawford, which--and he also was in trading and some real estate.

Wakeman: Right, but I don't understand. Was there one organization--I mean, was there one company that he ran or managed?

Tang: Yes, yes.

Wakeman: And it was diversified in these different areas?

Tang: Yes, right. Probably his business would be, after Jardine, Swire, and Hutchison, he would be number four.

Wakeman: And what was the name of his company?

Tang: Lane Crawford was--the name of the subsidiary--I have to tell you later.

Wakeman: That's okay. He was not feeling well.

Tang: He was not feeling well. I think it was more a mental breakdown. So he wasn't very active, especially the second year of his chairmanship, so I took over a lot of his responsibilities as chairman. I went around England. We went to Manchester--of course London, Manchester and Bristol and Edinburgh--sort of leading the chamber delegation to meet the Chambers of Commerce in these cities. That was in '83.

I guess one of the contributions perhaps I made was buying the premises in '83 at a very low [price]--you know, there was a big correction in Hong Kong real estate prices.

## [13B]

Tang: I pushed for buying our own premises.

Wakeman: What kind of property did you buy?

Tang: Oh, we bought office space in--I think it's the United Building, where the chamber is located at present. I guess it was close to 20,000 square feet. Previous to that, we always were in the Hong Kong Land Building, but that didn't make David Newbigging very pleased because he was quite desperate in retaining [the] chamber as a tenant of Hong Kong Land. He was chairman of Hong Kong Land. So anyway, I suppose that my contribution was measurable because when the office rentals started to come up in '87 and then all the way up--[tape interruption]

Wakeman: --in the nineties.

Tang: Yes. The chamber saved a lot of money. [tape interruption]

### **Gifts to Higher Education**

Tang: I was quite aware that the family tradition was really to support education. That started even from my grandfather's time. Also from my father's philosophy. He really devoted more of his resources to education. He had set up scholarships in China, and he started to talk to Howard Johnson. Howard was chairman of the MIT Corporation. I think my father attended his forty-fifth reunion, and then, just before he died, he was corresponding with Howard Johnson about maybe donating something like \$50,000 for a room in the graduate school dormitory.

So after his death, I took up the correspondence. Howard suggested rather boldly, "Would you like to donate the whole dormitory instead of one room?"--you know, to commemorate, "in your father's memory." Well, actually, I wasn't ready for that, but then Howard was very forward thinking. He said, "I'll make you a good deal." [laughs]

So for something like \$750,000 we got the naming rights for that twenty-something-story dormitory that accommodated three hundred students.

Wakeman: Wonderful.

Tang: Yes. I wasn't that enthusiastic, but anyway, I consulted Oscar, and Oscar said he felt that, as a businessman, it's a deal you cannot refuse! I must say, to be honest, it wasn't such a noble motivation at the time.

Wakeman: What about the Tang Health Center? I don't know the story of that. How did you end up deciding that you would make that donation here at Berkeley?

Tang: Oh, the Health Center.

Wakeman: Yes.

Tang: Well, that's much later. Well, Howard Johnson told me later that he was very pleased that I did this because from that he was able to get a lot of foreign money--[from] the German alumni and the Japanese. He used that as an example, and so I know for sure Mitsui Company, for instance, gave a million maybe a year after that because the chairman of Mitsui wrote to me. Mitsubishi had given one million to Harvard, so Mitsui had to do something! The chairman [of Mitsui] was a good friend of my father's, and then eventually they gave a million to MIT. So anyway, Howard was pleased.

In the eighties, my visit to Beijing and my talk with Deng Xiaoping, that was really a turning point in my life, I guess. After that visit, I felt good, some pride in being a Chinese. You know, before that, from my school days, [in the] recent history of China, since the Qing dynasty, China was always [invaded]--you know, the Russians invaded the northern borders.

Even from the Ming dynasty, the Japanese had always invaded the coastal areas. I don't know whether I mentioned this, that one of my ancestors drove the Japanese pirates out. I mentioned that.

Wakeman: You did mention the stele that you saw in Wuxi.

Tang: Yes. And so in history lessons, the Chinese were the sick men--

Wakeman: Of Asia, yes.

Tang: Asia. Many people smoked opium and a lot of Chinese had TB. They were truly the sick men of Asia. But after [meeting] Deng Xiaoping, I came back to Hong Kong, and all the fear of 1997 evaporated [after] that one visit. He was such a powerful person, human and modest. As far as I'm concerned, he will go down in history as one of the greatest--the greatest person perhaps for this century. That's how impressed I was.

This [visit] had a lot to do with what I did later on. I started my second donation to MIT to establish a scholarship for Chinese students, ethnic Chinese--whether from Indonesia, from Singapore, China, Hong Kong--doesn't matter, or the U.S. As a matter of fact, of the twenty-three Tang scholars, I think maybe 60, 70 percent are American. A lot of them came from China, and now they are American citizens. But anyway, they are Chinese, ethnic Chinese. I think that [visit] had a very big influence on my later philosophy.

I started my support for Berkeley because [Chang-Lin] Tien became the first Chinese to be chancellor of a major university. My daughters always felt that they wanted to support the Chinese community--to sort of dispel the impression that all Chinese are restaurant owners and laundrymen. So when Tien was appointed chancellor, they called me. They wanted a check on his desk when he came in, July 1. I said, "Well, you don't give me much notice." [laughs] But I happily agreed. So that was the beginning.

But then, I'm always quite appreciative and grateful for whatever favor I get. I never forget somebody who has done me a favor. My two daughters got their education from Berkeley, and of course, three generations have benefited from MIT. But I must admit that in the early seventies, when I was in my mid-forties, I didn't have that kind of philosophy. But anyway, [the visit to Beijing] was one of the factors. This is in addition to the teachings of my father about the importance of education.

And I feel that science and engineering certainly [are of the] utmost importance to developing countries. But even to America this whole boom in the economy in the last three, four years [depends on] high tech. Also the reason that Detroit lost to Japan--in manufacturing--even in electronics and consumer goods--[is that] in this country there are more lawyers than engineers. This is the reason why I had this idea of doing something for Berkeley and for China, this was the experiment of the two scholars we'd bring to Berkeley every year. You know about that.

Wakeman: I don't know about that, I'm sorry.

Tang: Oh. Oh, when was it?--three years ago, I think, I started talking to the children about maybe doing something, like Rhodes scholars, being selfish, picking only three

universities: MIT, Berkeley and Cornell-- to have a program--again, only for ethnic Chinese, and follow up on the Tang scholarships at MIT. I think that was more Dan Mote's idea. He talked me into it: "How about looking far ahead, and doing something to raise the standards of universities in China?"

Initially, I said, maybe [it's] not such a good idea because it costs a lot of money, \$50,000 a year per scholar.

Wakeman: One?

Tang: Per scholar.

Wakeman: Why so much?

Tang: Well, the tuition and this includes all the traveling and living here. In the initial stage I think they talked about bringing the families here. I said, that's the first no-no because then they may stay on. But then he was able to convince Nadine and myself, and I feel maybe this is a very long-term project, but it's not a bad idea. Let's try it out. So Berkeley is the guinea pig.

Wakeman: So three students a year.

Tang: Two.

Wakeman: And what are the requirements for the fellowship? Undergraduate students?

Tang: No, no, no. These are professors in the best universities, only limited to five: Qinghua, Jiaotong, Fudan, Beijing University, and Nanking, I think. And these universities are asked to field a candidate, their best among the young professors, and they come here to do research.

Wakeman: Wonderful.

Tang: Yes. The idea is they go back--and I think the idea is also to bring them back again maybe after two years. Through this process, maybe in many years to come, they will be able to raise these top universities to an internationally recognized research standard. These scholars eventually may get a Nobel Prize or something, so this is my interpretation--maybe Dan Mote has some other idea--but this is how I see it.

Wakeman: Wonderful.

Tang: So now we have gotten MIT and--Cornell comes in on agriculture because that's what I think China needs. I think this month they're coming here to see how the program works at Berkeley.

Wakeman: Good.

### **Changing Views of China**

Tang: Yes. So, you know, that visit to Beijing and that talk with Deng Xiaoping really revived me, and after that meeting, traveling in Europe and America, all the people I met--they would say, "Deng Xiaoping is opening up China." It's good for the world to have a China that's so progressive and a member of the world community again. He visited America--when was it--1980? Anyway, he wore a cowboy hat and all that.

Everybody said, China is going to be a power, and everybody started to have respect for China. I think Deng Xiaoping really put China on the map again as a responsible country, taking its rightful place in the world. And I think he removed the fear that China would be maybe [an] aggressor, which Mao Zedong gave the world.

Wakeman: The idea that they would be an aggressor?

Tang: Yes, after the Korean War. But Deng Xiaoping, I think, removed that, and the world really felt that China was taking its rightful place as a responsible [global] citizen.

Wakeman: What about now, when the idea of China as a military threat has returned in the United States? Maybe not in the rest of the world, but it's certainly very powerful here.

Tang: Recently I talked to my friends who are in a position to know, like Marty Garbus. He attended a seminar with I think some former defense secretary--and people in influential positions who are spreading that idea. It's most unfortunate because I think after Tiananmen--overnight, everybody said, that guy who was our friend and who's bringing China out as a responsible citizen and [encouraging] capitalism--overnight, Deng Xiaoping became an ogre.

Wakeman: That's right.

Tang: People are naive. But that's what happened. And Taiwan probably also added some fuel on the fire. They lobbied the Senate and the House.

Wakeman: The China lobby is still very strong.

Tang: Very, very strong, yes. They spend a lot of money, too. I think Israel is probably number one in their lobbying activities, the money they spend--and then Taiwan is very close--number two and number three--in spending.

Wakeman: Let's go back to the late 1970s. You said that one visit in 1984 took away your fear and took away the sense that you'd had of China as backward and a threat--

Tang: And restored pride.

Wakeman: And restored pride. Let's go back to the period preceding that visit. Talk a little bit about the threat that you saw or that you still felt. What about the oncoming 1997--I'm talking now about in the late seventies, before the Joint Declaration. There was a period in the late seventies when a lot of people were emigrating from Hong Kong because 1997 seemed a reality.

## [14A]

Tang: Yes. Actually, I think the people who really had a great fear of the Communists left Hong Kong. The first time was during the Korean War. A lot of people left, those who had the means. Then the Cultural Revolution was the next stage where a lot of people left. The remaining ones were perhaps more foolhardy or more brave--I don't know. But they are all prepared in case things don't go right. Until the early eighties, I think most people were fearful that the Communists would eventually take back Hong Kong, but most people who had wealth were prepared anyway, financially. They all had assets abroad.

Wakeman: Can you talk about the kinds of preparations that you made for such an occurrence? How did you prepare?

Tang: Having assets abroad. Your business is in Hong Kong--you just can't move it to the States somewhere. I think that's the only preparation you can make.

Wakeman: Did you ever imagine that, like your father, you might have to start over again in another location?

Tang: I guess, yes, yes. But those thoughts disappeared after '84. I remember when I came back from Beijing. That was the lowest point, actually. I haven't gone into that part, have I?

Wakeman: Not yet. And also the decision to go on the trip you haven't talked about. You just started to talk about beginning to take responsibility within the chamber because Mr. Martin was not feeling well.

### **Reorganizing the Chamber of Commerce**

Tang: Yes, okay. All right, we'll go back to that. I feel my contribution to the chamber was really mostly in reorganizing the governing bodies. The General Committee of twenty was mostly British and a few token Chinese.

Wakeman: Any Shanghai Chinese?

Tang: By the time I went on the General Committee, I was the beginning of the non-token Chinese that they brought in. I went on the General Committee, in 1980, and they broke some rules to get me on. Before that, only British citizens--you may be Chinese, but only Hong Kong British citizens can go on the General Committee, so they changed that [rule]. And I went on. At the same time, they brought C. H. Tung on, the present chief executive.

That's an interesting episode. Y. K. Pao--I think I told you that story, didn't I?

Wakeman: I'm not sure yet.

Tang: Okay. Y. K. Pao, the shipping magnate, who was the world's largest shipowner--I think by 1980 he owned twenty million tons of shipping, bigger than any country's fleet. Anyway, he wanted to get on the General Committee, so he had his son-in-law, Helmut Solman, an Austrian, talk to the director about getting on the General Committee. David Newbigging was chairman in 1980, and had just lost the fight for control of Kowloon Wharf, which actually was started as a wharf company but had this big stretch of land along the harbor on the Kowloon side, Tsim Sha Tsui--you know, Ocean Center and Marco Polo Hotel, so that became a big real estate company.

Jardine's chairman was always automatically chairman of Wharf, so even if they owned no share, it was in the article[s] of association. So when Y. K. Pao bought Wharf, Jardine lost control of Wharf. So David Newbigging wasn't going to have Y. K. Pao on his General Committee and quickly asked C. H. Tung to be on the General Committee and then told the director to tell Helmut Solman that [the] shipping industry does not contribute much to the Hong Kong economy because all the ships are Liberian or Panamanian. So its contribution to Hong Kong was very little. In any case, he had somebody in shipping on the General Committee. He didn't need another General Committee member.

Wakeman: What were the citizenships of Y. K. Pao and C. H. Tung?

Tang: Y. K. probably had a good British passport. C. H., I think, was maybe--I'm not sure. Today, of course, he's given up whatever passport he had. I suspect it was British.

Wakeman: The important thing is--

Tang: The important thing is I reorganized the General Committee to invite more Chinese, and there was no European on the General Committee and no American representative, so I invited--Gates MacAfee, president of the American chamber, and chair. And I invited Y. K. Pao. It was 1984. By then I felt that he was probably no longer interested in being a General Committee member. I think his idea of getting onto the General Committee was to eventually be the first Chinese chairman. My guess. But I figured it was only fair to have his interest represented, so I invited Helmut Solman, his son-in-law, to be on and killed two birds with one stone. He was represented--Y. K.'s interest, Chinese interest--but also he was a European. I invited another European, a Danish East Asia Company representative, to come on the board.

Wakeman: So why is it that people in 1980 wanted to be on the General Committee?

Tang: It was a very prestigious organization. Oh, yes, everybody wanted to.

Wakeman: It was a mark of your status in the business community?

Tang: Yes, that. I mentioned that before '82 automatically the chairmen went on to Legco.

Wakeman: Right. So how did the numbers change in 1984 to reflect nationality and citizenship? Whereas previously it would have been how many British, how much did you change?

Tang: All my appointments--they usually [were] appointed by the chairman, and then annually reelected. At the end of my term, more than 50 percent of the General Committee

members would be Chinese and one American, two Europeans--so five, ten--let's say roughly 60 percent Chinese. Yes, three non-British and six or so Brits.

Wakeman: And when you came on, how many British members were there in '84?

Tang: By '84, I would say maybe 70 percent British. Yes, thirteen, fourteen, I would say.

Wakeman: And in comparison, what is the membership today, in 1999?

Tang: I haven't really kept up. One of the guidelines I wrote was that when your term is up as chairman, you shouldn't stay on the General Committee, which was not [previously] the case. Every chairman stayed on, including David Newbigging. I also put into the article[s] of association something that--you see, before me the General Committee members were all appointed and then elections were every year. On the surface, it seemed democratic. In fact, everything was pre-arranged by the big hong and the Hong Kong Bank and the British. The small members didn't bother to even come to the annual meetings. They just paid their regular fee and went out on trade delegations, but they weren't interested in the governance of the chamber.

I changed a lot of things. I appointed the important subcommittee chairmen. I went to some of the meetings of the subcommittees and made the subcommittee members feel they were very important. Got them to work more closely with the General Committee. Appointed General Committee members to liaise with the subcommittee chairmen. Things like that. And the composition and the terms--I put in the guidelines [that] you cannot become [a] General Committee member if you're past fifty-five because then you never can become chairman. I put an age limit [for the] chairman, sixty-five.

I should have written that into the article[s] of association, but then one of my greatest supporters, Lawrence Khadoori, Lord Khadoori, was on the General Committee twenty-nine years, and I took him to lunch twice. Hinted that he should retire. I even suggested one of the young people in his organization take up his place, but he didn't. It fell on deaf ears. I didn't feel that--he was already a lord by then, and his contribution to Hong Kong's China Light was one of the reasons, certainly, for Hong Kong's economic success because he made power available all along the growth curve, and he was one of my biggest supporters.

Wakeman: Was there any opposition to your changes, from any constituency?

Tang: I was very fortunate. I must say that this is one good trait about the Brits. I was assured that, "You're the chairman; whatever you decide, we'll support." Because, after all, they made me chairman.

Wakeman: Right.

Tang: But they were wise enough--and they realized the reason they appointed me as chairman is they knew very well that things would have to change--very late. This was 1984! So they supported my reorganization: age limit and--the thing I did put into the article[s] of association which I think has benefited the chamber till this day--is that instead of [an] annual election, because I wanted continuity and new blood, all the members were elected [for] different terms, staggered retirement.

Wakeman: I don't exactly understand what "election" means. Who elects?

Tang: The members elect the General Committee; the General Committee elects a chairman.

Wakeman: I see.

Tang: In the old days, everything was fixed. General Committee members could stay there forever. Lord Khadoori, for instance, twenty-nine years. And yet it looked very democratic because the whole slate of General Committee members was elected every year.

Wakeman: Do you have a pool of people out of whom you elect a certain number?

Tang: Before, it was always twenty candidates.

Wakeman: Yes, that's what I wondered.

Tang: But after my reorganization, you could have as many candidates as you want.

Wakeman: And the members propose the candidates.

Tang: Yes.

Wakeman: And then the committee elects from among those. So how does it work? Do members have a meeting and they put forward forty names for twenty positions?

Tang: Yes, yes, you can do that, whatever number of candidates.

Wakeman: In other words, it did become truly democratic, is what I'm asking.

Tang: It became truly democratic, and yet--you know, if I left it democratic every year, you could vote somebody out and have [an] entirely new slate.

Wakeman: No continuity.

Tang: No continuity. I had to consider continuity as well as new blood. Limited term but--

Wakeman: Staggered.

Tang: Staggered, to provide continuity. And new blood.

Wakeman: Who succeeded you?

Tang: At the time, the unwritten rule was one Chinese, one Brit; one Chinese, one Brit. This is no longer the case. But there's no written rule on that.

Wakeman: So you were the first Chinese, but you understood that you needed to pick a Brit as your successor?

Tang: Actually, that was my suggestion, yes. And then another Chinese. That worked until 1997.

Wakeman: So did you select your vice chair who would then succeed you?

Tang: Yes.

Wakeman: You personally chose the person you wanted to succeed you.

Tang: Yes.

Wakeman: Who did you pick?

Tang: The senior partner of Price Waterhouse. He was Tom Clydesdale. He was very eager because starting from 1986 the chamber could field one Legco member, so he was very interested in going to Legco. He told me that, "I have to retire soon," because senior partners at these accounting firms like Price Waterhouse--they have to retire before sixty, to give the next partner a chance to be senior partner. You know, when you get into Legco, you become Honorable So-and-so. "And when I retire to Scotland, I would like that."

Wakeman: And then did he select a Chinese to succeed him?

Tang: Actually, I selected the Chinese. Like David Newbigging--he selected his vice chairman and the future chairman after his vice chairman. So I actually selected the Chinese.

Wakeman: And who did you select?

Tang: He was a younger man. Actually, I wanted C. H. Tung, but he was in trouble then. He couldn't do it just before his firm went bankrupt.

### **Joining the 1984 Delegation to Beijing**

Wakeman: Let's go back to the political part. How did you feel about joining the delegation to Beijing in 1984?

## [14B]

Tang: When I was invited to go to Beijing to talk to the authorities and present them the Hong Kong people's fears and the uncertainties the Hong Kong people felt--at the time when their fate was being decided by Britain and Beijing, without their knowing anything about [the] negotiations--as chairman of the General Chamber of Commerce, I felt I had to go. That was my duty.

But I was concerned that my trip to Beijing would affect my company's welfare because at the time the garment factory in Taiwan, in Kaohsiung was the big profit maker. The garment business depends on quota, and quota is allocated by government, and so the

Taiwan government I thought would be very unhappy, so I made an appointment with a good friend of mine, who was at the time Minister of Economics, Y. T. Chao, let's say for Tuesday. Going to Beijing--they always give you a very short notice. So I said, "I'll go, but I have an important appointment in Taiwan."

I was approached, by the way, by my cousin. He was chairman of the Federation of Industries. The arrangement was that the head of the Federation of Industries, the head of the Chinese Manufacturers Association, and the head of [the] chamber were invited to go to Beijing and present our case, Hong Kong's case. So I said, "I just can't go then."

Wakeman: So your cousin recommended--what was the relationship?

Tang: My cousin was the middleman. He had established a factory in Xinjiang. He was a pioneer. Today he's known as the industrialist [who is] China's greatest friend. They have many friends, of course, the billionaires who are investing in China real estate--they're all very well regarded--but my cousin is very highly regarded because--

Wakeman: What's his name?

Tang: H. C. Tang. So I said, "I can't go." But my cousin said, "They requested you must be there." I had already led delegations, and become the first Chinese chairman of the British chamber.

Wakeman: Also maybe they wanted to influence you because you so far had not been receptive or sympathetic, so if they could persuade you and influence your thinking, it would have a very salutary effect on others in the business community.

Tang: But more important, I think they wanted to show the Hong Kong people that this person is not a puppet, and H. C. Tang in Hong Kong was already known as--

Wakeman: Friendly.

Tang: Over-friendly with the commies. So anyway, I said, "Well, I have to go." But so I said, "Well, the only way I can go is change the date." The next day he called me, and he said, "They agreed to change the date." I didn't know then what a big effort it was because I didn't know we were supposed to see Deng Xiaoping. H.C. hinted that we might see somebody like Li Xiannian, but I didn't know that it would be Deng Xiaoping. So I went to Taiwan, and my friend promised to explain to the authorities--he wrote right away two letters, one to the secretary to the president [and] one to the man in charge of security and the armed forces. If he didn't see the light, I'd probably be blacklisted or something. I had some sleepless nights, I'll tell you! Madeleine used to say, "What the heck do you want to do this for?" I said, "It's my duty."

They made the date the day after I came back from Taiwan.

Wakeman: Did you have time then to get clearance from the Taiwan authorities? Just one day. So how did you know how they would--

Tang: Well, I said, "I'll do whatever I can." But by then, whether they [the Taiwan authorities] agreed or not, I had to go. I considered it my duty.

Wakeman: So you didn't know that your business interests were safe at the time you left. Is that right?

Tang: No, but I was 70 percent [certain]--because I know Y. T. [Chao] had said, "I'll do my best," and, "Well, you have to go. You have to go." Anyway, my mind was relatively at ease by then, after the [Taiwan] visit.

Then we went to Beijing. On the way, of course, the participants in the [Hong Kong] delegation--the federation--besides the chairman--the vice chairman didn't want to go because he had [an] operation in Taiwan and all that.

Wakeman: The vice president of what?

Tang: Of the Federation of Industries.

Wakeman: I see.

Tang: They call them president and vice president, I think. But anyway, there were a few federation members, General Committee members--two or three. And then the chairman of CMA and the vice chairman.

Actually, I had tried to get out of it. I made it difficult--I said, "Also one of the conditions of going is I have to bring my vice chairman, Tom Clydesdale." "Impossible." By then I think they had said, "We may see Deng Xiaoping, and Deng Xiaoping has not seen any foreigner unless it's a head of state. He's [Tom Clydesdale] English, and it would be difficult to get him an interpreter." That was an excuse. The next day, they said okay. That was after I came back from Taiwan, before we left.

Wakeman: So just in that one-day period you're still negotiating over whether your vice chair could go with you?

Tang: I think so. So, I realized then, of course, my cousin was contacting somebody in Hong Kong, [for] whom I had greatest respect and who also respects me, Xu Jiatur. Later on, I was thinking to myself, poor man, he was on the hot-line with Deng Xiaoping switching appointments--not only our appointment; they had to also switch appointments with S. Y. Chung, Lydia Dunn, and K. W. Li. That was the official delegation that went to see Deng Xiaoping to tell him about the Hong Kong people's concern and this uncertainty about the future and all that sort of thing.

Afterwards I realized that they wanted our delegation to see [the] Hong Kong-Macao Office first. And they wanted our delegation especially to see Deng Xiaoping before he saw the official Hong Kong delegation. The dates were one day apart. So the juggling because of my--

Wakeman: Why did you insist on taking your vice chair? What was your thinking? Why did you want him to be there?

Tang: Well, first of all, I felt that continuity was important. The chamber is more than just the chairman. Secondly, I wanted to see what happened. I didn't care whether I got to Beijing or not. I was actually personally quite reluctant! It was because of duty that I had to go. I certainly didn't go for the glory. So I wanted to make things difficult for them.

When we finally went, I had to convince the rest of the delegation--my cousin thinks quite differently from me. The purpose of our visit, I think, to everybody was to present the Hong Kong case, to tell them the uncertainties and suggest what would make Hong Kong people forget about their concerns. And that is for everything [to remain] status quo. That was the main topic. But my cousin--he was naturally the leader of the delegation, and he had some different ideas. I think he was trying to please China and show [the] Hong Kong people that we got something from China. That was his line of attack. When we were having meetings--what to say and what to [request]--he was going to help us with technology. That's what Hong Kong needs. We can't afford to set up big research centers and spend a lot of money, so to set up [a] research center in Tsuen Wan--hundreds of millions of dollars [would] be necessary.

I had to argue--again, I'm fortunate that the rest of the delegation went along with my idea. We came really to ask for the status quo. I mean, that's quite different from asking for help to advance the economy of Hong Kong. So sure enough, when we saw Deng Xiaoping, he was asking for our help in return for one country, two systems. And he promised status quo, as far as status quo can be maintained. He said, "The world changes." But he was quite honest and quite [direct], saying, "As far as what you want, I know what you want."

By [the] early nineties, Hong Kong's investments accounted for five million industrial employment. Anyway, he asked for our help. He said, "Money is one thing, but it's your management, your know-how, your knowledge of the Western markets." He wanted us to help him develop Shenzhen, and this is exactly what happened. Hong Kong people--starting really [in the] mid-eighties--when they were sure that [the handover would happen], went into the Pearl River Delta area, and invested 70 percent of foreign investment into China in the late eighties. Until [the] early nineties, 70 percent [was] Hong Kong investment--in light industry--mostly in Guangdong and Fujian. And [the] Fujian part came from Taiwan, through Hong Kong--Taiwan companies setting up Hong Kong companies to invest in Guangdong--mostly Fujian.

Wakeman: That's huge.

Tang: Five million. I mean, that's also including Taiwan's investments through Hong Kong--factories set up everywhere. Development was very fast. And that's what Deng Xiaoping wanted. And he said so at the meeting.

Wakeman: So describe the atmosphere. We have the transcript, at least of part of your discussion with Deng Xiaoping, but describe the atmosphere at the meeting and what your feelings were then. When you went into the meeting, what did you expect, and did those expectations get borne out? What was the meeting actually like?

Tang: I did a few things on purpose, just to test out things. In those days I was smoking a cigar, and I went in with a big cigar, and when Deng Xiaoping [started smoking]--you know,

he was a chain smoker. I took out my cigar, a sign of capitalism! I wanted to see what their reaction was.

Another thing I did was--after the reporters left, I tried to inject a little humor because when Deng Xiaoping was talking to my cousin, they were conversing, and my cousin's Mandarin is just terrible. Everything he says, whether it's in English, in Mandarin--it all comes out Wuxi. And Deng Xiaoping's Mandarin is, of course, not good, either.

Wakeman: Because of his Sichuan accent.

Tang: Sichuan accent, yes. But they understood each other. A few words of pleasantries. When he started to talk to me--this was the first three minutes of the meeting--and I answered, he had an interpreter there. I answered in my Mandarin, which is not too good, but certainly much better than my cousin's, and when I talked, this woman interpreter was there. So I said, "I'm very hurt." I thought my Mandarin was, if anything, better than my cousin's. Oh, he laughed. He says, "No, no, no, no, no. I understand what you say. It's just that in this ear--my hearing is not too good."

Wakeman: [laughs]

Tang: And all along in the meeting, he was very patient. After all, he [was] the great leader of 1.2 billion people. Very patient. My cousin had business in China, so naturally he wouldn't ask embarrassing questions. But I asked again and again for assurance, and he [Deng] patiently explained. But then the fourth time, he got a little impatient with me, and he said, "Well, if you don't believe me, it's very difficult. You wouldn't believe me even if I went to the temple and swore in front of the Buddha. You still wouldn't believe." And he said something very wise. "The best thing to convince you is you come and visit China. You see for yourself. Only that way can you be convinced." And you know what? He was entirely right. After 1984, the signing, I think everybody in Hong Kong went into China. All the fear had gone.

I think it [traveling] was a surprise to foreigners, too. I've heard many remark that, "Before when you went to China you always felt that somebody was following you. Now you can go anywhere." Very wise. Deng had a sense of humility. In '84 I think he was just eighty. His concentration was better than mine today. An hour and three quarters. You could see that his mind was working very well and his concentration was entirely there.

My Mandarin [is not that fluent]--one of the questions was after the Cultural Revolution--no Chinese, after that experience, would ever want to go back. Then I was thinking, "What about after you die?" But in Chinese you don't say "after" you die. I was fumbling for the word. He said, "Ah, I know what you're saying. What if I die?" He said, "I can assure you that this is set in stone and passed by the People's Congress." It's one country.

## [15A]

Tang: All through [the meeting with Deng] I got the impression that at his age he was still ready to experiment. He said, "We set up a zone"--what do you call that?

Wakeman: Special economic zone?

Tang: Yes, recently. That was in '84. "And we're thinking of using Hong Kong dollars as the currency in that zone." Things like that. I mean, at age eighty, he was still ready to experiment with new things. To an old Communist cadre, such things are just [difficult to imagine]--today, at my age, I'm even resistant to change. I'm sure if he had been younger and he had lived--if he were fifty or sixty, the next step would have been democracy. I'm sure of that, especially after his experience of being three times up and down [sent down to the countryside three times during the Cultural Revolution].

Another thing is that after the meeting I knew he would retire all the old seventy- or eighty-year-old guys and have the younger people come up. I was so sure that afterwards--I used to have a monthly lunch with John Bembridge, who was financial secretary of Hong Kong at the time. There was a rumor that Wan Li--you know, who used to play bridge with Deng Xiaoping--was supposed to be the one who said that I would be the first governor in Hong Kong.

So John Bembridge and I had lunch, and I said, "Impossible, impossible. I'll be too old." At the time, the Hong Kong rumors were--the first chief executive would be--oh, some people said Y. K. Pao, some people said S. Y. Chung, who's now eighty-something. And we talked about all these possibilities, and I told John Bembridge the chief executive would be, today, maybe in his forties. That was '85. None of these would be [young enough], we'll all be too old.

So John then told Teddy Youde, the governor, [that] Jack Tang says [the first chief executive] will be someone at the most in his early fifties. Youde said, "Impossible." In China when you're sixty you're too young, you're not experienced enough. Seventy is the right age. Youde didn't believe me. But you look at it today. When I go to Shanghai, Wuxi, all the leaders--the mayors, whatever--they're all in their fifties. In Wuxi the city leaders are mostly in their forties.

Wakeman: So when you left that meeting, did you have any reservations? Was there anything you were still dissatisfied about?

Tang: Not dissatisfied, I felt good. I felt that all the old prejudices--well, not prejudices but impressions of Mao's China and then the Cultural Revolution were gone forever. That I was sure of. But, of course, I wasn't sure that Deng Xiaoping would be serious about killing the corruption. In those days, the early eighties, corruption was not such a big problem.

But anyway, I had doubts. He and his policy would be very important, but the people who would come and take over--I mean, in Hong Kong--not the administration but [those who would be] overseeing--and also the people who would come from China to establish businesses--[I was not certain] whether they would say, "We're the boss."

And corruption still worries me today. But on the whole, I think it [that meeting] had great influence on my thinking later on.

Wakeman: Did you then travel in China or did you return to Hong Kong? I don't know what your itinerary was. You had this one meeting for an hour and a half. What about the rest of your stay in China?

Tang: Oh. Came right back, straight back. Only two days in Beijing. I didn't even see the sights. We were here and there. The first day we visited the Hong Kong-Macao Office, and then we met China's Chamber of Commerce people. The evening--we arrived the previous day, and then the next day, in the afternoon--the first day we went to see the Hong Kong-Macao Office.

Wakeman: Who did you meet there?

Tang: Ji Pengfei and Li Ho, and Lu Ping was not a small potato, but he was only number three. After that meeting, in the afternoon we came back to the hotel, and we were told the Hong Kong delegation, the official delegation--S. Y. Chung and all that--arrived that evening, in the Garden Hotel. We were in the Beijing Hotel. So I said, "Well, we should really go and meet them, see them, and tell them about the meeting at [the] Hong Kong-Macao Office." They all said no, because they didn't want the Chinese to think that we were befriending the enemy.

Wakeman: Explain just a little bit more. I don't quite understand.

Tang: The official delegation Beijing would call the British running dogs--S. Y. Chung, Lydia Dunn, and K. W. Li--they were all Exco members. To Beijing, they were British running dogs. So nobody wanted to--but I said, "After all, we're all from Hong Kong." Somehow I was able to convince them. I said, "We have to--even if it's a courtesy call." So we went to [the] Garden Hotel, and then in the lobby, who was there? It was Robin McLaren and David Wilson. When we went in, they jumped up--happy to see us.

All the people on my side just sauntered away. I shook hands and talked to them. Nobody wanted to be seen with the enemy. It's human.

Wakeman: It's very interesting.

Tang: It was very interesting to me. And then the official delegation was in the coffee shop, and so David--anyway, so we went to the coffee shop, and it was pretty crowded and there were no seats for us, so we arranged to go to the bar--not too many people. David and Robin were like spies, you know? Anyway, they were just interested in what's going on, I suppose. At the bar nobody said anything, but I told them what went on. We were assured by the Hong Kong-Macao Office--Li Ho began his speech by saying--he considered our mission was to ease the uncertainty, ease the fear of the Hong Kong people. I was seriously concerned with a brain drain. This uncertainty made a lot of people [fearful]. I was afraid that a lot of people would emigrate--all the talents. The brain drain would kill Hong Kong. So I considered my personal mission was how to convince them not to leave.

I figured that if Beijing would allow people to leave freely, then people would not leave. Anyway, I tried this idea on Xu Jiatus before he sent us off--the dinner before we left for Beijing. They had a dinner to send us off. I didn't want to offend anybody in Beijing, so I tried it on him. When we sat down, I said, "You know, I noticed"--he had made a

statement in the newspaper about not having the “fire exit” closed. I said, “This is such an important thing, I think, the stability of Hong Kong and the brain drain issue.”

I said, “You know, I’ll give you an example. My father in 1949, before the Korean War was very strongly thinking of going back to China. He felt that this [the civil war] could be just another warlord situation, so he wanted to go back to China. He talked to my mother, who asked him one question. She said, ‘I’ll go with you back to China, but promise me one thing: that I will be able to go out of China to the States to see my children anytime I want to.’ My father said, ‘That I cannot guarantee.’ And that’s why he never went back to China.”

So Xu Jiatun smiled, and he said, “Yes, at that time nobody could guarantee.” But he said his remark about keeping the exit door open was made in that context. So he agreed. When I went to Beijing, I tried it on the Macao Office, and Li Ho said, “Actually, in the negotiations we promised the British that we would go with the British to all the capitals of the world, to assure them that the Hong Kong passport [would remain valid]--to urge them to give visas to Hong Kong people.”

That was, to me, a very important point. When I told this to S. Y. Chung, he said, “Well, what good is that?” He had just come back from London to argue for the right of the vote for Hong Kong people. He said, “Without the right of the vote, what good is it?” It’s like, okay,--

Wakeman: You can leave, but where do you go?

Tang: Jump out of the window, but where do you land? [laughs] I said, “You don’t have the right psychology. In Shanghai, the Shanghai expression is like a crab in a cage.” I said, “The first thing to do is get out of the cage. Then you can think of where to go.” So I think psychologically it’s very important. The Shanghai refugees have a better feel for this than the old Cantonese in Hong Kong. They’ve never had the experience of a refugee: can I get out? Anyway, that was one thing that I felt very good about. They had already thought of that.

Wakeman: Did you take that up with Deng Xiaoping or not--because you’d taken it up with Xu Jiatun.

Tang: They had already assured us, so I didn’t take that up with Deng Xiaoping. What I did take up with Deng Xiaoping was I said, “We should consider hiring the British judges. Let them remain. They know best about the British common law.” He promised it would be the common law to maintain the system. That I did say. He [Deng] said, “I have no objection, but they’re expensive.” [laughter] “They’re expensive.”

Wakeman: Pragmatic.

Tang: Yes. “I have no objection, but”--that’s pragmatic. But then he followed with, “But why do you think that only the British can do it?” He said, “Look at Singapore. We Chinese--look at Singapore.” Of course, I heard later on the story from Lee Kuan Yew, his favorite story. Have you heard that one?

Wakeman: No.

Tang: Deng Xiaoping visited Singapore in '79. He had planned maybe a two-day visit, and he stayed for four days, I think. When he came off the plane, he had expected big crowds. He was a little disappointed. But when he saw how prosperous Singapore was, he got very interested and decided to stay longer. On the way out to the airport after the visit, he and Lee Kuan Yew were in the car together, and he congratulated Lee Kuan Yew on a job well done. He said, "When I was in Singapore the last time," which was 1939 or something like that, on the way to France, "Singapore was really a rat hole." He's right. Even in '64 it was really quite backward. He said, "You've done such a good job." Lee Kuan Yew said, "We only have a population of 2.2 million. It's not difficult." So he [Deng] said, "Yes, if I only had Shanghai to run, maybe I could--"

Wakeman: Right.

Tang: So he's a great admirer of Lee Kuan Yew. [tape interruption]

### **Controversy over the Meeting with Deng Xiaoping**

Wakeman: So when you returned from Beijing.

Tang: When I returned from Beijing, we ran smack into a big controversy. The day after we arrived in Hong Kong, S. Y. Chung and his delegation came back, and in [the] press interview--well, S. Y. Chung was the spokesman, of course, and he said, trying hard to present the true picture, Deng Xiaoping was not aware that [the] Hong Kong people were--that the uncertainty was so great.

Wakeman: Do you think that's true?

Tang: Of course not.

Wakeman: [laughs]

Tang: Thinking back, I think it was a political ploy. You know, the British ploy to maybe exact more out of [China]--you're the bad man, Hong Kong is going to suffer. They wanted--I don't know what they wanted. Actually, everything promised to us by the Hong Kong-Macao Office, all the details, which were not discussed by Deng Xiaoping, were very specific. Deng Xiaoping also said, "You have your currency issued, bank notes issued by Hong Kong Bank, China Bank, and if you like--if you like, also by Bank of China." Things like that: common law and all that sort of thing. Everything status quo. I think it was [an] unusually stupid reason for lying.

Anyway, that in a way did me a personal favor because then Xu Jiatun asked for our permission to publish in the papers our conversation with Deng Xiaoping, so we gave the permission. Everything we presented was all there.

Wakeman: Made public.

Tang: Yes, made public. And that, of course, shows Deng Xiaoping was very much aware of Hong Kong's concern and uncertainty, and [wanted to offer] his assurances. I still don't understand why [S. Y. Chung made a different statement]. Maybe in their conversation Deng Xiaoping purposely--I don't think so. But anyway--

## [15B]

Tang: They also went to [the] Hong Kong-Macao Office. [The] Hong Kong-Macao Office couldn't tell any lie because--this was in May. [In] September the agreement was signed. Now, by May I'm sure they had already agreed on those points which they assured us. So they couldn't have given S. Y. Chung [a different impression].

Wakeman: I see what you mean.

Tang: They couldn't have given S. Y. Chung a different story, even though they certainly showed their displeasure with the British running dogs. They purposely scheduled our meeting with the Hong Kong-Macao Office one day ahead of theirs. We saw Deng Xiaoping one day ahead of them, and on the television it showed that when our delegation--when we went up the steps of People's--

Wakeman: The Great Hall?

Tang: --Great Hall--went up the steps, Deng Xiaoping was there at the gate to shake our hands and for photographers, and he conducted us into the meeting room. And the television also showed S. Y. Chung's delegation welcomed only in the room. Deng Xiaoping was [waiting] in the room, shaking their hands. Everything was planned to show them up or whatever. And this is one of the reasons they wanted me especially there, [to] lend credibility, because my cousin was known in Hong Kong to be sort of a Communist sympathizer.

Wakeman: Tell me a little bit about your cousin. What was his relationship to you, and how did he get involved in Xinjiang so early?

Tang: He's a distant cousin. One of our names is the same character, Chi-Chien. He's Chang-Chien. You know, the same generation [name]. But we only share the same great-great-grandfather. In this country I don't think you'd be [considered] related.

Wakeman: It's interesting that you each ended up in Hong Kong at a similar time. History sort of brought you together there in Hong Kong.

Tang: Yes. He went to Xinjiang in '78, before Deng Xiaoping's official opening up--reform was '79. He was very early. I think one of the reasons he went in was--he didn't really trust the Communists at all, but his father had stayed behind, didn't come out, and he was one of those token capitalists paraded out whenever foreign business people went in, all through the Maoist time. So that was probably one of the reasons.

Wakeman: What's his father's name?

Tang: Tang Chung-Yuan. They were in woolens--spinning and--the wool business. That's what he started in Xinjiang, cashmere. He's the cashmere king.

Wakeman: And is he also in the textile industry in Hong Kong?

Tang: Yes, yes. He was in partnership with some friends, but in cotton spinning and weaving. But his family was in woolens.

Wakeman: So his father stayed behind.

Tang: And so he [my cousin] went in and was a pioneer industrialist in China.

Wakeman: So he didn't trust the Communists, but because his father was there he decided to take the financial risk of investing in '78?

Tang: He didn't trust the Communists, but he saw the opportunity, I guess. And that was the control of cashmere, the raw material, because China produced more than half of the world's cashmere supply and the best quality comes from Xinjiang. And Xinjiang produces more than half of China's production of cashmere. Deng Xiaoping's policy was to try to benefit--first the farmers, 80 percent of the population, make them happy.

Then his second goal was to help the [ethnic] minority, make them happy. So my cousin's move to Xinjiang was greatly appreciated. Not only was he the first [Hong Kong] industrialist to come to China, return to the mother country, but also he was willing to develop in a remote place where they wanted to see economic development.

Anyway, after we came back to Hong Kong, we ran into this argument, so when my friends read the newspaper accounts they all questioned me, "Don't you realize that sometimes messengers get shot?" But we were really questioning them with skepticism, asking questions again and again.

There again, I asked myself, why do you do it? Again, if I'm ever asked to do a job, I feel very responsible. I want to do everything to accomplish the purpose, and my purpose was to--why should I risk my Taiwan company's interest and all that sort of thing? I might as well try to do a good job, discharge my responsibility. I guess that's my whole life philosophy.

Wakeman: Before that time, before you were reassured by Deng Xiaoping, did you at any time in the late seventies or before you got involved with the chamber in '82, did you ever think about emigrating and moving, transferring more of your assets out of Hong Kong?

Tang: Yes, it was a continuous [consideration]--it's natural. In '78, '79, '80, I sold most of the factory real estate and went into a joint development with the last piece of the land with K. S. Li. South Sea ended up making more money than in all the years of textile spinning and weaving--by far more money than all the profits added up together from 1949. So what to do? Well, it's a public company. I guess I could have diversified, but into what?

I should have really put all that money back into real estate, especially most of the cash that came in before '81, the peak. And I suppose after '83, '84--all the way through '87, real estate was still at the bottom. I suppose I should have put all of South Sea's money back into real estate. But, again, you see, it's a matter of responsibility. Public company. It franchises--the article[s] of association state manufacturing textiles. I didn't feel that I

had the mandate [to invest the profits in real estate]. Of course, another person would not feel that way. One of the richest industrialists is a textile person. He was a trader who went into textiles and then from textiles he went back into really big real estate. Different people have different philosophies. I don't think it's because I wanted to move money out of [Hong Kong], but I felt my obligation to the stockholder was to distribute all that cash as dividend[s], and so my shareholders were very pleased.

Wakeman: But you didn't reinvest that money. You paid it out in stock.

Tang: Paid it out to shareholders. That's the way I felt I had discharged my obligations to the shareholders. Most owner-managers would keep the money, and why not play with it? It's more money, more business, more power--

Wakeman: Exactly.

### **Achievements after 1984**

Tang: And also by then I was maybe, although I don't think I had thought of retirement until [the] early nineties, but I was getting on. All the guidelines I put in the Chamber of Commerce, I put in South Sea's article[s] of association also. You know, practice what you preach. So by 1984 I was fifty-seven.

Wakeman: So what role did you take--as a consequence of the visit to Beijing, did your political role change? Maybe not specifically in terms of office holding but in terms of the influence that you would exert in some way in Hong Kong? You said it was a transitional time for you.

Tang: Yes. Change of personal philosophy and perhaps I gained more respect from the Hong Kong community. But business-wise, I always believed in retirement at the age of sixty-five. I wasn't going to, say, build another empire or anything like that.

As a matter of fact, I was called back from retirement by the Textile Advisory Board in early '86, before I finished my chamber job. I was called back by Eric Ho, [who was] at the time the secretary of trade and industry, back to the Textile Advisory Board, for three reasons. The big U.S.-Hong Kong negotiation in '86, and the negotiations with EEC, and also a quota review, this internal thing: how to divvy up the quota. So that required somebody who had the confidence of all parties in the garment industry.

I would say that the peak of my career was between '84 and 1990. In the early eighties also I was honored by an invitation to join the Hong Kong Bank board. I was the first industrialist to be asked on the board. Before that, they were all--unwritten laws--the chairman of Jardine, the chairman of Swire, the chairman of Hutchison, and the Inchcape group would be automatically--every new chairman automatically was on the Hong Kong Bank board.

And then, of course, people like Y. K. Pao, big shipping. The Hong Kong Bank was very much involved in his empire. They had a share in his business. I was very flattered.

I was a small businessman compared to these--but it pleased me because I think I was chosen because of my credibility. So that was the beginning of my directorship with the Hong Kong Bank.

Also in the early eighties I was able to contribute something to the textile industry. I was asked to lead a delegation of about thirty-eight garment manufacturers to New York. The idea was to try to break down the resistance from the enemy, and that's the ATMA, American Textile Manufacturers Association. They're politically very strong, and they're anti-imports, of course. They were all my friends. You know, textile people talk the same language all over the world. They all started the same way. They were the prince[s] of industry in any developing country. After the industrialization in England, the first industry was textiles. In the States also, and Hong Kong, and later on Indonesia, all the developing countries. The first industry of any scale is always textiles.

The benevolent paternalism in the industry is--in New England, it's the same way, in Manchester, in Wuxi--the textile towns--even today in North and South Carolina and Georgia, the textile towns--housing is developed by the textile companies, co-ops and all that, even the 7-11 stores. We speak the same language.

So I was asked by the Hong Kong government to lead this delegation of garment people to New York, to persuade them, and to teach them how to sell textile fabrics to Hong Kong. Everybody was surprised in New York that Hong Kong was the second-largest importer of textiles. I don't remember the figures, but a billion dollars' worth of fabrics a year. All they had been interested [in] was resisting exports from Hong Kong. But we went to New York to tell them that we're a big market. We're a garment-producing center, but we're not your enemies. We can be your customers, big customers.

Secondly, the yen is getting strong, we're buying the higher-end textiles from Japan, and your fabrics are getting more and more competitive, but you have not shown any interest in our market. All you have expressed is anger at our garment exports. Why don't you come and take advantage of--it's a fact of life. Our garment industry is here to stay. Because of the quota, the restriction--also we have garment factories all over Asia. We've gone out of Hong Kong to Malaysia, Singapore, Taiwan. So the fabric potential--for your sales--is more than the one- or two-million-dollar figure you see.

All over Indonesia--everywhere we have factories. The thirty-eight members of the delegation have factories in three countries, on average. I must say, I planned everything, and I know their psychology. I know them all personally quite well. I know their weaknesses. They don't know what an L.C. is, letter of credit--if you want to sell--you know, international trade, they didn't know all these things. American businessmen, until maybe the last ten years, were all very provincial because this is such a big market.

So we brought along somebody from Citibank, the manager of Citibank-Hong Kong to actually teach them how to open a letter of credit. And we brought along C. H. Tung's manager to tell them what shipping is all about: how to get the cheapest rate. So they were very, very impressed and enthused. We had a seminar in New York City, and two, three months later they sent their delegation on a return visit. They brought fabric samples and all that, had a miniature exhibition. So those were the honeymoon days.

As a result, some of them started to set up offices in Hong Kong. I was also invited to the ATMA conference in Palm Beach. They wanted me to tell the people who did not attend the New York meeting--

## [16A]

Wakeman: --pride in.

Tang: Yes, that's something that I take some pride in. I feel I was able to accomplish something which was beneficial to the industry and to Hong Kong.

Wakeman: During this period from '86 to 1990, which you said probably marked the peak of your career, what else was going on in your life that you might want to make note of? What about your family life? Your children are grown. They're having babies. Are you traveling or are you working all the time in Hong Kong? What is your life like?

Tang: I would say that really beginning [in] '82--well, for two years I devoted about 60 percent of my time to the chamber. It happened, of course, [that] the Beijing visit came right after I became chairman in April. That was the fiscal year. And in May I had to go to Beijing. I would say '82 to '86 I would perhaps spend most hours on business and non-business affairs.

The children had all--in the seventies they all finished their education or went into different careers. The eighties saw my family forming their own families. In the seventies I went out to attend all the graduation ceremonies in Boston, Cornell (the first one). By the eighties, whatever time I had, especially late eighties, I saw the grandchildren. They were babies. Weddings and grandchildren. But I must say that I had very little personal time, so it was [a stop in] San Francisco, a weekend after New York. But Martin and family were in Hong Kong all those years. I enjoy my grandchildren very much. In the nineties, I had more time to really visit the grandchildren, especially after I retired in 1997. But then I was called back to work for a living in '78. Yes, '78, April--so I worked for one year--

Wakeman: Do you mean '98?

Tang: Ninety-seven I retired, January, and then I was called back in '98 in April. I worked a whole year, to April '99, during which I engineered a merger. Tristate had a merger with Hwa Fuh Manufacturing, so now I'm working--as the non-executive chairman, but still I'm involved in the business. I promised my partner, who's a much younger man, one year to help out during the transition. Hopefully, by the annual general meeting next June, I should be chairman emeritus.

I hope to devote more time on education. I'm looking for another hobby. I'm interested in maybe ecology. Hong Kong, China. I'm happy that C. H. Tung the day before yesterday, in his--

Wakeman: Policy speech.

Tang: --policy speech, said that [the] environment is going to be the first topic--

Wakeman: Number one.

Tang: --on his agenda.

**Thoughts on the Democracy Movement in 1989**

Wakeman: Let's go back to the eighties before we finish. Tell me what it was like for you to watch the democracy movement unfolding in Beijing in 1989. You must have watched on TV--the death of Hu Yabang in April and all those events--how did they affect you? Were you involved in any way, or were you just simply a spectator?

Tang: I was [a] spectator. As I told you, all my life I've stayed away from politics. I felt very sad. I don't want to sound callous, but it's not that five hundred people died or [were] killed or whatever number. I mean, people go to war to defend a country. You know, people get killed. I think it should have been avoided, but then things happen in life which you can say could have been avoided. This could have happened or that could have happened. I mean, the students would have dispersed perhaps, if there hadn't been this woman--I call her *Zi Xi*--you know,--

Wakeman: The empress?

Tang: Wu Zitian is in history--that was the vicious empress. But anyway, what's the name?

Wakeman: Chai Ling.

Tang: Chai Ling. If it hadn't been for Chai Ling, maybe there wouldn't have been June 4. But to me the sad thing [is] that it changed the image of China in the eyes of the world--I think unjustifiably. I mean, people's perception of Deng Xiaoping--he was a great hero, a world hero. He's the one who made China into a responsible citizen of the world. But overnight, he's an ogre. I don't believe that. I think it's very naive. But nevertheless, there it is. And that certainly gave the anti-China bashers fodder. The starting point is always, "Look at Tiananmen. It's a repressive regime." And that is the most unfortunate thing. That's the way I look at Tiananmen.

China's opening up, and the road to democracy has not changed, and yet the world's perception has changed, and that's the root cause, I think.

Wakeman: But it did change somewhat because many people in China argue that the response to the student demonstrations, the very heavy-handed response, itself stopped the progress of democracy, that the progress of democratic reform hasn't continued at the same rate that it possibly would have continued without Tiananmen.

Tang: Action and reaction?

Wakeman: Yes.

Tang: But you can't say it's the government's fault. You can't lay all the guilt on the government. You know, maybe I'm influenced too much by Deng Xiaoping. Maybe these people are ogres. I don't know. I don't think so, because Tiananmen--you have to blame it on Deng Xiaoping. He has to take the responsibility, but why did it happen? My perception of Deng Xiaoping is he honestly believed that if the situation deteriorated, it could affect China's stability, and I think--look at Russia. You have to agree that in a developing country with no history of democracy, stability is more important than democracy.

I think most people in the U.S., maybe because of what democracy is [think about nothing else]--but they never had instability.

Wakeman: That's right.

Tang: In China--[there] hasn't been stability since the Qing dynasty. So I can just close my eyes and see Deng Xiaoping saying to himself, "At my age, I've pulled China out of chaos"--the Cultural Revolution--"and in the short time since '79 I have really led China on the capitalist road." I mean, let's face it, it's not communism. He knows it, and everybody knows it. "I'm too old to bring China to democracy." But I'm sure in his heart he knows the road must be capitalism, then democracy. So Tiananmen, I think, has delayed it. You know, he had to take responsibility for that, but I'm sure he [alone] cannot be blamed.

Wakeman: What did you think of the reaction in Hong Kong, the huge response? Did you share any of that outpouring of sentiment, outrage and fear, anxiety? A million people in the streets, right?

Tang: Yes, my fear was [that] it would go out of control and prove that maybe Russia was right. At the time, Khrushchev came to Beijing, to see what China did right.

Wakeman: Gorbachev.

Tang: Yes, Gorbachev. You see?

Wakeman: Yes.

Tang: If Tiananmen became chaotic and China lost its stability--let me just compare to Russia. Russia had democracy, or did they? Is this democracy?

Wakeman: Right.

Tang: But at the time, everybody said--just days before Tiananmen, June 4, one day before June 4, everybody said, "China did right. Russia did wrong."

Wakeman: That's right.

Tang: People are very fickle.

Wakeman: And very emotional.

Tang: They're very emotional, yes, yes. We're, I guess, also a product of our upbringing, our society. But in this respect, it's [China is] a different country; it's a different situation. Eventually, you hope economically as well as politically China will come this way.  
[tape interruption]

### **Hong Kong Reaction to Tiananmen**

Wakeman: How did you respond to the Hong Kong people's emotional reaction to the Tiananmen events?

Tang: Well, I just told you how I felt about it, but my reaction to the Hong Kong people's reaction was--again, I can only say maybe overdone, given what I think personally. But on the other hand, you can't ignore the fact that even people like Xu Jiatus were sympathetic, perhaps because he was Zhao Ziyang's man. But as a result, he was purged. The Chinese saying is: when the fox dies, the hare is feeling sad. In other words, will we face the same situation, suppressing of democracy and all that? So it's thinking about themselves--sad because one day they may be in the same situation. But then, I don't know, maybe my view is too colored by my meeting with Deng Xiaoping. Maybe below Deng Xiaoping, like you said, Li Peng--they're all ogres now. Maybe now, after Tiananmen, all the ogres will be in power, which would be, of course, bad for Hong Kong people.

Also Hong Kong people--people like C. H. Tung--may be different. They admit that the chief executive should be for Hong Kong people, and that's rightly so. But I detect that he's saying, "I'm also Chinese." He feels he's a patriotic Chinese. So it's a matter of considering what's good for China if you're [a] patriotic Chinese. So [there's also] the bigger picture: what is good for China?

I think Hong Kong people, maybe under colonial rule, have lost the sense of patriotism to China.

Wakeman: Certainly.

Tang: Yes. And so they want to be democratic. They want democracy. I don't know. It's pretty complicated--I always think that overseas Chinese are sometimes more patriotic than Chinese in China. Indonesian Chinese--a lot of them, after the massacre, after Sukarno's last days, a lot of them went to China. I think those who have been really oppressed, like in Indonesia, and always second- and third-class citizen[s], they're more patriotic.

But in Hong Kong, you see, the British were very enlightened rulers, and life was nice, fine. I don't think they felt patriotic to China.

Wakeman: You didn't feel patriotic to China.

Tang: No, no. I went to college here [in the U.S.], I didn't feel patriotic to China. It's when I got older. Funnily enough, when you're younger, you're supposed to be more idealistic

and feel, my country and my people, but I'm more a Chinese today than I was in my younger days.

But the reaction of Hong Kong people like Martin Lee, and the leaders of the Democrats [Democratic party]--that's again different. It's more a matter of power.

Wakeman: If you had not yourself personally had that meeting with Deng Xiaoping, do you think your attitudes would have changed and your thinking?

Tang: Not so strongly. My reaction to Tiananmen: I think it was four or five months after Tiananmen [that] I started the factory in the Pearl River Delta. My first factory, first investment in China, was made in 1989, October. That says a lot.

Wakeman: Yes.

Tang: And, as I say, after the meeting I set up the scholarship for ethnic Chinese at MIT.

Wakeman: Your thinking about Tiananmen wasn't shared by a lot of people who were responding so emotionally, but did you find others in your group--other textile manufacturers or others in business circles that you traveled with--that shared your views?

Tang: Oh, yes. Most of the business community I don't think has felt that this was the end of China.

Wakeman: The end of Hong Kong.

Tang: The end of Hong Kong. No, I don't think so. It's people who--you know, sometimes emotions can be whipped up.

Wakeman: Yes.

Tang: And the Democrats organizing big meetings and all that. Emotional people get more emotional.

Wakeman: What about the legal community in Hong Kong? Many of them had some pretty strong reservations after 1989 about whether the legal system could be maintained in Hong Kong, whether in fact the idea of one country, two systems would be honored.

Tang: I don't really know too many lawyers. I haven't talked to too many lawyers, but the maintenance of a legal system I don't think would be influenced by Tiananmen. I think some other factors would affect the legal system. In other words,--

## [16B]

Tang: It may affect the improvement of the legal system in China, but I don't see that much relationship between Tiananmen and Hong Kong's legal system.

Wakeman: But the thinking went, at least among some people, that if the Chinese government could exercise such arbitrary, lethal power against its own people in 1989, then it could act in an arbitrary and despotic way in Hong Kong also. Therefore the free press,

whatever electoral reforms were already in process, the legal system, might be in jeopardy. Sort of the perception outside of China, in the U.S., that China was no longer credible, it was no longer reliable, it wouldn't honor its word. Underneath was this naked Communist power. That's what people saw.

Tang: Yes, yes, yes. The power of television.

Wakeman: Yes.

Tang: The power of television. Bert Levin, the American consul general in Hong Kong and then ambassador to Rangoon, was there [in Burma in 1988] when the military killed some three thousand students and demonstrators--everybody has forgotten.

Wakeman: I know.

Tang: Everybody has forgotten.

Wakeman: It's true. Same with South Korea, the Kwangju massacre in South Korea [in 1980]. There were a lot of students killed, martial law.

Tang: Yes, yes.

Wakeman: Everybody has forgotten.

Tang: Exactly, exactly. And if you talk about, you know, the warlike people--I still don't have the appropriate word--South Koreans are, I think by national characteristic. In that respect, they're like Japan. As I say, compared to tropical, laid-back people like Southeast Asians, they--and yet nobody talks about South Korea ever becoming an aggressor country. But Chinese people, by nature--this is the wrong conclusion, I think. I suppose the idea is because of Tiananmen, China's regime--not the Chinese people--will be warlike.

Wakeman: Repressive and unpredictable. I think that's the fear.

Tang: Yes, yes, yes. But in that respect, you might say all developing countries--Africa, Asia, South America--

Wakeman: Absolutely. See similar things.

Tang: It's difficult to interpret situations in, say, Brazil or China correctly. [tape interruption]

### **Support for Education**

Tang: I think, going back to the eighties--my ideas of supporting education also matured. As I said, the first gift to education--MIT, the graduate dormitory--was not a mature thing at the time. My motivation--in the eighties I became influenced by Deng Xiaoping, and beginning with Deng Xiaoping, how to help China, how to help Chinese. But also my

thinking matured to the point of the payback. I felt I was financially in the position to really put something back on the table.

You asked specifically about the Berkeley Health Center, and the Sloan Building, the Tang Center, business center. I think that was really payback. I felt that three generations had benefited from an MIT education, and I wanted to pay something back. Actually, this health center and the Sloan school were larger in amount than the scholarships. [tape interruption]

The idea of paying back, without strings. As I say, the bulk of my giving to American educational institution[s] was the health center and the business center, and the motivation is--I used to think that a college education is only important for maybe the first five years of your business career, when you apply for a job. It took me a long time maybe to realize, but I did realize, that when you say that you graduated from MIT and Harvard, people do sort of say, "Oh."

Wakeman: Respect.

Tang: Yes.

Wakeman: There's respect for the institution and for you to have completed those degrees, definitely.

Tang: Yes, so I benefited. I mean, they all know MIT, Harvard, whether it's in Europe or, of course, all over Asia. I was not a good student at MIT. I was really grateful that I did get a degree there! I think that was also a motivation.

Berkeley--it's the two girls, their loyalty. And now I'm giving Cornell the first donation because I figured Martin comes under MIT, but he was actually more loyal to Cornell than MIT because--I guess as an undergrad you make more friends--I don't know. People say that high school friends are always lifelong, more so than college friends. And [in] graduate school you don't make that many friends.

As I say, the idea of the importance of education and the family tradition also. I've always felt that's also money well spent. When you create wealth, then it becomes a question: how do you want to spend it? [The] first thought is to protect your family, give them a good education and, of course, leave them money, and maybe they can start businesses or whatever. Then you think how to spend that money wisely--after you provide [for] the children well. I'm not a person who loves spending money. I'm not thrifty; I just don't get a lot of joy out of sitting in a Rolls-Royce. Yes, I fly first-class. At my age, I feel--but I limited myself even there, and I didn't fly first-class until I was fifty, but I feel that is money well spent. I'd hate to spend millions in taxes, for governments to really waste--food stamps and for the dog. I think for education, that's money well spent. That's constructive. [tape interruption]

### **Lessons from the 1980s**

Tang: Going back to the eighties, I think I learned a lot in the eighties, really, about international trade negotiations. As I mentioned, in '86 I was called back to textile negotiations, the two major ones with [the] U.S. and EEC. And also the multilateral negotiations, what we call MFA, Multi-Fiber Arrangement. I was able to further expand my learning about international trade negotiations.

In the seventies, on the Textile Advisory Board, being a member--not the senior member--I participated in most of the major negotiations, and I guess this is where I learned about the inefficiency of the Common Market arrangement, where every little decision had to have consensus. I think they've changed the rules, but in those days textile negotiations--I was made to understand that the rule was they had to have a consensus. In those days, it was only nine in the Common Market. And [it was] very difficult to come to a consensus. They had representatives in Brussels--French and German and all the others. They had to talk and talk, but then eventually each one had to go back to the capital to get final approval, so negotiations with EEC were always very slow.

I learned a great deal, and this probably contributed to the lack of confidence that I have about the workings of the Common Market. Today, of course, you have more diverse interests--Spain, Portugal and a lot more--fifteen, I think. It's difficult to see how things can work efficiently. I mean, one government is bad enough--bureaucracy, red tape. But [if] you have fifteen, having to come to a consensus--I wish them luck, but I think it may take some time before you really have a true Common Market.

So in the eighties, I was a senior member of the Advisory Board. I had learned some skills at getting internal consensus among my colleagues in industry, especially on the Review Board, which I chaired in 1986. That was how to resolve conflicts of interests among quota holders--you know, if you owned textile quotas, it was a big asset.

Wakeman: Just briefly, how was quota ownership decided?

Tang: Quota ownership was always decided, traditionally, on past performance. So when you get a certain amount--let's say a million dozens or a million square yard[s] equivalent, it's divided up by if your past performance was a hundred thousand, you get 10 percent of the quota. But throughout the years, of course, the biggest question was that some past performers decided to get out of the business. Then the quotas still belonged to him. He wouldn't want to give up [a] major asset like that. What he did is sell his quota. I thought if he sold his quota, getting out of the business, it's still fair. But what he usually did--because quotas were so valuable, and the experience has always been--throughout the seventies, anyway--that you get a higher and higher price, because as America restricts more and more countries, supply becomes more and more limited.

So quota prices kept going up. Quota owners--even when they went out of business, they didn't want to sell once and for all, a permanent transfer. They sold year by year. So it was not fair. They were called quota farmers, and they were profiteering by their past performance.

Wakeman: So who were the largest quota owners, let's say in 1986?

Tang: Nineteen eighty-six? There were still large quota owners in the 1970s.

Wakeman: The same?

Tang: Mostly the same. The quota owners in [the] 1970s may have become less competitive, for one reason or another, or they went into real estate and some closed their factories. It was not really fair. So that was something that had to be really looked into and how to find a solution to the problem. That was the Quota Review Board's job.

Wakeman: Did you feel satisfied that you had found a solution?

Tang: Yes, yes. I was always the moralist, but in 1986 I found you can correct some of the ills, but what you expect in theory cannot be done in practice. It's not a matter of politics. It's just--unless you have a dictatorial government that says, "This is it. You quota farmers, if you want to sell your quota and realize"--I tried to go towards that--moralistically speaking, you shouldn't enjoy that [privilege]. It's really not your asset. It's really Hong Kong's asset. Legally, the government couldn't get a ruling that this actually belonged to [the] Hong Kong government. They couldn't say, "Okay, you don't even have a factory. Give it back." But anyway, I tried to, through regulations, encourage them to sell once and for all.

Wakeman: Were you successful? Did your encouragement work?

Tang: Not to a large extent because, as I say, if they don't want to--I mean, there are regulations which you can encourage, but the only way that you can stick to your moral standards and really do a clean-cut job of doing what's fair is really by decree. This is where you learn [that] sometimes a Singaporean type of government is perhaps the best way.

Wakeman: Speaking of the moral perspective that you have to such a strong degree, did you ever find a conflict between your sense of moral values or social responsibility, and your desire to build the business and increase the profits of South Sea?

Tang: I can honestly say no, no. Everything I did, I did it the right way, to me the right way. Looking back, that's the reason I was invited to the Hong Kong Bank board. As I say, none of the Jardines or the British hongos or the powerful business personalities, like K. S. Li--all politically very strong--a person like Lydia Dunn, I was on the board, their contemporary, the only industrialist. In the early eighties, when I got on the Hong Kong Bank board, industries were already not very much looked up to. They were the saviors of Hong Kong--[because of] the refugee situation and all that--in the fifties, sixties. And even in the seventies industry was still a big factor.

But by '77, '78 at least, the beginning of the last boom in the real estate market, it peaked, in early '82. It just went like that.

Wakeman: The real estate market peaked and then declined?

Tang: Yes, declined.

Wakeman: Can you explain why that shift in real estate value affected the stature of industry and the industrialists?

Tang: I think real estate went out of proportion between, say, '76 and '81. I don't remember exactly how much real estate appreciated--maybe four, five times. I can't tell you the exact number. But I'll give you an example. Take office space in Central area, the prime office, commercial real estate. Per square foot, [in] '76 [it] was maybe \$1,000 or \$1,500, around that. By '81--yes, I would say--

[End of Interview]

[Interview 6: October 9, 1999] ## [17A]

Tang: By 1981, \$4,500 a square foot in Central.

By the early eighties, even though real estate went through a correction from '82 maybe to '86, the real estate companies had established themselves already as the big three and the little three, or the next tier.

Wakeman: Maybe you could name the big--

Tang: The big three is Sun Hong Ki, Cheung Kong and--oh, what is the other one?

Wakeman: It's okay. We can come back to that.

Tang: The second tier would be Hy San Real Estate, Lee Hy San. Oh, Li Shu Ki is [Henderson]--

Wakeman: Henderson is the third one?

Tang: Yes, the third one, the big three. And then Lee Hy San, and Han Lung, H-a-n L-u-n-g. I think the next five. They're all billionaires. The owners are all U.S. dollar billionaires. Between '82 and '87 there was a shake-out of the minor ones, the ones that went in at the peak and went big and unleveraged.

Wakeman: How did this affect your status?

Tang: As I say, when I went on the board, I was the only industrialist. In those days, textiles were still the major industry, but I was the only one from industry. So that's how the business community or Hong Kong people looked at it. Each country has its heroes. In Hong Kong, those are the heroes, the real estate people. As you know, in *Forbes* magazine--they do it annually, I think, the world's wealthiest. There are at least three or four in the list from Hong Kong. They're all real estate.

Anyway, where did we--

### Decline of the Hong Kong Textile Industry

Wakeman: We started with your experience in foreign trade, and then we talked about quotas, and we talked about the effort to bring moral standards into the quota process.

Tang: Yes, so I gained some insight in how difficult it is to try to be an arbitrator--not a leader but to get a group of people to agree on something. It takes a little negotiation skill, but throughout the sixties and seventies I had experience also in negotiating with Japan. We were buying machinery, accessories, and raw material--chemical fibers--from Japan, and so I had a lot of experience dealing with the Japanese trading companies.

In the eighties I started to try to sell to Japan. Selling to Japan was not the same as buying from Japan. It's quite different. But I was greatly helped by the fact that I was on the Hong Kong-Japan Committee, which was a very prestigious thing. The Hong Kong Committee would meet the Japan Committee twice a year--once in Hong Kong, once in Tokyo.

At the time, Teddy Youde was governor, and he would go with [the] Hong Kong Committee to Tokyo and lend his prestige. We would see [former Prime Minister Yasuhiro] Nakasone. We called on Nakasone twice. And the finance minister and MITI. Actually, they gave us a lot of face. You call on a lot of ministers, and [get] a lot of publicity, but really no results, no results as far as selling to Japan is concerned.

I think in this respect America experienced also a very frustrating time. I remember talking to one of the negotiators in [the] early eighties, Mike Smith. He was a U.S. trade representative. He was going to Tokyo every three months or something like that, trying to open the door, without much success.

But Nakasone was the prime minister who at least was encouraging the Japanese to really buy. He went to a department store and bought a three hundred dollar pair of shoes made in the U.S.--things like that--to urge the Japanese to buy foreign goods. As a matter of fact, actually, JETRO, the government organization, was more than the TDC, Trade Development Council, in Hong Kong. JETRO was Japan Trade Relations Organization. JETRO was responsible for the tremendous growth in Japanese exports after the war. But around Nakasone's time, JETRO's mission--the emphasis was more on encouraging imports.

So when I was on the committee I saw something about international trade, how slow progress can be. There's nothing you can do about it--so trade war, trade negotiation, trade war--it can be very frustrating. So I took the opportunity of my position on the Hong Kong-Japan business corporation committee to really try to open up my garment business.

Wakeman: What results did you achieve?

Tang: It took, I think, from '83, '84, when I made some statements--I was also on the TDC, I was a council member--and I made some statements as to the dire necessity of Hong Kong's getting to the Japanese market. I made some statement like, the Japanese market is the last frontier for Hong Kong industry. You can look at Africa, Eastern Europe and

Latin America and all that--but these are not markets you can build on. Maybe one-shot deals if you're lucky. They have foreign-exchange problems and all that sort of thing. The only big market left in Japan was selling to America. We're too dependent on America. We're selling a lot to Europe--textiles, anyway--garments. You have restrictions. For Japan, no quota. And they would say, yes, yes, yes. But you try to sell to Japan! My experience was five years, no result. But when they were ready to import, then we started to sell.

Wakeman: What year did you start to sell?

Tang: I would say about '88. I pushed and pushed for four years, with really minimal results, but in '88 we started to sell, some [in] '89--enough so that we were able to open up a factory in China to sell to Japan.

Wakeman: So the Pearl River delta factory, which you opened in '89, was--

Tang: Was for the Japanese market.

Wakeman: I see. What did it manufacture? What did that factory produce?

Tang: The same things that we would sell to the States, Dana Buchman, Donna Karan, DKNY type of ladies' outerwear. The China factory was opened up, actually, for the Japanese market and for the silk suits to the United States, because there was no quota on silk. So that's why we opened the factories in China, for silk. It happened that we had a major order from Dana Buchman, and then with the Japanese also coming in, we started to--

Wakeman: So did you market the Dana Buchman line in Japan?

Tang: No, no, no. Dana Buchman was entirely silk, to the United States, and no quota. I benefited from my experience on the Hong Kong-Japan business corporation committee. I suppose I'm a bit of an expert on Japan. And I made a lot of friends in the garment industry and outside the garment industry. I suppose that's the reason they gave me an award on my sixtieth birthday.

Wakeman: Nineteen eighty-seven.

Tang: That was in 1987, right. Again, I never expected it. Maybe my expectation was, just don't call me a bad guy for pushing the door open. Don't consider me your enemy. But instead I got a medal. [laughs]

Wakeman: Wonderful.

Tang: And I suppose, from Nakasone on--they tried to tell the world that, "We encourage you to sell here." I guess that's about what I wanted to add to the activities in the eighties.

Except maybe one more: in '88 I set up a factory in the Philippines. That's because in my business any quota--the Philippines, through the Marcos' last years--things were fairly chaotic. The industry was doing badly--well, all things were not doing well. The garment industry used only 60 percent of their entitled quota. In '86, when we did the negotiations, bilateral, with the U.S., the Philippines--their agreement had to be

renewed also in '86. [Corazon] Aquino went on in '86, and the U.S. gave the Philippines 20 percent more entitlement to help Aquino, I guess. In '87 I realized that actually they were shipping only half of their entitlement, and so [in] '88 I set up a factory to take advantage of the Philippine quota.

Wakeman: What were you manufacturing in the Philippines?

Tang: The same thing we were manufacturing in Taiwan.

Wakeman: Which was?

Tang: Which was ladies' outerwear--Liz Claiborne, Jones of New York, the upper-middle, you know, \$150 a jacket in retail and bottoms to match, coordinate. So this is what Tristate is known for: high-end ladies' outerwear. And the Philippines went quickly from 800 workers to now 4,000. The Philippines is a big profit center.

So the early nineties was a period of not only withdrawal, by 1994 I think, the withdrawal of the textile business from Hong Kong. We closed the textile business. In '91 South Sea was completely shut down. All the weaving equipment was sold to Indonesia. It was a pity because a lot of the weaving equipment was not that old. It was four, five years old. But I could not see weaving in the Philippines. The weaving equipment and part of the spinning equipment--sold to Indonesia.

### **Closing Down South Sea Textile**

Wakeman: Did you consider transferring some of the weaving operation to the Philippines?

Tang: Yes, I did. But there was no advantage, so we actually moved maybe 40 percent of the spinning equipment, the newer equipment, to the Philippines--18,000 spindles. The rest, as I say, was sold to Indonesia.

Wakeman: Why not continue some of the weaving manufacture in the Pearl River delta?

Tang: That was not a consideration. Weaving wasn't even considered because, again, China had a very strict quota problem, and in the Philippines--the intention was to spin whatever we were doing in Hong Kong, the high-end yarn. We were not in competition with very low-price competition from Pakistan or China. Strategically, it was fairly ideal. The Philippine mills didn't produce quality. The high-end combed yarn we produced in Hong Kong was still very profitable, even selling to the Hong Kong knitters.

And China was a competitor, but [with] our better quality--we were able to still make money. So I thought it's pretty good. The 18,000 spindles were relatively new, and so we should be making money selling to the Philippine knitters. With tariff production, China wouldn't be able to come in with low prices.

Unfortunately, I discovered that in cotton yarn there are really two key price competitors, China and Pakistan. Pakistan produces its own cotton, and they subsidize the exports by government subsidy. They buy their cotton domestically much cheaper than we can buy, and we have to buy because even the export price--which is much higher than the domestic cotton price--even the export price is price-competitive with other sources of cotton.

So I discovered that Pakistan had developed a cotton which was good enough for that high-end combed yarn and was a fairly recent development--anyway, good enough. And the tariff situation was overcome, [in the case of] the Pakistan imports, by smuggling. And so was Chinese yarn.

Wakeman: How did that work, with Chinese yarn?

Tang: They just smuggled--

## [17B]

Tang: It was smuggled in by the navy ships.

Wakeman: Smuggled from where?

Tang: From Pakistan or from China into the Philippines. How can you compete with a cheap yarn? Pakistan had very low labor and its own cotton subsidized prices and brand-new equipment--encouraged by the government. They grew more and more cotton, and then the government also encouraged value added, so instead of exporting a lot of cotton, they started a lot of spinning, bought new spindles, and spun the yarn--add[ed] value onto the cotton and export[ed]. So you just can't compete with that kind of situation.

I thought in the Philippines, [because of the] tariff barrier, the smuggling destroyed all the advantage. I had to close down the operation after two and a half years.

Wakeman: Which year did you close it down?

Tang: I think around 1995.

Wakeman: And then what did you do with the equipment?

Tang: Sold it to the same Indonesian buyer. This is where I gained a little insight on the Indonesian situation--all this hullabaloo about the Bank of Bali [1998]--it's no surprise to me. Of course, my experience in [the] seventies in operating a mill in Indonesia also taught me a bit about doing business there. But in selling the equipment to this Indonesian buyer, I was told by the middleman that Indonesia had not changed since the seventies.

Wakeman: You're talking about the corruption.

Tang: Yes. What happened exactly, specifically, is that this guy who bought the equipment for, let's say, a million dollars--well, it's good used equipment, but he paid a million dollars, so he goes to the bank. He has one of the ministers as his banker and borrows three

million dollars as the worth of the equipment. He imports it--pays one million to me, imports the equipment. The other two million is used for speculative purposes, to make a lot of money--real estate or stock market--I don't know--so it's no surprise. You multiply that transaction every day. The bank credit manager, I'm sure, would get something out of it. My friends tell me by 1995--I asked them, "Is the corruption situation better than when I left Indonesia [in] '83, '84?" "Much worse." "How worse?" [The] Suharto family--I don't know where they got the figure from--[is] worth \$44 billion. That's exactly what [the] IMF found that they needed to get out of the crisis, about forty-something billion dollars. It just shows how foreign speculators invest sometimes--I don't know whether they're emotional or they just don't care about the basics. Speculation is in and out.

Wakeman: What do you mean "in and out"?

Tang: Well, speculation I suppose is not a long-term investment, by definition, so they're in and out. As I say, if you look at the fundamentals, an investor probably wouldn't go in, and yet, you know, throughout the eighties Indonesia--especially the Japanese made a lot of investments in [Indonesia]. I suppose they made a lot of money, but then this crisis--everything collapsed. It's just surprising to me that people are so disturbed about the Bank of Bali situation. I mean, what do they expect?

Wakeman: Yes.

Tang: Every other bank--it's nothing new.

Wakeman: Nothing surprising.

Tang: Yes. Forty-four billion dollars for one family. I mean, something--

Wakeman: It's the price to be paid.

Tang: Yes, there's a big price to be paid. But all in all, by the time I retire[d], I told everybody I wouldn't trade my business experience in Hong Kong for anything in the world. It has been most interesting. [tape interruption]

Wakeman: So was it a difficult decision for you in 1991 to close down South Sea?

Tang: Of course, it was a very sad thing. I closed it down. Actually, I sold the equipment, moved some of the equipment, and then the building and some inventory--mostly the building and the public company registration. Somebody wanted it. I sold it for--just the company--thirty million Hong Kong dollars. Financially, my stockholders didn't lose anything. And also the garment business had been spun off to the stockholders.

Wakeman: What about the workers and the managers? What happened to your employees?

Tang: The workers at the time--you know, the economy was still doing very well. I gave the workers better than the redundancy payment required by labor legislation. The staff had--I had set up a retirement fund, which I started in [the] early seventies. By '91 that fund had appreciated tremendously, so they were very well off. And most of them--no problem getting a job. They were paid very well. And the workers, as I said, I gave them

one-third more than their entitlement. So the stockholders did very well; the workers and staff also. I'm still happy that I was able to do that.

Wakeman: What about your own feelings about seeing the company come to an end, the company that you had built and your father had built?

Tang: Sad. But you have to face reality. Times have moved on. There's nothing you can do. Life goes on. You can't cry over spilled milk. It was very sad to be the third and the last generation in textiles. But life goes on. Fortunately, the garment side was going well. By 1994, '95 the garment business was--the earnings were at their peak. So that was a little bit of a relief.

### **Hong Kong Politics in the 1990s**

Wakeman: I want to talk about the political side again. After you had met with Deng Xiaoping and after the statements that you made had been published in the newspaper, did you continue to have an influence, an advisory role that helped the Chinese leaders see how to proceed with the handover of Hong Kong? Was there any way in which they turned to you or you felt you could continue to make a contribution?

Tang: Yes. Xu Jiatusun and I continued the relationship, not as in '84, before the visit to Beijing and after, we of course had a lot of contact. After coming back from Beijing, I felt my job had been done. I did not purposely keep up the relationship. But we were in contact, yes.

Wakeman: Social contact? What kind of contact?

Tang: He might call me on a certain issue. I would also sometimes give him my advice on what I saw should be done or what shouldn't be done, but not very regularly because, as I say, I considered my job done. Actually, when I came back from Beijing, I told myself if I were twenty years younger, I'd go and work for Deng Xiaoping. But I wasn't twenty years younger, and there's no sense in sort of keeping up a relationship, really--the close relationship didn't follow.

But after Tiananmen, before he left Hong Kong [for Los Angeles in 1999], he invited my cousin and myself and our wives to a dinner, and he was quite vocal about the situation. He said he had recommended as his successor the former governor of Guangdong, Ye Jianying's son. He said, "But Beijing is not going to accept that."

Wakeman: Did you meet Zhou Nan?

Tang: Oh, yes. Later. But after, Xu Jiatusun left--Zhou Nan--yes, I met him, but he was definitely not Xu Jiatusun. From then on, all of a sudden I think I'm no longer considered for any advice or anything. Actually, Zhou Nan cut off my relationship with China.

Wakeman: Why?

- Tang: I don't know.
- Wakeman: You were too close to Xu Jiatun?
- Tang: I don't know. That's my suspicion.
- Wakeman: And therefore--.
- Tang: Yes. So that was a purge, I think.
- Wakeman: Tell me about Zhou Nan. What was he like?
- Tang: He's a bureaucrat, so vastly different from Xu Jiatun. Xu Jiatun is what I'm more used to seeing in business, somebody who is very devoted to his job. He killed himself working, I don't know how many hours a day all through that period. Zhou Nan was just--it's just a job. So vastly different.
- Wakeman: And you also said yesterday that Xu Jiatun felt that Hong Kong's welfare was his personal responsibility.
- Tang: Yes.
- Wakeman: Did you feel the same thing with Zhou Nan?
- Tang: No. But I can't really say that because I wasn't close to Zhou Nan at all, but I think that's the common comment you would get from the business community: he's just a bureaucrat.
- Wakeman: So in the farewell dinner with Xu Jiatun, was there anything else that he said that stuck in your mind?
- Tang: Well, you could see that he was not just retiring from the job.
- Wakeman: He was being kicked out.
- Tang: You could see that--he was not at all reserved about it. You could see that he was going to probably skip the country, because you can't be that vocal. So it's a great pity, a great loss. After the argument about Hong Kong's democracy, I think if Xu Jiatun had been there, or somebody like Xu Jiatun, history would have been a little different.
- Wakeman: You talked yesterday about the fact that the tragedy of the Tiananmen suppression was not just the loss of life but also these larger consequences, and one of them probably was the consequence for Hong Kong of Xu Jiatun's no longer being in a position to influence the future of Hong Kong. Perhaps you could talk a little bit now about the direction Hong Kong took politically with the rise of the Democratic party and how it began to change after 1989.
- Tang: Oh, yes, yes. I think the effect of Tiananmen on the Hong Kong people and their thinking was very negative. The situation became worse when Chris Patten came in and stirred up things. I think it was entirely unnecessary and aggravated the situation

greatly, but after Tiananmen, [the] Hong Kong people were ready for that--the leadership of the Democrats--they could do this to us, Hong Kong, all the brutality--

Wakeman: So a million Hong Kong people took to the streets in 1989.

Tang: To protest, yes, yes. I suppose in a way you could expect that because after '84, they went back to China and saw what was going on, and it was really opening up and no secret police following you around anywhere. Don't forget, even in the early eighties my colleagues would go back to see their families, and nobody dared to say anything. But after '84, everybody in Shanghai criticized corruption, blah-blah-blah. Freedom of speech was definitely a matter of fact. The atmosphere was entirely different, and everybody in Hong Kong saw that. Deng Xiaoping was very wise: "Come and see what's going on. Only then will you be able to convince yourself."

### Returning to China

Wakeman: Did you return to China after '84? When was your next trip? Did you have a chance to go back to Shanghai yourself?

Tang: I didn't have to be convinced. I went back to Shanghai in '88, for the first time since I left in '46.

Wakeman: How was it? Tell me about the visit.

Tang: Oh. Actually, my daughter, Leslie, wanted to find her roots, so I took her and her husband to Shanghai and Wuxi and Hangzhou. That was my first time--I had gone back to China twice, but to Beijing only, May and September, since I left China.

Wakeman: You haven't described the September visit to Beijing.

Tang: Oh, that was just a one-day visit in '84 to witness the signing ceremonies. Yes, it was quite interesting. A hundred and one people from Hong Kong were invited to the ceremony. The agreement was signed by [prime ministers] Zhao Ziyang and Margaret Thatcher. Deng Xiaoping [and] some other leaders were standing behind. So they signed, drank a toast, and then Margaret Thatcher went to Deng Xiaoping and the two of them walked in front of the Hong Kong delegation, the Hong Kong guests, a hundred-something.

## [18A]

Tang: A few years later I saw her at a private party, a dinner, sitting next to her. She was in Beijing and on her way out she stopped in Hong Kong. She was no longer prime minister. She was there to raise funds for the Margaret Thatcher Foundation. Anyway, in talking about China, I asked if she had seen Zhao Ziyang. They, of course, didn't produce him for her to talk to. Oh, you know, we never forget a friend. I look back to that. She actually didn't bother with Zhao Ziyang. She took Deng Xiaoping by the arm, but Zhao Ziyang was her friend.

Wakeman: Zhao Ziyang was a friend?

Tang: By then, she considered Zhao Ziyang as a friend. I suppose Deng Xiaoping was the ogre then.

Wakeman: What year are you speaking about when you say “by then”?

Tang: Not long after Tiananmen, maybe 1990 or ‘89 winter.

Wakeman: And she had been back to Beijing herself.

Tang: Yes, as a private citizen, as a private citizen, and asked to see Zhao.

Wakeman: Did you, yourself, ever meet Zhao Ziyang?

Tang: Only saw him at a distance.

### **The Last Governor’s Influence**

Wakeman: What were your feelings at the signing ceremony in September?

Tang: I was happy that the negotiations had produced results. This is why politically I feel that Patten coming as governor was really bad, not only for the China-British relationship but because his effect on Hong Kong was very bad, I think.

Wakeman: The whole notion of the through train changed.

Tang: Yes, yes. And all the negotiations before ‘84, and then after ‘84 the agreement on the number of elected members in Legco, twenty-two or twenty-three--you know, Patten actually tried to renege. I mean, that’s what it is. If somebody tore up a treaty, like Hitler, you’d say he’s a culprit, but nobody said that of Patten. What I dislike about Patten most is that if he was sincere in his beliefs, I would maybe respect his opinion and his action. But he had his own agenda. He was trying to earn the reputation of being a great democrat. He was seeking popularity in the world. Somebody told me that even in Brazil Patten was in the newspaper, apparently. A real publicity hound, a very clever man, great politician, charming also. But I don’t know why other people don’t--I can see through him quite easily. Never trusted him.

Right from the beginning, when he came in to Hong Kong, he was on television. He came in and sought advice from people. The business community had very little opportunity [to advise him]. I was invited to a lunch or something with some other people. Unfortunately, I was traveling, so I couldn’t attend, and that was the only chance of ever giving him my views.

Wakeman: You said right from the beginning, when he arrived and appeared on television--

Tang: Yes, he had his closest advisors--he brought in two young men. One was actually in his late twenties, I think. He was somebody working in the British embassy in Thailand. The other one was his assistant during the election campaign, when he got [John] Major elected. He was a Conservative party chairman or something. Patten had lost his own seat in [the city of] Bath. This was his reward from Major to become governor.

One was a campaign manager, and the other one was somebody from the embassy in Bangkok. Both fairly young people. I think the other one was a public spokesman, dealing with press. It indicated to me that he [Patten] was very publicity conscious. The first thing he did in Hong Kong was bring these two young people, who didn't know anything about Hong Kong or China. He chucked out all the foreign office advisors, all the China experts, like Percy Craddock. He was the new broom.

He appeared on television, and his closest advisors--apart from the chief secretary, David Ford--were these two young men. The only other one I remember on television was this person who had been with the *Far Eastern Economic Journal*.

Wakeman: *Review.*

Tang: Yes. He was also supposed to be the head of a think tank. David Wilson had made him head of a think tank. He remained a very close advisor to Patten, I suppose on economic matters. [tape interruption]

I thought to myself, My goodness, Hong Kong is in trouble if he is a close advisor because he's the one who I used to see occasionally in the sixties, when he was a correspondent. He used to talk to me about Hong Kong, [the] textile industry, and he would ask me--

Wakeman: Ask you?

Tang: He would start by asking me about the industry and the quota, but he quickly would start to tell me about the industry. I said, "Oh, you know a lot about the industry and the quota situation." "Oh, yes, my wife had a textile business. Her family was in [the] textile business." His wife is Chinese, local. The family probably had a few knitting machines in the basement or something. So he's the expert. I said we're in trouble if he advises--and you can see he's [a] very caustic person. He has a very caustic personality, very skeptical, rather sarcastic.

Wakeman: But was he effective or was he not? The image that we got here in the U.S. was that Patten was very effective at convincing the Hong Kong people that he was their advocate, and he would go and shake hands with the crowds and act in a way--

Tang: Ah! Okay. Yes, yes, yes.

Wakeman: --in a way that previous governors had not.

Tang: This is not the person who advised him on that. That--the campaign manager--that's another thing I asked myself, why is he bringing this young man? He's governor. He doesn't have to be elected. Why is he kissing babies in the street? You know?

Wakeman: Yes.

Tang: His game plan, his agenda was: I am the last governor. I'm going to correct things, all the wrongs in the last hundred fifty years. But that's history. What I'm actually correcting is now, I don't want you to be sent to the wolves. I'm going to protect you from the wolves. Britain had to reluctantly [hand Hong Kong back]--like Margaret Thatcher, China is not Argentina and Hong Kong is not the Falklands. You either send in the fleet, like the Opium War, and okay. You're not going to have Hong Kong back. But Patten tried to sort of: okay, I'll save you from the wolves--if he thinks China is the wolf--but you've [Britain] already thrown these people to the wolves. What are you trying to do? Protect them?

Basically, it doesn't make sense. What was he arguing about? He was arguing for instead of maybe twenty-three elected members, he wanted maybe twenty-six out of sixty. And this is the work of a great democrat.

Wakeman: What, then, accounted for Patten's popularity in Hong Kong?

Tang: Kissing babies. They never had that done to them before, [the] Hong Kong people. He didn't want to put on the plumed hat in the inauguration and all that--all the moves of a clever politician, with his own agenda. He was very popular in this country [the U.S.], as you know. He went with the Hong Kong-Japan Committee for five years. I went until '96--in '97 I left Hong Kong, January. So anyway, he went with us to--

Wakeman: Tokyo.

Tang: Tokyo to lend his prestige, but in fact what he was trying to do was create an image for himself in Japan. Youde and David Wilson went along, every time. They took the delegation along with them to see the ministers, but Patten went along with Lydia Dunn, the chairman of the Japan Committee in the early years. That's okay. I mean, it was just ceremonial anyway. You go in and see the minister and talk for fifteen minutes, leave, so his seeing the prime minister, that's fine--by himself. That's fine. But he went on and saw the past prime ministers--like Nakasone.

Okay, you see the prime minister. But why are you calling on all of the--when I found out that--it wasn't announced; he didn't tell the delegation where he went, but, of course, that's no secret--so then my question is, you're doing this on Hong Kong taxpayers' money. What are you trying to achieve? His own political agenda.

Wakeman: What had your relationship with David Wilson been like?

Tang: David Wilson--socially we're quite friendly. My policy is--just as a friend, I would invite all these governors--about once a year I'd give a small party, just a few close friends. That's basically my relationship with David Wilson. I would see him in Japan regularly--at receptions but always with a lot of people. Actually, in Japan we would have more of a chance to talk business--how to get the Japanese--

I worked with Youde much better. But also I was chairman of the chamber, so after the agreement was signed, he would consult the heads of the chamber and Legco. I had a lot of opportunity to influence matters.

Wakeman: But your relationship with Wilson was not as close.

Tang: Not as close, although my friendship with him started when he was a political advisor. We were quite friendly. But I think he was not a very strong person. Natasha, the wife, interfered too much. She would sit in on meetings with the secretaries and all that, and would give her ideas and views.

Wakeman: Did you know Percy Craddock?

Tang: Only when I saw him in Beijing and Hong Kong, not well at all.

Wakeman: Let's talk about the changes that resulted from Patten's governorship. What do you think is the most significant about Patten's impact after his arrival in Hong Kong?

Tang: I think he gave [the] Hong Kong people false hope. That's, I think, rather criminal. False hope. And he was opportunistic. I'm sure he knew psychologically that he would be successful in getting support from [the] Hong Kong people after Tiananmen.

Wakeman: A golden opportunity.

Tang: The golden opportunity to accomplish his goals. By the way, about publicity, after his [Patten] retirement he went on BBC and this guy who wrote a book about the last governor--what's his name?--my memory is so bad now on names. [Jonathan Dimpleby, *The Last Governor: Chris Patten and the Handover of Hong Kong*]

Wakeman: We'll get it.

Tang: Anyway, this BBC fellow--he was a guest right from the beginning. When he came in, he stayed at Government House. And all through, he visited Government House. Right from the beginning he was in on this, writing the book and the BBC. That's why I say he prepared his agenda very well.

Wakeman: How do you view the rise of the Democratic party and the popularity of Martin Lee?

Tang: My only criticism of Martin Lee is he, like Patten, pays lip service to the business community in Hong Kong. After all, they're the ones who built Hong Kong up from the sleepy little village in '49--to today's Hong Kong [where the] GDP per capita is I think \$25,000 U.S. Not bad. I mean, that's really a developed country. But he never consulted the business community and never took any advice seriously.

Martin Lee, the same criticism. He knows the importance of a business community to Hong Kong's welfare, but he's left them out.

Wakeman: Why? Was he trying to correct any--

Tang: Maybe he feels they're hopeless; maybe he has a puritanic streak in him. I think it's a mistake. Not all business people are vultures and profiteers. I think there are elements in a business community who can be progressive. Having said that, he's always very critical of [the] business community mostly kowtowing to Beijing for selfish interest.

Well, there's a lot of that, but that doesn't mean you can exclude the business community in your plans for Hong Kong. You have to face reality and deal with it.

Wakeman: The nineties brought political parties in Hong Kong much greater prominence than they ever had before. Which political party, if any, did you have the closest relationship to? Were you connected with the Liberal party and Allen Lee, and what did you think of the [pro-Beijing] DAB [Democratic Alliance for the Betterment of Hong Kong]?

Tang: I don't know much about DAB. They're more a later development. I, of course, knew or I know all the people in the Liberal party, but I'm not connected with any party. As I said, I stay away from politics.

### Losses in the 1990s ## [18B]

Tang: After Tiananmen through the early nineties, politically I became more an observer. I was never a participant [in the eighties], but I was a close outside observer. But after Tiananmen I became [a] rather inactive observer. It was a bit frustrating to see that Hong Kong politically--there was a downhill movement. All the euphoria after 1984 was gone. I mean, Tiananmen had a great deal to do with it, but also I think the blunders on the British side started to cause a lot of harm to the relationship with China.

David Wilson must take responsibility for the deterioration. This [happened with] his announcement of the new airport--I think in 1990. He felt that after Tiananmen, to continue to attract investors to Hong Kong, the new airport would be something. So I think he quickly announced the thing without proper consultation with China, and that started the whole roller coaster decline of the relationship.

Then the appearance of Patten made it much worse. David Wilson had more than five years--but he was actually removed. If he was accused of damaging the Sino-British relationship, then he was removed for the sake of a better relationship. But in sending Patten to renege, really, on the agreement and give a grandstand show of, "We're trying to protect [Hong Kong], for the good of the Hong Kong people" and all that, I'm surprised that Britain would do that.

There was certainly a school of thought in Britain [that] maybe the thing to do with China is not to be weak like David Wilson. And that's why David was removed. But then being weak with China has caused all this, and reneging the agreements wouldn't be a good solution to the problem.

So through the nineties, it was sad to see things go wrong--not only, well, sad for Hong Kong in general, but in my own business the first three years in [the] nineties were also very sad and frustrating. The closing down of South Sea was a sad thing. And then the move to the Philippines of the spindles--that operation was very frustrating. I spent a lot of time in the Philippines. Actually, the garment business was moving along very well, but I went to the Philippines so many times to get the spinning business going, and then trying to save it from losing a lot of money.

So eventually, I had to shut down the operation and sell the equipment. And also try to get back some of the investment by selling the land and the building--I had invested a lot of money in the building.

Wakeman: Who did you find as a buyer?

Tang: I didn't find a buyer until 1996. That was a big piece of the investment, the land and the building. I found a buyer who was interested in real estate development. He had a joint venture with a company in Japan. Eventually, he bought the land and building for industrial development, an industrial zone. So I came out not too badly. I didn't make any money, but the land had appreciated a great deal, so I guess I came out just about even. Considering the whole investment, I made money on the land, which compensated for the loss of the operation. The total loss of the operation was \$5 million U.S., in two years. That was not a good thing.

Wakeman: So you spent a lot of time in the Philippines.

Tang: A lot of time--and frustrating time.

Wakeman: Meanwhile the factory in China was turning a profit. That was working out fairly smoothly for you?

Tang: Oh, yes, yes. In China, and the garment factory in the Philippines were all doing quite well. [tape interruption]

Yes, that was a portion of the garment business which was growing very well, and profitable--so that [was] some compensation. But compared to the eighties, when I think business was going on well--in the late eighties we started both the Philippine and the China operation. That was a very rewarding time, and also my public career was going well. I was able to exert some influence. Also in the business community. You talk about the Liberal party. In the eighties, around the time of the Sino-British agreement, or even before that, I was advocating--I guess the Liberal Party was formed as a result, but my original idea was that the business community should have--not a political party but a *Kaidanren*, sort of a Federation of Industry and Commerce, and might be in the position to support a political party.

I talked to my cousin, being at the Federation of Industry, about the possibility of amalgamation of the chamber and the Federation of Industry, and CMA--you know, this idea of the *Kaidanren*. And then you mentioned the Liberal party--

Wakeman: Allen Lee?

Tang: Yes, Allen Lee. He was very interested in a political party. We discussed also how perhaps the *Kaidanren* could really support a political party. Actually, Vincent Lo started--well, BPF. Did you ever run across that? That was not a very good--the idea was not carried out.

Wakeman: I don't know who Vincent Lo is.

- Tang: Vincent Lo is a young man on the real estate side--who was very vocal and very articulate, and was able to get the Basic Law committee to support him, during the Basic Law period, and he was influential. So after the Basic Law was promulgated--
- Wakeman: Drafted.
- Tang: Drafted, he tried to sort of form this *Kaidanren* idea.
- Wakeman: You said BPF? I don't know what that was.
- Tang: BPF. Business and Professional Federation, something like that. I didn't want to be a member, but I was one of the advisors. That eventually didn't get the support of the business community. I mean, the Better Hong Kong thing came from that, actually.
- Wakeman: Oh, so BPF evolved into the Better Hong Kong Foundation?
- Tang: No, no, it did not evolve. They initiated this kind of Hong Kong [organization]--yes. With money, contribution[s] from the real estate side. But that didn't succeed. I suppose it was my original idea. I don't think it was carried out very well. In a way, I suppose it's a *Kaidanren* and supporting the Liberal party. But both were half-baked. The Liberal party was a not a real political party--there wasn't a strong bond. Individualistic. Allen Lee wasn't able to command the leadership necessary to form a strong party.
- Wakeman: You can't blame Allen Lee, I suppose, because the Liberal party was mostly from the business community. They were all big bosses, and it was very difficult to [unite them]. Now, of course, they're trying to get elected. James Ting is running in the central district or something.
- One topic we haven't touched on yet is the notion of Hong Kong identity and how in the 1990s many people in Hong Kong began to think of themselves not so much as Chinese or British but actually as Hong Kong people, having their own distinct Hong Kong identity. I wonder if you have any thoughts about that process, Hong Kong having always been a community of refugee people, a sort of way station. People were coming, spending time in Hong Kong, but perhaps with no permanent sense of attachment or identity as Hong Kongers. That was something that was built up and encouraged as 1997 drew closer.
- Tang: Who encouraged it?
- Wakeman: Patten?
- Tang: Yes.
- Wakeman: I mean, maybe not Patten specifically.
- Tang: Yes, yes, I think Patten--
- Wakeman: I'm not sure it was he, himself, but--

Tang: I don't know. I don't think what's being done is the right answer. You're practically having a Hong Kong language. I read the Hong Kong papers, and I don't know what they're talking about. It's a different language. The Communists tried to simplify it [classical Chinese], but then Hong Kong doesn't want to follow [either the simplified form or] the classic Chinese characters, and they're having their own bastard thing. It's phonetic translation of English. I don't know what's going on. I can't read it. In a way, they want to have what they call their Quebecois, isn't it?--the bastard French, the New Orleans French--Creole or whatever. To me, it's rather nonsensical. This is your identity? What are you trying to be?

It's a very difficult thing. In '84 I had an opportunity of having some meaningful conversation with Lee Kuan Yew. He was saying, "In Singapore we have two big brothers: Malaysia and Indonesia." In the sixties there was confrontation with Indonesia, and Indonesian soldiers came in. There was sort of a state of war, wasn't it?--in '64. And you have big brother China. The trouble with Hong Kong is there's no soul. There's no soul. You gave Singapore a soul. They are Singaporeans, the Chinese. Now, how do you do that in Hong Kong? They're transients. Some of the fourth generation Hong Kong--they are actually Hong Kong natives. But how do you get--do they have a soul?

Wakeman: Do you think that's what Chris Patten was trying to do, was trying to create the sense of Hong Kongers as citizens rather than colonial subjects, to try to give them a greater sense of investment in their--

Tang: The last five years of the British reign? I don't know. It's hard to acquire a soul. Hong Kong is not Singapore. It's [an] SAR, Special Administrative Region. But it's China. It is China.

Wakeman: Do you think China's efforts to help encourage a spirit of patriotism toward the mother country have been effective in the last two years?

Tang: Well, I don't know. I don't think they have really officially done anything to say, "You Hong Kong people should be patriotic." Besides, it shouldn't come by decree. Like I say, how do you give [the] Hong Kong people a soul? You're right in this respect: I think the soul has to be Chinese because it [Hong Kong] is part of China.

Wakeman: Getting back to your own--

Tang: Yes, getting back to my own situation--

Wakeman: You were talking about business development being quite frustrating in the early nineties.

Tang: That's right. Then when I concluded the chapter of the spinning operation in the Philippines, of course, that was really the end of the third generation in textiles. But anyway, after my disposal, selling of the properties--sad. That was the conclusion of the chapter. Financially the loss was partly made up--and then I guess in 1997 I felt that I was able to retire from the business with some kind of relief--no bad conscience as far as the business was concerned.

Unfortunately, I had to come back to the business in 1998, in April. I had to come back because, I must say, that was one of my worst judgments in getting the successor I did. He just didn't work out. It was my fault for hiring him. I was looking for--

## [19A]

Tang: --for Martin to come back. But I was frustrated in my effort to find a successor also because I was hoping that my successor could come internally. My COO, chief operating officer, who really had a fairly free hand in running the garment business, decided not to go on and sought early retirement.

Wakeman: Why was that?

Tang: I guess I treated him too well, and he had enough money. I must say he deserved to take life easy because he worked very hard. So he actually retired [at the] end of 1995. I had really one year to look for a successor, 1996. The COO who retired early--looking back, perhaps he would not have been [a] suitable person because he was a hard worker and learned from experience, but he was not a professional manager. The company was expanding, expanding because we were known for producing a quality garment. So we expanded--new places: Philippines, China, and then Taiwan. I mean, Taiwan was the original factory.

I did not mention that Hong Kong manufacturing was phased out. We had a factory in Hong Kong that was phased out in the late eighties, because Hong Kong was no longer competitive.

So the company was making very good profit because--first it was blood and sweat. It was really pushing, pushing, pushing. But no system, not professionally managed. But we made a lot of money because [of] hard work. Everybody was working twenty-four hours. He was really pushing very hard.

Also, in those days we had few competitors who could make that kind of quality garment, so we were able to command a good profit. That situation started changing [in] '95, '96.

Wakeman: Who were your competitors then?

Tang: Well, the top line, the Dana Buchman type, was what we called in the trade the bridge line. Now, that's \$400 a jacket. Ellen Tracy, \$400 to \$500 a jacket.

Wakeman: DKNY? Do you do DKNY?

Tang: DKNY we still do. But the volume is limited, so we were doing a lot of upper-middle: Liz Collection and Jones--actually, we're still doing Jones, Polo (Ralph Lauren). They license the Ralph Lauren line. They're licensees, so they have one line, Ralph Lauren. That's a higher end but still upper-moderate price.

Wakeman: Do you do Anne Klein?

Tang: Yes, we're doing Anne Klein suits. So for the bridge line we can still ask a premium, but the majority of our production is what they call better price, and then you have moderate price. The better price--you have more manufacturers today than, say, even five, six years ago. More in Asia and some coming up in Latin America. Today the competition is so keen in the moderate- and better-price area. You must be very efficient in your production--in other words, low cost--we were expanding, expanding and we never had time to consider costs. [tape interruption]

I'll give you an example [of] the competitive situation. In 1995 Jones was our biggest customer, their better-price line. They paid a very good price for our goods. So in 1995 what you bought probably came from our factory because we were the biggest supplier to them. They were also buying from others, but today what you buy from Jones probably would be not made by us. Only their top line, the Ralph Lauren license, would be from us. That is a good example of how today the competition is different. You have to be good in quality. Also you have to be good in price. In those days, they couldn't find anybody else to do the quality, so we had a premium and made a lot of profit. So that is exactly how things work.

Jones stopped being our biggest customer in '97. The year I left, they went to a lot of other suppliers. That's why it was very, very critical that we--by '95, actually, '96 it was evident--had to have professional management and industrial engineers to talk about costs: production costs, all other costs.

When the former COO left, the production manager was promoted to be COO. Unfortunately, he was not a professional manager, either. He went along the same way as the former COO--so I started to try to do things to install systems. The first thing that I did was get an MIS, management information system--in other words, computerizing the costs. Everything is computerized. That took a year.

But in the meantime, I was looking for a CEO to make up for the lack of professionalism in the COO. So by the middle of '96 I hired this senior VP from Chase Manhattan Bank, who was a friend, who also retired early from Chase Manhattan, just before the merger. So he came on board as my successor. I think it was June 1, 1996, and he felt he would be ready to succeed me in less than six months, so I retired and left Hong Kong on January 1 of '97.

Then, of course, by 1998 it was quite evident that he didn't work out. I kept out of things, but Martin and Leslie went on the board--sort of a board control of things. Of course, I should have known better. But I had enough confidence in my successor that I thought maybe Martin and Leslie would be just keeping an eye [on things]--but, if the CEO is not competent to run the business, the board has very little influence.

So then, [in] late '97, he already felt that he couldn't do much about what's really necessary, and [we saw] the dire need of professional management. He then suggested to Martin, to the board, to sell the company--merge. He found somebody haphazardly, and some negotiations started. By April the negotiations broke down. [tape interruption]

### **Implementing the Merger**

Tang: When the negotiations broke down, my successor then felt that that's all he was able to do, and when that failed, he then resigned to the board, and I was called back. That was in April. I had to clean up the mess or, rather, start to implement what we had to do: professionalizing the organization rather quickly because it was after almost a year and a half of neglect and inaction. In the meantime, the market was changing fast. Things were getting more competitive. The retailers and our buyers were also under tremendous pressure from the ultimate buyer, the stores. Bang, the pressure was on--of pricing and all that.

Of course, the starting point was something that people had been talking about for a couple of years, even in '95: too many stores. Everybody was competing for the same amount of business, more and more people. And the economy in '95--it was before the boom. So all the pressure came to the back of the supply chain, and manufacturers were squeezed.

And so when I came back, I had to quickly try to recruit professionals into the management. That took some time to get the right people. By later in the year, October, November, I was able to succeed in recruiting two professional managers to come in on the production side and then [at the] beginning of the year, another one. So now we have really enough talent.

Wakeman: Do these three men--are they based in Hong Kong?

Tang: They are based in Hong Kong, but one is sent to the Philippines--two were sent to the Philippines, and then today one from the Philippines is now in China, and the third one came in, and then, after the merger, is now sort of in charge of the Thailand operation.

Now, back to the merger. At the same time I tried to engineer a merger with an existing firm, with [a] good reputation, but they were making a different line of products.

Wakeman: This is a Hong Kong firm?

Tang: Hong Kong firm, yes. After maybe six months of work, finally we signed an agreement in February this year with--procedures and paperwork and application to the SEC--the Hong Kong SEC. Took a couple of months. So by April, [the] merger was completed.

Wakeman: What made you decide to undertake a merger?

Tang: I tried to get a successor, a CEO to run the company, and I failed. So in April 1998 I had two choices. One thing is I didn't want to work permanently, certainly not--I had two choices. One was to hire another CEO to succeed me. And with my previous experience, I wasn't going to take the risk of hiring somebody and then [if] he doesn't work in a year or so I would have to come back again. By then I'd be seventy-five or whatever, too late. So the other choice was a merger. Of course, I considered selling the company, but under those circumstances I realized that it would be difficult to get a buyer.

I suppose the other choice was to really continue to strengthen the management of the company and then if I'm successful, that would make more profit, with more solid groundwork in the organization. I could then find a buyer perhaps. But that would have been a three-year plan, and I didn't feel that I wanted to do that.

And I talked to Martin and Leslie, who were on the board, and my brother [Oscar], who is also on the board--we went through the '97, '98 situation. They all said, "You better find a buyer or merger partner so that you would not have the responsibility of running the company," because I had earned my retirement, and they realized that. [tape interruption]

Of course, I had to consult them because my brother was also a shareholder of the company. In effect, my children actually own the company, anyway the majority shareholding. With their approval, I then went along with the merger transaction.

Wakeman: And are you satisfied now with that decision and the way in which the merger has worked out? How do you feel about it?

Tang: Yes. I think it's the right merger. My partner [Peter Kin Chung Wang] is about forty-five years old. He's from an industrial family. He's second generation. His mother started a garment business, and his father started a[n] electric miniature motor business. Now the motor business is run by the older brother, and that's very, very successful, Johnson Electric. The younger brother is the owner of the garment business. The mother is eighty-two, retired. They're reputable in the trade, unlike the other merger partner that we failed to conclude a deal with. They were more an outsider in the industry; they were very good businessmen, making a lot of profit, but the reputation was a bit different, quite different.

So in that respect, definitely. But in this merger, I had to relinquish the controlling interest--so he is now the controlling shareholder, and the family's stake is maybe a little more than a quarter. But I have confidence that this is a good thing. He's young; he's energetic. He will do a good job. As a result of [the] merger, I was going to leave everything to him, but at his request I'm staying on for another year as chairman. So next June hopefully I will actually be honorary chairman or chairman emeritus, but until June I'm available for advice anytime, to go through this transition.

It's not going to be [an] easy merger because we have different product lines. Now we have factories not only in Taiwan, China, and [the] Philippines; we have factories in Thailand, China, Vietnam, Laos, and Burma.

## [19B]

Tang: They were built, expecting to make [garments] for the United States. That was waiting for the MFN. And [it] didn't come. Burma is all right except they have MFN, and the buyers would be taking a risk of demonstrations. They had demonstrations in front of Macy's for importing from Burma--because of human rights.

Wakeman: What is the product line?

Tang: The product line of the merger partner is they make men's and ladies' casual wear, sportswear.

Wakeman: Like running suits? That kind of thing?

Tang: No, more woven sportswear, which would be--the high end--their biggest customers are the three super brands in their field--Polo, Tommy Hilfiger, and Nautica. These could be your wind cheater [windbreaker] or what do you call that line?--also padded--

Wakeman: Jackets.

Tang: Yes, jackets for the winter. So they are in the high end of the outerwear business, kind of sportswear business. And also the Bangkok plant makes similar products as we do, the original Tristate. By the way, the merged company is Tristate, which is a public company. Hwa Fuh is [a] private company.

We are now embarking on further strengthening the management and also to implement all the systems, necessary systems.

Wakeman: The computerized systems, the MIS that you mentioned?

Tang: MIS is in place, but to put to use all the information that can be gathered to really improve the production and lower the production costs, while increasing labor efficiency. We're at the point of hiring a consulting firm, which is going to help. It's a long-term project, a three-year project. We found a unique consulting firm which has proven itself to be not just, say, come in and look at the organization and write a report, "You should do this." We know what we should do. We don't need that kind of consulting.

But these consultants are unusual. They will send people into the organization, look at the situation, tell you what you want and what you need to do, and come and help you implement. Their fee is partly based on performance. In other words, if they perform--you still have to do the work, of course, but if with their help you achieve a certain performance, then they get a percentage of it. So they're putting money where their mouth is--that kind of consulting. I'm very convinced that at the end of one year, say the end of 2000, we are going to see some result, and then another year will bring results which today would be--I mean, some of the staff are still skeptical: "You can't do that much of an improvement." But I think they will.

Wakeman: What kind of capacity do the companies in Laos and Vietnam and Burma have right now?

Tang: Potentially, Laos and Vietnam are capable of tripling the capacity they operate at today. Burma, maybe they can double the capacity. The physical infrastructure is already there. So with the consultant's help, if we can strengthen management and then start to really cut costs--giving even better quality--more consistent--that's the idea, because quality is a matter of technical know-how, how to make a garment, more processing here and there to make a high-end garment.

That's one aspect, but how to make a consistent quality--whatever the level that quality is--consistency is the other aspect. So I think they would be able to help--consistency and quality.

In the meantime, the Tristate staff, with the technical know-how of making a quality garment, will be able to help the Bangkok operation, which is a big profit center--about 4,000 workers--technically to raise the quality level. So the merger has a lot of synergies which will help in the next few years to make more profit.

### **Relationship with C. H. Tung**

Wakeman: I want to ask you another question about political changes in Hong Kong in the nineties. You mentioned yesterday that Wan Li had mentioned in the eighties that Jack Tang might be--

Tang: That was a rumor.

Wakeman: --a candidate for chief executive. What did you think about the selection process for the chief executive? There were a number of names that were being aired in the press and rumors. Did you ever feel you were seriously a candidate?

Tang: Oh, no, no, no, no, no.

Wakeman: You never felt that.

Tang: No, I never felt that. As a matter of fact, after Tiananmen and the reshuffle--no, no.

Wakeman: What did you think about the process, itself? C. H. Tung--at the time that he was selected, he was sort of considered to be, by many in the Western press, simply a puppet of Beijing. There was a lot of criticism of that process.

Tang: Yes. I know C. H. very well. I was on his board before and after he went--well, the technical terminology is he went Chapter 11, with \$2.4 billion U.S. worth of debts, to seventy-something international banks. And so those were his really darkest day[s]. I remained on the board until the reorganization was agreed to by all seventy-something banks, and then he started to come out of bankruptcy.

Actually, I think he appreciates that because when the news came of his bankruptcy [in the mid-1980s]--well, there were two independent directors on his board. Simon Keswick, who was at the time chairman of Jardine's, sitting on the board of Hong Kong Bank, and myself--were the two outside directors. When it [bankruptcy] was announced--Simon resigned as a director. Being a good friend, I appreciate the fact that he told me beforehand that he was going to resign, and he said, "Jack, you better go see your lawyer." He suggested that I should resign.

So I told C. H. that I would like to get off the board, but I wanted to see him through the reorganization. As time passed, and coming towards the end of the reorganization, then

I sort of--well, let me describe the reorganization process first. I said, "I don't have to see a lawyer. I know what's involved." The truth is if it had been [a] U.S. company, all the directors would have been sued and class action and all that sort of thing. I know the workings of [that process]--from my business school days. I said, "I don't have to talk to a lawyer. I know it's a great liability to be a director of a bankrupt company, but we Chinese--I cannot do it." You know, it would be deserting a friend at his darkest moment.

Wakeman: Could you give the date? When did the news come of the Chapter 11?

Tang: I don't remember now the date. I remember it was a Saturday. We lived above C. H.'s flat. We were in the same building. That Saturday evening he called me and said he wanted to see me. I said, "Sure, any time." He said, "Can I come up now?" That was about eight, after dinner. He came up, and he told me that Monday he would have to tell the world, announce to the world. That was--gee, was it '87, '86? I'll have to look it up.

Wakeman: We can check, yes.

Tang: Yes, check on that. And then the reorganization took--all the investment banks were called in, and negotiating with all seventy-something banks was really a huge task. This is the crucial point: when most of the seventy-something international banks had more or less agreed--tacit agreement--the Japanese banks balked. Bank of Tokyo and Japan Industrial Bank, IBJ. Those two banks said no. They could have pulled the rug. That was a very critical time. So then C. H. had to go to Japan and negotiate. Finally, IBJ came out as--you know, the Chinese saying is, in negotiations you have a white face and a red face--*hong lian, bai lian*. So IBJ was the white face.

The Bank of Tokyo just adamantly refused to talk, and they were ready to pull the rug, so IBJ then said, "We can maybe persuade Bank of Tokyo, but one condition: you have to bring Chinese support." In other words, "You must get the Chinese, Beijing, to show some support." Why? Because at that time they were starting to do business with China, but the relationship was still tenuous. So they expected China to come and build bulk carriers in Japanese shipyards. Of course, [the] shipping business was very bad. All the shipyards had very little work to do.

So they wanted China to show support. C. H. had some support--Xu Jiatus tried to help. He had some people in China, I think, who had worked for his father before the Communist take-over. So he was successful in seeing the minister of marine transport. They said, "Well, we can maybe show some token support, if you promise to help China build container ports. That's what China needs."

But then he had a profitable container port operation in Kaohsiung [Taiwan].

Wakeman: What to do?

Tang: What to do. I think that may have been his family's--but it was a profitable operation in Taiwan. So he had to go to Taipei. Fortunately, the prime minister at that time was Yu Guo-hua, who had been the governor of Bank of China before, in Taiwan. So Yu Guo-hua never approved, but he hinted that, "Your father was a good Nationalist and

supporter and a good personal friend, and I understand you have to do what you have to do.” So that was a signal, green light. Then he went back.

At that time China agreed to show support, but not frontly, not officially. They put down \$100 million U.S., which is a drop in the bucket, compared to the amount of debt, but it was the signal that the Japanese wanted. Then they arranged for Henry Fok [Ho Ing Tung]--he’s a Communist fat cat. He’s the one who ran the blockade during the Korean War, smuggled a lot of gasoline and all that sort of thing into China. He was blacklisted by the U.S. Treasury--in the Korean War, blacklisted. As a side thing, I asked my friend at the U.S. consulate about Henry Fok. He said, “Yes, he was the enemy but today he’s no longer an enemy. As a matter of fact, he’s a friend.” So that’s politics.

So Henry Fok was supposed to come up with the money and then sit on the board. That’s when I asked C. H. to release me because I couldn’t be involved with Henry Fok. I had a profitable operation in Kaohsiung.

Wakeman: So how long was this interval before you asked to be released?

Tang: I don’t remember. About nine months after the announcement of the bankruptcy. So knowing all this, I always said when his [C. H. Tung’s] name was mentioned [as Hong Kong’s chief executive], “He’s the best candidate.”

Wakeman: Why?

Tang: Who else in Hong Kong had the opportunity of dealing with the ministers in China and getting himself out of such big trouble, dealing with seventy-something international banks--Chase was probably the only one not involved--most of the international banks, and Bank of America. [tape interruption]

In talking to the prime minister of Taiwan and getting released from--to be able to accept the money from, the support from China--who else had that kind of experience? And also, he was very friendly with Bush, even when Bush was vice president. I think he had some good relationship with some of the [U.S.] congressmen also.

Wakeman: Did you feel that he had the leadership qualities and the vision to be able to guide Hong Kong through this difficult first stage after the hand-over?

Tang: Let me put it another way. I didn’t see anybody else. The contenders were the chief justice, T. L. Yang--I know very well--and Peter Wu I know well. He’s Y. K. Pao’s son-in-law. Since this is not for publication, I’ll add something here: T. L. is too good a man, too nice a person. Peter Wu is somebody whose popularity within the business community and outside the business community was rather low. By far, the most capable person [was C. H. Tung].

Now, the criticism, like you say, from the press was that he would be a puppet--

Wakeman: That was in ‘97, yes.

Tang: Yes.

Wakeman: Not so much now, but earlier.

Tang: Yes, earlier. Comes from the fact that he owed China.

Wakeman: That's right.

Tang: That's why I related this whole story. It's a long way of saying that that's where the press got the idea.

Wakeman: But that didn't concern you, that he would feel beholden to China and therefore not be able to represent Hong Kong's interests with enough vigor?

Tang: Again, who else? The other two--as I say, T. L. [Yang] is just a nice person, and Peter [Wu] is not the one to take that kind of a stance. So of the three candidates, he was the best. Let's face it, you can't say, "Well, we want somebody else, the ideal person."

## [20A]

Wakeman: It's not a democratic process.

Tang: That's right. I still think that under the circumstances he was the best person, the most suitable.

Now, where should we go from here? [tape interruption]

### **Hong Kong's Economic Crisis**

Wakeman: So what about the economic downturn that Hong Kong faced in the mid- and later nineties? Did you anticipate that this economic change would happen?

Tang: Not really, no. Of course, the downturn came partly predictably, some of the causes were predicable. You couldn't predict the timing, but the real estate correction--that part was predictable. It was just a matter of when. Because the real estate situation had gone really crazy. After the last peak in '81, the correction was very severe. In four, five years prices had tripled, quadrupled--real estate prices. Then '82 through '86 it bottomed out. Steep fall and then very few transactions, through '86. During that period at the bottom, I guess that \$4,000 per square foot real estate probably came down to \$2,000; in other words, maybe 50 percent correction. A lot of people felt it was perhaps not enough.

But then things started to change in '87, started to climb up. I think maybe '86 it started to climb up, and [in] '87--when was the Black Friday? I think it was '87 October, Wall Street-- [tape interruption]

Real estate in the eighties went to crazy, dizzy heights in '82, '83 and everybody was saying that real estate would never go back to the '81 level. That was already a crazy peak. By late '88, prices had gone back to, I would say, 40, 50 percent higher than [the]

'81 peak. By 1995, '96, just before the Asian crisis--I would say '96 was the recent peak--prices had gone up maybe four, five times the '88 values.

Wakeman: So you could anticipate some of the causes of the crisis, of the downturn, they were predictable.

Tang: Yes, because real estate was the biggest piece of the economic pie in Hong Kong.

Wakeman: What about Bangkok and Indonesia and South Korea?

Tang: I will go back to that. But we already had the experience of the Japanese. That bubble burst in 1990. Dizzying heights and all that--the correction was slow. The first leg of the drop was pretty sharp. The Japanese didn't clean up their mess. If they had gone and straightened out the banks perhaps the recession would not have lasted so long. Example: in New York in the early nineties, the banks had a lot of bad debts. Citibank started to be the first one. Wrote off one year over a billion dollars or something like that, from profit. And then gradually, the second year wrote off more. And the economy recovered and came to a boom.

Well, of course, there were other factors for the boom. But in Japan the correction was too little and too late. But today real estate values are around 25 percent of the peak. Some Japanese say, "Yes, to you foreigners it's very cheap, but we Japanese [think]--what about the values before the peak?"

The Hong Kong situation was [a result of] real estate value. Now, when the crisis came in Thailand, the devaluation of the baht, that had a domino effect on Indonesia, Malaysia, everywhere--South Korea. Then the speculators came to play the Hong Kong market. Superficially, they were going to delink the Hong Kong dollar. The speculation on any currency, take the baht--because based on that currency value, all the assets were too high. Real estate in Bangkok and Indonesia was all inflated, so the correction in the currency is just the correction of the asset value. They're not worth that much, so compared to the U.S. dollar, it's overvalued.

So based on that theory, speculators tried to attack the Hong Kong dollar [in] late '97. In '97, July, they brought the baht down, and then in '98 they started to attack the Hong Kong dollar. But the government knew that the attack on [the] Hong Kong dollar was a ruse, even though basically they felt maybe Hong Kong assets were overvalued. [The] Hong Kong government certainly defended the link very strongly. Brought the interest rate up to--one day, the overnight interest rate, interbank, was 300 percent per annum. That's to fight the speculators, because to drive the Hong Kong dollar down, hoping to break the link, they would have to borrow Hong Kong dollars to buy U.S. dollars--so a high interest rate [was] tied to the Hong Kong dollar supply.

The speculators, in order to borrow Hong Kong dollars, had to pay 300 percent per annum interest. After two attacks, the government realized what the speculators were actually doing. They were losing money on selling Hong Kong dollars short, losing money on the currency speculation, but making a lot of money on the stock market because every time the Hong Kong government raised the interest rate to a very high level, the stock market fell because high interest rate is bad for business.

What the speculators were doing was attack[ing] the Hong Kong dollar, but then the Hong Kong dollar interest rate went up, the stock market went way down, and they were actually selling short on the stock market, selling stocks short. Then when it came down, they bought, so [they were] making huge profits on the stock market, and losing some money on the Hong Kong dollar speculation.

Therefore the financial secretary made a decision, and when [the] stock market went to 6,000-something, the Hang Seng index, the government started to buy all the stocks, all the blue chips or the Hang Seng index stocks, and kept buying. I think to their surprise, the speculator forces were so big, they had to buy about \$15 billion U.S. worth of stocks, representing--I remember, I think 7 or 8 percent of the market value of all Hong Kong stocks. But they didn't buy all Hong Kong stocks. The Hang Seng index companies--they bought some, perhaps more than 7, 8 percent.

Today the stock market is--let's say double. The index is almost double that bottom. But that bottom was only one day. Once the government started buying any amount, it went up to--. So that's a very interesting incident that I saw when I came back in 1998.

Wakeman: Do you think the government has handled the economic crisis fairly competently?

Tang: At the time, free market economists were saying--and the speculators, the foreign investment, Goldman Sachs or whatever--the troublemakers, I call them--"Oh, you're going to lose credibility as a free market." You know, I'm a great believer in [the] free market, but when speculation gets so rampant, then--actually, there's a lot of people now who maybe have changed their minds and after all, maybe Hong Kong did do the right thing.

I mean, the theory of a completely free market is actually a theory. The application of that--it's difficult. Has it hurt Hong Kong's image? Not at all. Speculators will try again, when they smell money, quick profit. My observation is all these speculators have to take some responsibility for bringing down the baht and all that. Basically, the governments of Indonesia, Thailand have to take the majority of the blame. But the last straw always breaks the camel's back.

Do you know how much currency exchange business is done every twenty-four hours around the globe? London, New York, Tokyo, Hong Kong--all the major money markets. Two trillion. It's getting on to more than two trillion dollars. Can you imagine that? Two trillion dollars going around the world every twenty-four hours. How much of that is what I call legitimate transaction? But the definition of my legitimate transaction is traders, like manufacturers and exporters. We get paid in U.S. dollars; we convert it back to Hong Kong dollars. We get sterling; we convert it back to Hong Kong dollars. That's what I call non-speculative, legitimate exchange. That's only between 5 to 10 percent of that two trillion.

Can you imagine the force of that? That's the other thing. [George] Soros decides to attack the pound. In one day, the U.K. government has to give up supporting the pound. The amount of that, and the force of that and the speculators--the investment community, the banking, finance--they all smell something. Let's say, George Soros is attacking the pound. Everybody jumps in. When it happens, it's like a pack of wolves. One wolf maybe you can handle, but when you have a pack of wolves and the amount is

so huge, no government, even the United States government, can rally enough resources to handle that. Two trillion dollars a day.

So I've always in the last few years--maybe I'm a believer in some kind of international control. Funnily enough, more economists--the Nobel Prize winner at MIT--the economist--what's his name? Just about a year ago he started to espouse this kind of thinking. Even George Soros, himself, made a statement that there should be some kind of control! He knows better than anybody else that this kind of force needs harnessing, I think.

To me, all the turmoil in the Far East, in East Asia--a lot of it--one of the causes was financial speculation, the devaluation of assets. Who pushed up the assets, anyway? Speculators. Maybe domestic speculators, but with the help of foreign speculators. Indonesian real estate. Who financed that? That's the trouble. Indonesian business people--let's say real estate development in Indonesia--the big ones commanded enough, not respect, but were big enough to be able to borrow a lot of U.S. dollars because the rupiah was high interest. [The] interest was high, so they borrowed the U.S. dollars and put it in real estate in Jakarta.

When the rupiah broke, they couldn't pay back--the U.S. dollar debt had become--in the case of the rupiah--five times at one point. In other words, their real estate income is in rupiah. To pay back the debt, they need five times the rupiah they were getting. That, of course, was the whole problem in the crisis.

Today there's less talk about control. There's also less talk about how to clean up the economy and, say, invite foreign investment by the Korean banks. I'm afraid that before the fundamentals have been dealt with--South Korea is now coming back. So nobody is talking about--have they cleaned it up? Partly. Some [of the] dust, the dirt, has been swept under the carpet. Some they really cleaned up. Like Daewoo is bankrupt. That's a big conglomerate.

So now what's going to happen? I think basically the resolve of these governments will gradually disappear.

### **Future Prospects**

Wakeman: You've said a couple of times that you wouldn't trade places with anyone anywhere because of the rich experience that your business career has brought you. Are there any things in your life that you do regret, that you wish you could have done differently? Are there any steps you would have taken that you didn't take?

Tang: Well, if you regret things, then there's no end. I regret that I sold the South Sea land much too early. I was a hero because in '82 some people in Hong Kong said, "Jack Tang. There's a wise, smart guy," because I sold the real estate. Not at peak prices but '79, '80, but then in '96 I would have been five, six times richer. But there's really no regret on anything.

Personally, I went through the separation and divorce period. That was a bit traumatic. Took some time. I lost a few friends who felt that they had to be on somebody's side. Even my children, I think, it took some time for them to realize that after all, I didn't do anything to hurt them. They were all grown up and they had their own families. But for a time, I guess they really couldn't accept it. Now when they see me really very happy, they realize that after all, it's his happiness. So it was traumatic. I don't regret it, either.

Basically, I think I've had a really exciting, interesting, and good life. [tape interruption]

Your question about the future of Hong Kong--

## [20B]

Tang: You can take certain things as signs of deterioration. Law and order, for instance. A lot of people are very perturbed by this interpretation of the Basic Law and--

Wakeman: Right of abode?

Tang: Right of abode issue and all that. And they read everything into this--it could be the beginning of a breakdown of Hong Kong's law. Worriers will always worry, and some of the worriers have some motivation to worry. But I can only say that you have to look at the big picture and not nit-pick. Yes, law and order are really important, but in this case, the right of abode, I don't think that Beijing wanted to resist the refugees.

By the way, I don't think the [Hong Kong] government did exactly the right thing. I think they exaggerated the number. I can't see six million people [laughs] coming across the border. I think that maybe a few hundred thousand would--and I think we should be able to accommodate them. I don't think they did the right thing. But we did it, not Beijing. So I think they're blaming the wrong people.

So looking at the big picture, Hong Kong's future has always depended on China. Before the hand-over, even when it was a colony, economically it was very much dependent on China--even the water we drink. Have they cut off the water? That's why I always wish China well. If China's economic progress goes on at the present pace for another ten years, then they will have built a pretty good foundation--growth will have to taper off.

But anyway, I still firmly believe that political stability will come after everybody has enough in the stomach, and the farmers--

Wakeman: Through political reform.

Tang: Yes. There will be not tighter control, not more repressive measures, but [China will be] more open. If you look at it long range, I see no reason the political reform would not bring China to a certain amount of democracy. Is Singapore a democratic country, or is it a benevolent dictatorship? To me, I think pure democracy is not necessarily the answer. The U.S. model is the best thing there is. But look at the Philippine democracy.

Wakeman: Democracy at what cost?

Tang: Yes, at what cost? Exactly. That's why the Communists are still fighting in the south, in the Philippines. If economic progress keeps on progressing so tardily, who knows? There may be revolution--revolution can happen not only to a Marcos type of dictatorship. It can happen when people are poor and have no future. But as far as China's future is concerned, I'm optimistic. I have noticed a great change in the last ten years, even going to smaller places. Shanghai, of course--they say Shanghai people are always the smartest of the Chinese--the most entrepreneurial.

And take Wuxi. Building is going on--even more building activities than Shanghai. But the important thing is you look at the government--people [in power]. They're not doctrinaire. They don't talk to you about politics and communist theory. They seem to be devoted to economic progress. Young people.

Wakeman: Yes. For sure.

Tang: All the young people today. And that's a hopeful sign. Corruption is a problem.

Wakeman: Big.

Tang: Big problem. And I think Jiang Zemin or future leaders--somebody will have to do something because if it's really at the top, the cadres' children, then it's no good. All you have to do is look at Indonesia, look at [the] Philippines. So I think that would be the biggest worry, corruption.

Wakeman: And for Hong Kong are you optimistic?

Tang: For Hong Kong, yes, I am optimistic. I don't think people can expect the growth to be like before--6, 7 percent minimum and 10 percent. After all, we're now a developed nation or city. Twenty-five thousand U.S. dollars per capita is ranked maybe in the top ten, twelve nations. We've come a long way from the late forties, a long, long way.

Wakeman: And you can look back to see your own contribution to that process.

Tang: Well, yes. The only economic worry is not really China; it's the heavy reliance on real estate because of all the prices and the profits today. Three, four years ago somebody was telling me that for all the real estate stocks, the publicly listed companies, the market valuation is about two-thirds of the total market valuation. It's a precarious situation when an economy is so dependent on real estate. Real estate, even with a correction, is not affordable to the general public.

Put it another way: if it weren't for the fact that Governor MacLehose started this housing project-- He came as governor in 1972, and he's the one who started this public housing scheme. Today about three million--about 50 percent of the Hong Kong population--live in very cheap housing compared to other countries. A family of six maybe with two income earners--a family income of twenty thousand, let's say a month, Hong Kong dollars--pays what?--eight hundred to a thousand dollars rent. I think in all the countries that I visited, rent is usually one-third of the total income.

So the poor people, the working class, are doing well. But gradually they have to be in a position to own their own home. When you retire what are you going to do? Your income earner moves away--your children have gone. What are you going to do?

Wakeman: Right.

Tang: So if I were the governor or the chief executive, I think that's one area I would also try to strengthen. For the middle class also. They're in between. They don't qualify to go into public housing. Right now, [the] Hong Kong government has this scheme, subsidized housing for sale. Anybody who needs a home can buy a home ownership scheme, which is what Singapore started from day one in the sixties. Today in Singapore 80 percent of the population own their own home, affordable homes. [In] Hong Kong I think the housing is something that should be improved.

Wakeman: Let's close by looking ahead at your own life. Once you retire for the second time in 2000, how do you see the next ten years of your career?

Tang: If I live that long, I want to enjoy myself and not do too much. As I said, I've not been an ambitious man, so all my drive was really to do the best I could on any job. I think I can do a good job retiring, doing nothing also.

Wakeman: [laughs]

Tang: But I've been thinking that maybe when I get a little fed up with doing nothing, which may happen--to devote more time on education and maybe something new which I haven't really looked into deeply and that is to do something about helping the environment in Hong Kong and in China. So I'm very happy that C. H. Tung's recent speeches have devoted a lot of thought on that issue.

[End of Interview]



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**Brief on Mr. Jack C. Tang, C.B.E.(H)**

Mr. Tang was born in Shanghai in 1927 and received his higher education in America, graduating with a B.Sc. in Chemical Engineering from the Massachusetts Institute of Technology, and a M.B.A. from Harvard University Graduate School of Business Administration. He received Degree of Doctor of Business Administration, honoris causa from The Hong Kong Polytechnic University.

After his formal education, he worked for Mobil Oil in New York for several years before returning to Hong Kong in 1955 to join South Sea Textile Mfg. Co. Ltd., the company which his father, the late Mr. P.Y. Tang, started in 1948.

He is Honorary Chairman of the Board of Directors of Tristate Holdings Limited and Honorary Chairman of the Textile Council of Hong Kong Ltd. He is also on the Board of Directors of The Taiwan Fund, Inc.

He is also a member of, the Corporation Development Committee of M.I.T., Cambridge, Massachusetts; Harvard Business School Board of Directors of the Associates, Boston, Massachusetts; and Founding Court Member of The Hong Kong Polytechnic University.

He is a past Chairman of The Hong Kong General Chamber of Commerce; Vice President and Governor of The American Chamber of Commerce and past member of, the Board of Governors of Hong Kong Polytechnic; Council of The Hong Kong University of Science & Technology; Board of Governors of Asian Institute of Management; the Board of Directors of the Community Chest of Hong Kong; the Textiles Advisory Board; Corruption Prevention Advisory Committee of Independent Commission Against Corruption; Industry Development Board; Free Trade Committee; the Council of Hong Kong Management Association; Hong Kong Trade Development Council; Provisional Airport Authority; Hongkong/Japan Business Co-operation Committee; Hongkong/U.S. Economic Co-operation Committee; Philippine Business Council of Hong Kong; Steering Committee on the British Nationality Scheme; Founding Court Member of The Hong Kong University of Science & Technology.

He is also a past member of, the Board of Directors of Bank of Canton; HSBC Holdings Plc and the Hongkong and Shanghai Banking Corporation Ltd.; The Chase Manhattan Bank International Advisory Committee, New York; International Advisory Board of

---  
Lafarge Coppee, France; the International Advisory Council of RJR Nabisco Inc.; International Board of Directors of East-West Center Foundation, Honolulu, Hawaii; McGraw-Hill Asian Advisory Council; International Council of the Asia Society, New York.

Awards received:

- (1) C.B.E.(H) – Commander of the Most Excellent Order of the British Empire (Honorary) in 1986
- (2) The Order of the Sacred Treasure, Gold Rays and Neck Ribbon by the Emperor of Japan in 1987

February 2002

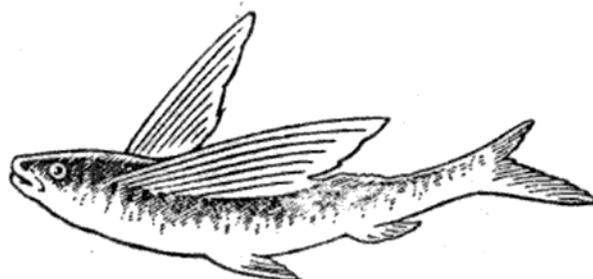
<u>Committees</u>	<u>Capacity</u>	<u>Period</u>
1) Ports Committee	member	1984/11/16 - 1986/06/12
2) Industry Development Board	member	1984/10/01 - 1990/04/09
3) Textiles Advisory Board	member	1972 - 1983 & 1985/04/01 - 1987/03/31
4) HK General Chamber of Commerce	Chairman	1984/04 - 1986/06
5) HK Management Association	Council Member	1978 - ?
6) Lingnan Institute of Business Admin, Chinese University HK	Advisory Board Member	1972 - 1985
7) HK Trade Development Council	Council Member	1975 - 1977 and 1984/04 - 1990/06/30
8) HK/Japan Business Co-operation Committee	member	1984 - 1996
9) HK/US Economic Co-operation Committee	member	1984 - 1996
10) Federation of HK Industries	General Committee Member	1985/04/01 - 1987/03/31
11) American Chamber of Commerce	Vice President & Governor	?
12) HK Polytechnic	Board of Governors	1972 - 1976
13) Free Trade Committee	member	1986/02/26 - 1989/08/31
14) The Community Chest	Board of Directors	1976/12/04 - 1978/12/31
15) The HK University of Science & Technology	Council Member	1987/04/01 - 1993/04/09
16) Philippine Business Council of HK	member	1988 - 1996
17) Provisional Airport Authority	member	1990/06/15 - 1991/08/07
18) Steering Committee on British Nationality Scheme	member	1992/01/18 - 1997/06/30
19) Textile Council of HK Ltd.	Hon Chairman	1991 - present
20) The HK University of Science & Technology	Founding Court Member	1994/02/01 - 2002/01/31
21) The HK Polytechnic University	Founding Court Member	1995/07 - 2002/12
<b>Directorship</b>		
1) The Hongkong & Shanghai Banking Corp.	Director	1984 - 1990
2) Orient Overseas Holdings Ltd.	Director	1984 - 1986
3) Mid Pacific Air Corporation	Director	1986 -
4) Suntec Investment Pte Ltd.	Director	1986 - present
5) Pacific Rim Investments Ltd.	Chairman / Director	1989/03/29 - 1999/07/31

<u>Committees (Overseas)</u>	<u>Capacity</u>	<u>Period</u>
1) Corporation Development Committee, MIT	member	1972 - present
2) East West Center Foundation, Honolulu	Board of Directors	1984 - 1991
3) McGraw-Hill Asian Advisory Council	member	1986 - 1991
4) International Advisory Board of Lafarge Coppee, France	member	1986 - 1992
5) International Council, The Asia Society, New York	member	1986 - 1997
6) International Advisory Council of RJR Nabisco Inc.	member	1990 - 1991
7) The Taiwan Fund	Board of Director	1989/11/27 - present
8) International Advisory Committee, The Chase Manhattan Bank	member	1991 - 1997
9) Asian Institute of Management	Board of Governors	1991 - 2001/02
10) The Conference Board, New York	International Counsellor	1995 - 1997
11) Board of Directors of the Associates, Harvard Business School	member	1996 - 2002
12) Harvard Asia Center Advisory Committee	member	1999 - present



*South Sea Textile Manufacturing Company, Limited*

*Hong Kong*

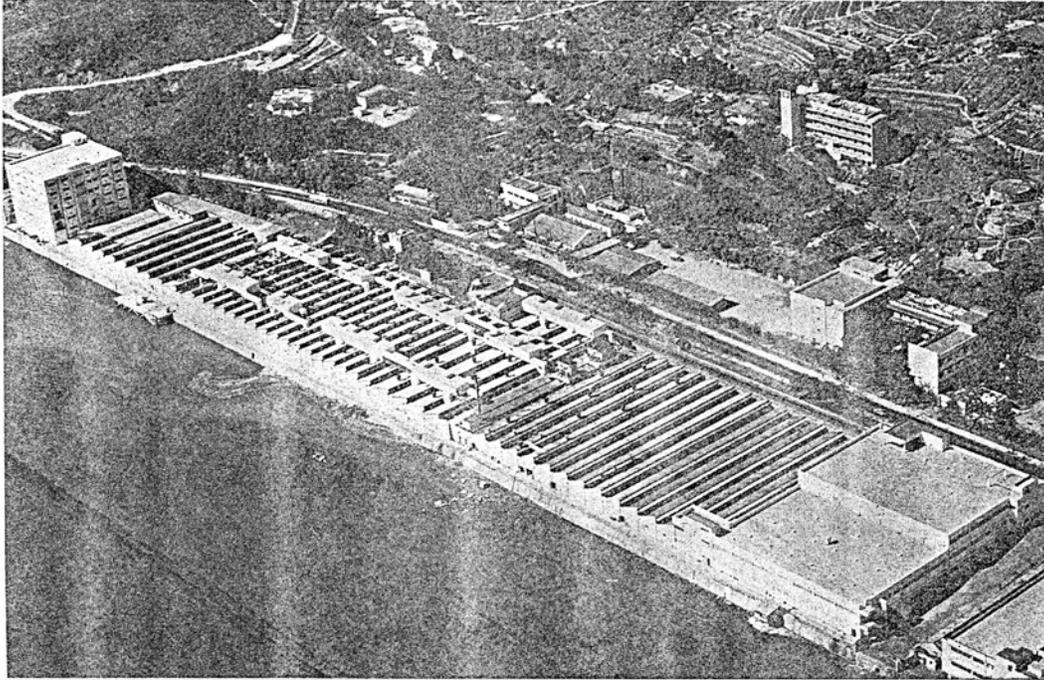


**ANNUAL REPORT**

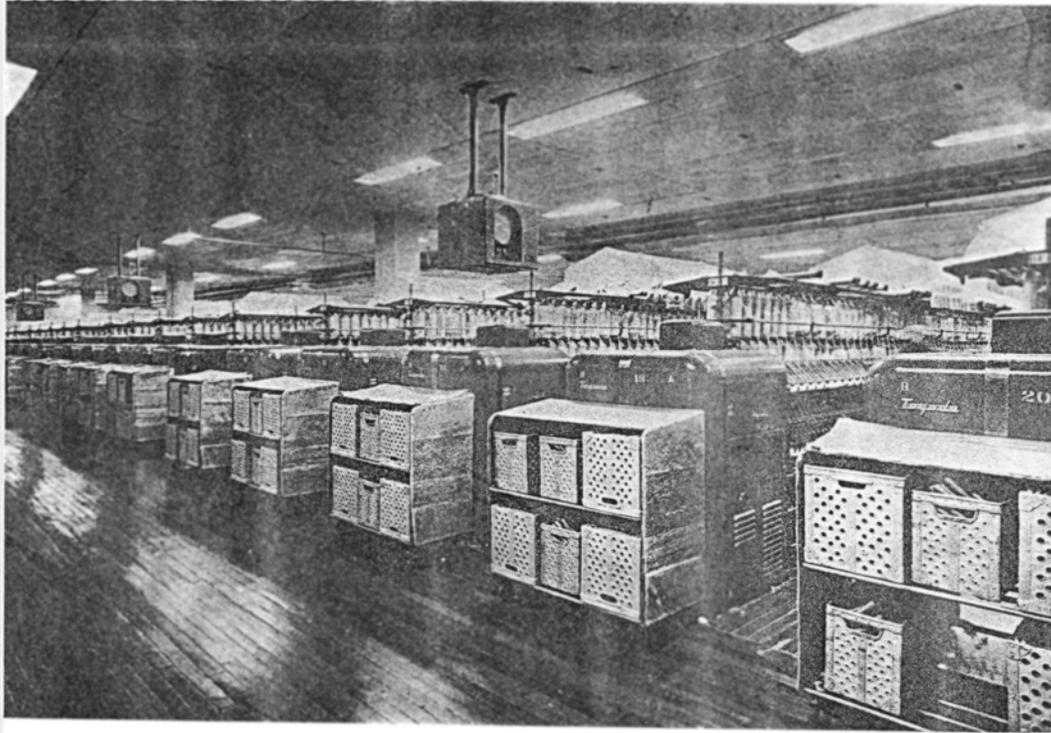
*For the year ended December 31, 1967*

**1967**

Aerial view of the Mill



Covering an area of about 18 acres, the premises of the South Sea Textile Mills are situated in the New Territories of the Kowloon Peninsula, about  $9\frac{1}{2}$  miles from the Island of Hong Kong. The aerial view above shows the spinning and weaving mills along the sea front, below the highway, and the offices, dormitories, and recreation grounds above the highway. The two sections are linked by a subterranean tunnel, running under the highway.



This separate spinning unit with vari-pitch speed control, was specially designed to pioneer the spinning of synthetic blended yarns to meet the ever increasing demand for synthetic blended products.



High Speed Swiss Ruti Automatic Looms, equipped with Unifil Pirn Winders from U.S.A., are new additions to our Weaving Factory.

**SOUTH SEA TEXTILE MANUFACTURING COMPANY, LIMITED**

(Incorporated under the Companies Ordinance, Hong Kong)

REGISTERED OFFICE

501 EDINBURGH HOUSE, QUEEN'S ROAD, C.  
HONG KONG

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**BOARD OF DIRECTORS**

The Hon. Ping Yuan Tang, J.P., Chairman  
Kan Koam Tsing, Esq.            Irwin Henry Kendall, Esq.  
Jack Chi-Chien Tang, Esq.    Miao-Sung Tsow, Esq.

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**SECRETARY**

F. C. Wu, Esq.

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**AUDITORS**

Messrs. Lowe, Bingham & Matthews, Chartered Accountants  
Prince's Building, Hong Kong.

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**SOLICITORS**

Messrs. C. Y. Kwan & Company,  
Alexandra House, Hong Kong.

---

**BANKERS**

The Chartered Bank, 4-4A Des Voeux Road Central, Hong Kong.  
The First National City Bank, 8, Queen's Road Central, Hong Kong.

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**SOUTH SEA TEXTILE MANUFACTURING COMPANY, LIMITED**

**ORDINARY YEARLY GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Ordinary Yearly General Meeting of the shareholders of the Company will be held at the Registered Office, 501, Edinburgh House, Hong Kong on Monday, 29th April, 1968 at noon for the following purposes:—

1. To receive and consider the Reports of the Directors and of the Auditors and the Statement of Accounts for the year ended 31st December, 1967.
2. To declare a Dividend,
3. To re-elect a Director,
4. To appoint Auditors,
5. To transact any other ordinary business of the Company.

*By Order of the Board,*

F. C. Wu

*Secretary*

HONG KONG 19th April, 1968.

## REPORT OF THE DIRECTORS

Your Directors have pleasure in submitting herewith the Balance Sheet as at 31st December, 1967, together with the Profit and Loss Account for the year ended at that date, to be presented at the forthcoming Ordinary Yearly General Meeting of Shareholders convened for Monday, 29th April, 1968, at noon.

### Appropriations

The Net Profit for the year after taxation amounts to . . . HK\$ 5,000,558

To which are added:

Balance brought forward from last year . . . . .	\$ 855,921	
Overprovision for Hong Kong Corporation Profits Tax 1967/68 . . . . .	6,968	862,889
making a total of . . . . .		<u>HK\$ 5,863,447</u>

Which the Directors recommend be dealt with as follows:—

Pay a dividend of HK\$1.10 per share absorbing . . . . .	HK\$ 2,640,000
Transfer to General Reserve . . . . .	1,500,000
Balance to be carried forward . . . . .	<u>1,723,447</u>
	<u>HK\$ 5,863,447</u>

These recommendations have been incorporated in the Accounts.

### Directors

Since the last Yearly General Meeting Mr. Edward Kang Hsu resigned from the Board and, in accordance with Article 86 of the Company's Articles of Association, the Board appointed Mr. I. H. Kendall to hold office until this meeting.

Mr. Kendall retires in accordance with Articles 86 and 93 and being eligible, offers himself for re-election.

### Auditors

The Accounts have been audited by Messrs. Lowe, Bingham & Matthews, Chartered Accountants, who offer themselves for re-appointment.

*By Order of the Board,*  
Ping Yuan Tang  
*Chairman*

## Chairman's Statement to Shareholders

---

As shareholders are aware, Hongkong passed through a difficult time during 1967, caused, first, by the disturbances and subsequently by the devaluation and revaluation of the Hong Kong dollar following the devaluation of Pound Sterling in November, which opened up a Pandora's box of problems for manufacturers and exporters. Congratulations are due to the Government on the firm measures taken to maintain law and order, without which no city or country can long endure. It was also a credit to the overwhelming majority of the people for carrying on their daily affairs and doing what they must, calmly and without rancor.

Except for a few token strikes in some mills at the height of the unrest, textile production, in spite of the disturbances, continued throughout the period without interruption. I am glad to tell you that with the full cooperation of our workers, our factory got over the difficult period without incurring any work stoppage. Trading conditions in our major overseas markets were on the whole satisfactory, the only exception being West Germany. Overall dollar value of Hongkong's textile exports in 1967 exceeded the figure in 1966 by a good margin.

While the disturbances have since faded, the impact of the problems arising from the devaluation of Pound Sterling lingers on. Among these problems were one concerning raw cotton supply. East African suppliers, to compensate for their exchange loss resulting from Sterling devaluation, asked for price adjustments to contracts which had been entered into before November 18th, 1967, but which remained unshipped. Supply from that source had been temporarily suspended until a settlement of this issue was reached.

Since September, 1967, the harvesting and ginning season in some cotton growing countries, raw cotton prices in world markets have been in a strong uptrend. This has arisen from both natural and other causes. In order to reduce the cotton stock pile, the United States Government limited the acreage for cotton planting to produce a smaller crop in 1966/67. The actual crop turned out to be even smaller than planned due to inclement weather in certain upland cotton growing areas. In South American cotton countries, the crop was also smaller than usual. Furthermore, there was a general shortage of long staple of 1-1/16—1-1/4" in the world. On the demand side, Japanese spinners built up an unusually high inventory of raw cotton in anticipation of higher cotton prices in 1967/68, thus further aggravating the supply situation.

The United States remained Hongkong's leading partner in textile trade. During the quota-year ended September 30th, 1967, American buyers took a total of 146 million square yards of cotton fabrics and 618,000 lbs. of yarns. After a slow start, market conditions for textile trade in that country improved gradually.

In the United Kingdom, in spite of the dock strike and the closure of the Suez Canal following the Arab-Israeli War in June, shipments of yarns and fabrics from Hongkong were well ahead of that in 1966. Demand was especially strong just prior to Sterling devaluation with the result that Hongkong shippers had to borrow from their 1968 quota. Problems followed in the wake of devaluation.

Compared with 1966, Australia and Canada bought more textile fabrics from Hongkong, whereas exports to New Zealand declined. In Western Europe increases in shipments to

Switzerland, Denmark, Sweden, The Netherlands and Italy were more than offset by the decrease in exports to West Germany. On an overall basis, Hongkong's exports in 1967 were still ahead of that in the previous year.

In the local market, yarn prices improved in sympathy with raw cotton cost, especially towards the latter part of the year, although the improvement fell short of what it should be to keep in line with rising raw cotton prices. Fabrics prices generally followed the trend of yarn prices. However, the percentage increases in fabric prices were smaller. For a short while, grey sheeting was in short supply due to reduced imports.

As we anticipated, the trend of shifting towards synthetic fibre textiles continued during the year. Exports of Polyester-cotton blended textile products to world markets were strong and are expected to grow further in the year 1968 and onward. However, during 1967, trade with U.S. in blended fibre textiles, and particularly that in Polynosic-cotton fabrics, was adversely affected by the introduction of the dual criteria whereby textiles with either chief weight or chief value in cotton would be deemed to be cotton textiles and, as such, subject to restraint.

During the year under review, our combined sales of yarns and fabrics totalled \$69,112,000.00 compared with \$67,974,000.00 in 1966. I am pleased to report that our net profit after providing for staff bonus and Corporation Profits Tax 1968/69 amounted to \$5,000,000.00 compared with \$3,530,000.00 in the previous year, an increase about 42 percent.

To meet market requirements, we are planning to replace, renew, and also convert, part of our existing equipment with a view to increasing our capacity in processing synthetic fibres. The capital expenditures required for the year of 1968 and for subsequent years are expected to be substantial, and it would be advisable for us to retain a fair portion of our current earnings for that purpose.

To the net profit of \$5,000,000.00 should be added \$856,000.00 brought forward from 1966, and over provision of \$7,000.00 for Corporation Profits Tax 1967/68 making a total of \$5,863,000.00 available for appropriations.

Your Board propose to declare a dividend of \$1.10 per share absorbing \$2,640,000.00 and to transfer to General Reserve Account \$1,500,000.00 leaving a balance of \$1,723,000.00 to be carried forward to 1968. I trust that these recommendations for appropriations will meet with your approval.

I would like to take this opportunity to thank shareholders for your support and also to express, on behalf of the Board, my appreciation to the staff and workers for their close co-operation and loyal service especially during the period of disturbances.

Ping Yuan Tang

*Chairman*

# SOUTH SEA TEXTILE MANUFACT

## BALANCE SHEET AS AT 31

1966		HK \$
	<b>CAPITAL AND RESERVES</b>	
	Capital	
	<i>Authorised:</i>	
	5,000,000 Shares of \$10.00 each ... ..	<u>\$ 50,000,000</u>
	<i>Issued and fully paid:</i>	
\$ 24,000,000	2,400,000 Shares of \$10.00 each ... ..	24,000,000
8,480,543	Capital Reserve ... ..	8,480,543
	Revenue Reserve:	
8,500,000	General ... ..	\$ 10,000,000
855,921	Unappropriated Profits ... ..	<u>1,723,447</u>
<u>\$ 41,836,464</u>		<u>11,723,447</u>
<u>\$ 640,000</u>	FUTURE TAXATION (1968/69) ... ..	870,000
<u>\$ 10,200,000</u>	DEBENTURE LOAN (Secured) ... ..	11,855,000
	<b>CURRENT LIABILITIES</b>	
7,783,217	Bills Payable ... ..	\$ 6,400,164
5,505,401	Bank Overdrafts (Secured) ... ..	2,057,560
5,560,935	Sundry Creditors, Provisions and Accounts Payable	6,785,669
2,400,000	Proposed Dividend ... ..	<u>2,640,000</u>
<u>\$ 21,249,553</u>		17,883,393
	The annexed Notes form an integral part of this Balance Sheet and should be read in conjunction herewith.	
<u>\$ 73,926,017</u>		<u>HK\$74,812,383</u>

### AUDITORS' REPORT:

We have audited the books and accounts of SOUTH SEA TEXTILE MANUFACT obtained all the information and explanations we have required.

In our opinion the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the financial position of the company according to the best of our information and the explanations given to us and as shown by

HONG KONG, 4th April, 1968.



## **SOUTH SEA TEXTILE MANUFACTURING COMPANY, LIMITED**

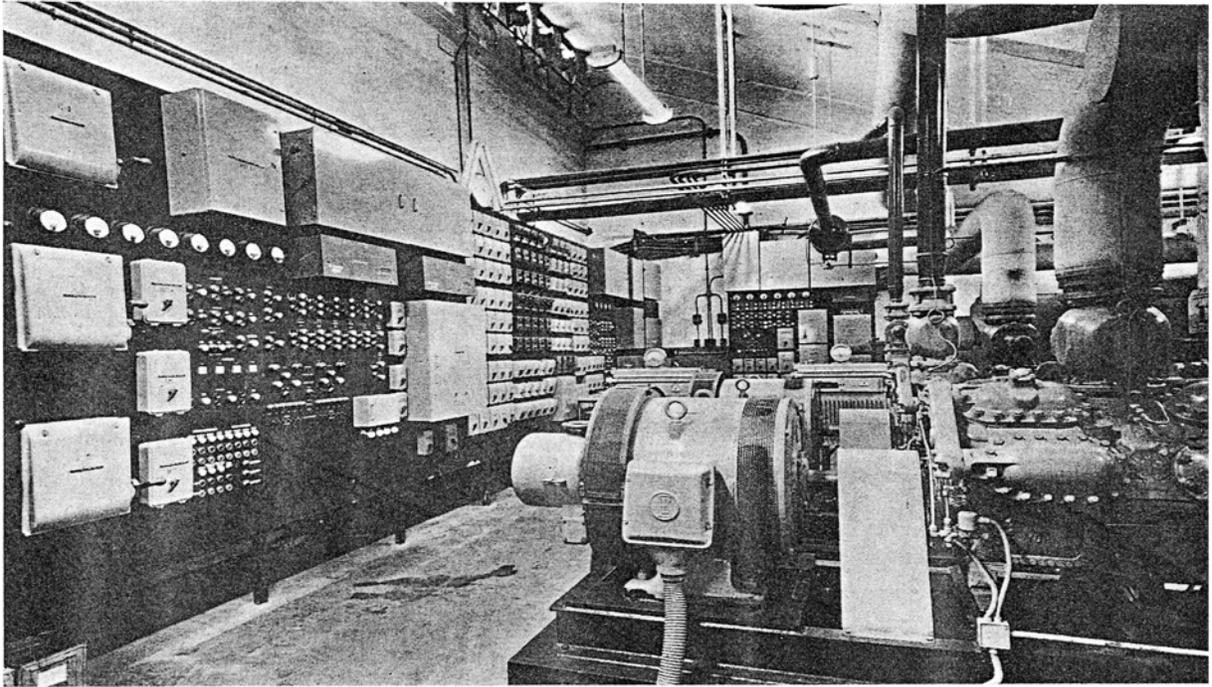
### **NOTES ON BALANCE SHEET**

1. The Company's Land was revalued at 31st December, 1963; all other items of Fixed Assets are valued at cost.
2. At 31st December, 1967 the Company was committed in the normal course of business to the purchase of Raw Materials and Mill Supplies in the total value of approximately HK\$9,140,000.
3. At 31st December, 1967 commitments in respect of Capital Expenditure amounted to approximately HK\$850,000.
4. There is a Contingent Liability in respect of Bills discounted with Bankers amounting to £13,057.16.1d.

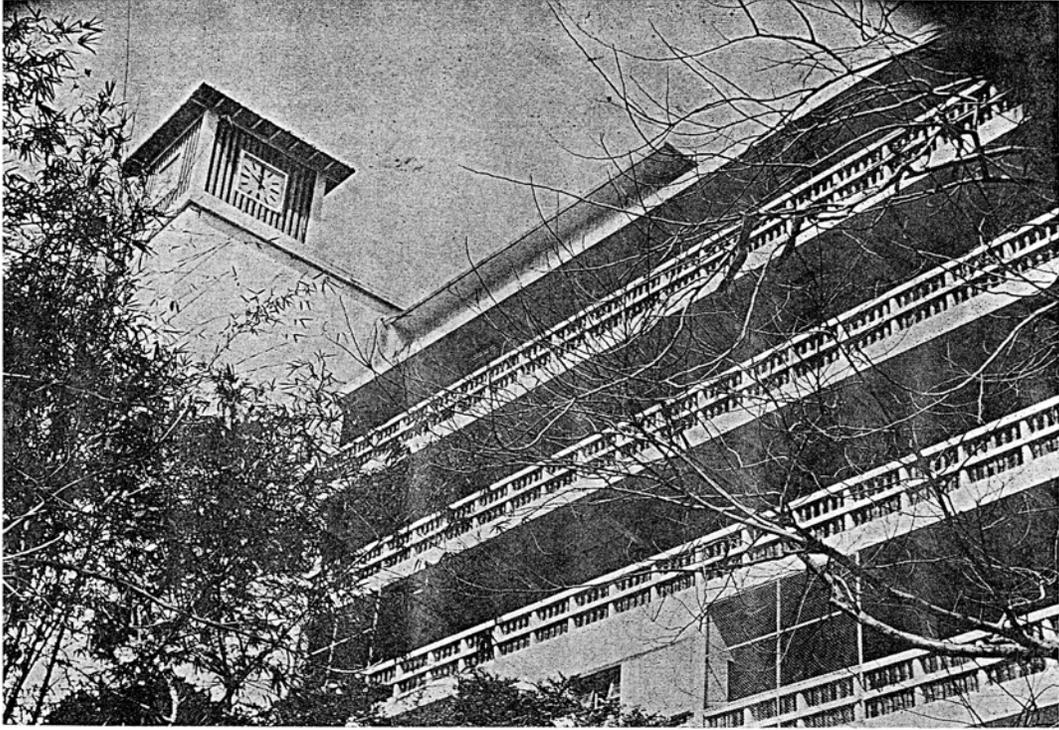
## SOUTH SEA TEXTILE MANUFACTURING COMPANY, LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1967

1966		HK \$
<u>\$ 8,611,402</u>	Profit on Trading (after charging Depreciation \$3,340,982 - 1966 \$3,266,864) ... ..	10,710,572
	<u>Deduct:</u>	
2,217,570	Administrative Expenses ... ..	\$ 2,301,983
25,000	Directors' Fee ... ..	25,000
12,000	Audit Fee ... ..	12,000
<u>1,723,509</u>	Interest Paid less Received ... ..	<u>1,849,031</u>
<u>\$ 3,978,079</u>		4,188,014
<u>\$ 4,633,323</u>		<u>\$ 6,522,558</u>
	<u>Deduct:</u>	
<u>463,000</u>	Provision for Staff Bonus... ..	<u>652,000</u>
<u>\$ 4,170,323</u>	Net Profit for year before Taxation ... ..	<u>\$ 5,870,558</u>
	<u>Deduct:</u>	
<u>640,000</u>	Hong Kong Corporation Profits Tax 1968/69	<u>870,000</u>
<u>\$ 3,530,323</u>	Net Profit for year after Taxation ... ..	<u>\$ 5,000,558</u>
725,785	Unappropriated Profits as at 31st December, 1966	\$ 855,921
	<u>Add:</u>	
<u>( 187)</u>	Overprovision for Hong Kong Corporation Profits Tax 1967/68 ... ..	<u>6,968</u>
<u>\$ 725,598</u>		862,889
<u>\$ 4,255,921</u>	Balance available for Appropriation ... ..	<u>\$ 5,863,447</u>
	<u>Deduct:</u>	
2,400,000	Proposed Dividend of \$1.10 per share ... ..	\$ 2,640,000
<u>1,000,000</u>	Transfer to General Reserve ... ..	<u>1,500,000</u>
<u>\$ 3,400,000</u>		4,140,000
<u>\$ 855,921</u>	Unappropriated Profits per Balance Sheet ...	<u>HK\$1,723,447</u>



This is the air conditioning main control panel. Both the humidity and the temperature of the factory are under automatic control for the comfort of the operators, efficiency of operation and the quality of the products. The existing installed capacity is 1,150 tons of refrigeration and a further extension of 350-ton capacity will be commissioned before the Summer of 1968.



Amid pleasant surroundings situates our girl workers' dormitory.



HK Polytechnic citation 10/29, 1992

JACK, TANG CHI-CHIEN

Born in Shanghai and educated in the United States of America, Mr. Jack Tang is the third generation of a distinguished family in the textile industry. His father, the late Mr. Tang Ping-yuan, came to Hong Kong in 1948 and founded South Sea Textile Manufacturing Company Limited, one of the first spinning mills in Hong Kong. Mr. Jack Tang succeeded him as Managing Director in 1969 and led the company into apparel manufacturing in 1971. Today, 20 years later, this publicly-listed apparel manufacturing company, Tristate Holdings Limited of which Mr. Jack Tang is Chairman, employs over 7,000 workers in China, Philippines, Taiwan and Hong Kong.

The late Mr. Tang Ping-yuan's name is permanently cast in the memory of this Polytechnic, for it was he who led a strong team of advocates for the creation of a new type of tertiary educational institution which would serve both the employment needs of the younger generation and the development needs of industry, commerce and the services sectors. He became Chairman of the Polytechnic Planning Committee which recommended the establishment of this institution.

After graduating with the degree of BSc. in Chemical Engineering from the Massachusetts Institute of Technology and an MBA from the Harvard Business School, Mr. Jack Tang worked for Mobil Oil in New York for a few years before returning to Hong Kong in 1955 to join his father's firm. Over the past three decades, he has built up a highly respectable reputation not only as an influential figure in the textile and apparel manufacturing sector, but also as a responsible leader of industry and trade with outstanding service in the expansion of major markets and the search for new ones to greatly enhance the export of Hong Kong's products. Our success in opening up the Japanese market, for example, has been due in no small measure to the dedicated efforts of Mr. Tang.

In 1984, Mr. Jack Tang became the first Chairman of the Hong Kong General Chamber of Commerce to have a Chinese ethnic background. In this position, he spoke eloquently in the interest of the territory's industrial and commercial sectors and devoted much time and effort to promote overseas trade relationships and to advise on domestic social and economic issues. In 1983, as Vice Chairman, he was one of the first business leaders to come out in support of the HK\$ peg against much skepticism at the time. As Chairman, he was invited to Beijing with the heads of Federation of Hong Kong Industries and Chinese Manufacturers' Association to present Hong Kong people's views and concerns to the Chinese Government at a

time when confidence in Hong Kong's future was at its lowest ebb. During the meeting with Mr. Deng Xiaoping, Mr. Tang did present these views truthfully and the message from the Hong Kong people was delivered faithfully. Departing from the Chamber's 120 years' tradition, Mr. Tang also instituted many measures of reform including that of strengthening and internationalising the General Committee.

Mr. Tang believes that improving productivity by industrial engineering systems and methods along with energy conservation remain the first important practical and immediate objectives for local manufacturers. He has supported plans to help manufacturers functionally improve their products through better design, and ensure quality through the setting up of certification laboratories. He advocates helping the small factories, the backbone of our domestic manufacturing industry, to build their own in-house capability to achieve a practical productivity increase per man-hour. This, Mr. Tang believes, can be done through introduction of measures such as control systems and process methods as well as by time and motion studies. To support development in this direction, Mr. Tang donated a substantial sum to the Hong Kong Polytechnic to set up a specialist laboratory in the Department of Manufacturing Engineering.

In addition to his position in Tristate Holdings Limited, Mr. Tang is also on the Board of Directors of, Mid Pacific Air Corporation, The Taiwan Fund Inc. and Pacific Rim Investments Ltd.

In public service, he is a member of the Hong Kong/Japan Business Cooperation Committee and the Hong Kong/US Economic Cooperation Committee, Council of the Hong Kong University of Science and Technology, the Philippine Business Council of Hong Kong, and a founding member of the Textile Council of Hong Kong. Over the past 25 years, he has served as a member of the Council of the Hong Kong Polytechnic, the Textiles Advisory Board, Free Trade Committee, Industry Development Board, Hong Kong Trade Development Council, Council of the Hong Kong Management Association and Provisional Airport Authority.

Mr. Tang was awarded the OBE in 1978, the CBE in 1986, and he received the Order of the Sacred Treasure, Gold Rays and Neck Ribbon, from the Emperor of Japan in 1987.

In recognition of his long and distinguished career in industry, of his important contributions to Hong Kong's economic development, and of the active interest he has taken in the well-being of our community, it is our privilege to request you, Mr. President, to confer upon Jack, Tang Chi-Chien, the degree of Doctor of Business Administration, honoris causa.

Distinguished hosts & hostesses, honoured guests, ladies & gentlemen,

Thanks to the foresight of my forebears, we are gathered here today to celebrate the opening of this Tang Center for Management Education.

My grandfather was second of six sons and two daughters. No. 1 and No. 3 sons were scholars who went through the examination system and became officials in the court of the Ching Dynasty. Grandfather was a merchant and as such was certainly not as well regarded as his older and younger scholarly brothers. In a family funeral or wedding procession he would ride in the oldest and the least ostentatious sedan-chair.

In China, Confucius divided the social hierarchy into four classes - scholar, farmer, labourer and merchant. Grandfather was the last on the totempole. Only people with high education get to the top of the pile. He had two wishes in life: His offsprings must strive for the best education they could get. Being too old to go back to an educational institute, his second wish was to raise himself one step above his merchant status. He wanted to go from trading to manufacturing. He therefore started a flour mill and a textile factory. China being a poor country, he strongly believed that the family should stick to the manufacture of the basic necessities in life -- food, clothing, shelter and transportation.

As all these industries require engineers and managers, my father came to MIT and enrolled in Course XV. Being a filial son, he went back to China to practice what grandfather had preached. Eventually, he went into cement manufacturing and bought a share in the Chrysler agency for China with intention of eventually assembling Chrysler cars in China, thus completely fulfilling grandfather's wish.

I came to MIT and took up chemical engineering because father wanted to go into synthetic fiber after the War. Life was very simple in those days. I just did what the parents said was good for me. Thus my son Martin followed the same family tradition and came to Sloan. He keeps reminding me that Sloan has been rated higher than Harvard. A couple of weeks ago, he sent me an US Business and World Report article rating Sloan the top business school of the year.

This building being dedicated today is an expression of the Tang family's gratitude to MIT for the opportunity given to 3 generations of Tangs in their pursuit of excellence. It is in a broader sense also a strong show of support for the open system in this country which provides such an opportunity to talented people whatever their race or creed.

Now I would like to take the liberty of speaking for a moment not just for myself and my family, but for the other donors who are assembled here today. I think for all of us -- over the last two days -- there has been tremendous pleasure in witnessing first hand the many activities taking place in this handsome building..

To see the students gathered throughout the center is to know and appreciate how much these facilities were needed by the Sloan School and MIT. Everywhere you turn, there are young people meeting, talking, working together, learning. It's just wonderful.

At this early point in their lives most of the students using this building cannot know what a great gift an MIT education is -- nor do they yet understand how much their experience here will affect their lives -- but when they do, I hope they will return to campus on a day such as this one to celebrate what they have helped make possible -- for the generation that will follow them.

Thank you very much.



*The Corporation of the Massachusetts Institute of Technology  
assembled at its meeting of March 1, 1996  
sends greetings to Mr. Jack C. Tang '49 and the members of his family  
and takes pleasure in transmitting to them the following Resolutions:*

BE IT RESOLVED

*That the Corporation of the Massachusetts Institute of Technology  
unanimously express its pride and great pleasure  
on the occasion of the dedication of  
the Jack C. Tang Center for Management Education  
at 70 Memorial Drive, Cambridge.*

BE IT FURTHER RESOLVED

*That the Corporation express its satisfaction that the building  
be named for Jack C. Tang '49 to honor him and to recognize  
the extraordinary generosity and ongoing dedication of the Tang family  
to the Massachusetts Institute of Technology.*

*May this building serve as an inspiration to the  
generations of students who will follow the lead of Mr. Tang  
in strengthening the bonds of friendship and goodwill  
around the world through business and industry.*

AND BE IT FURTHER RESOLVED

*That these Resolutions be spread upon  
the permanent records of the Corporation  
and that copies be transmitted to Mr. Jack C. Tang '49,  
to his wife, Madeleine Tang, and to the members of his illustrious family.*

Paul E. Gray  
Chairman of the Corporation

Charles M. Vest  
President

ATTEST:

Kathryn A. Willmore  
Secretary of the Corporation





Tang Pao Chien [paternal grandfather]



Chen Tzu Yun [paternal grandmother]



Wen Bing Chung [maternal grandfather]



Wen Bing Chung, 1930



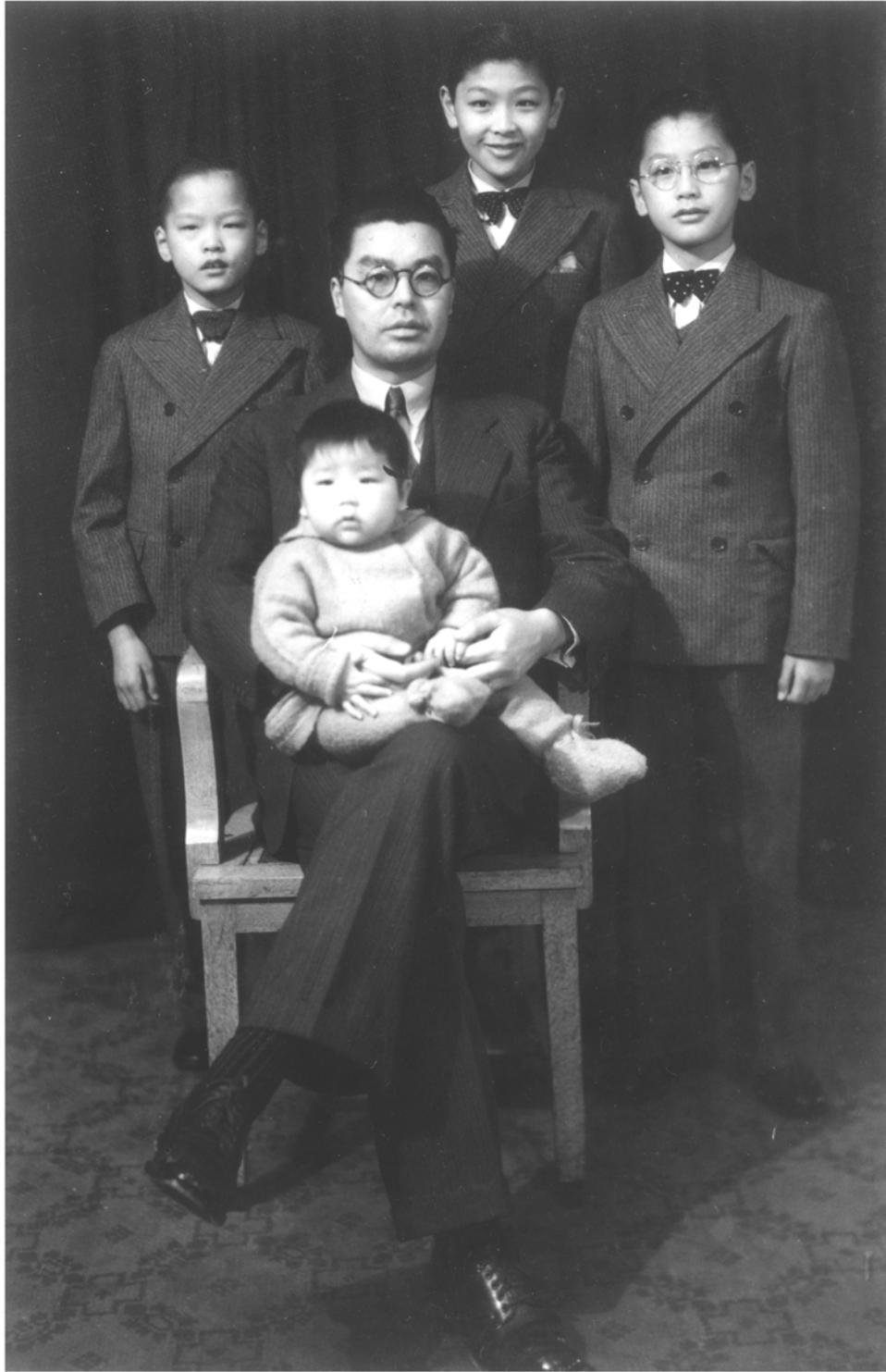
Tang Ping Yuan [father]



Kin May Wen Tang [mother]



P.Y. Tang (father) with Kin May Tang (mother), Yeh Chu Tang (uncle), Jack, and Michael (brother)



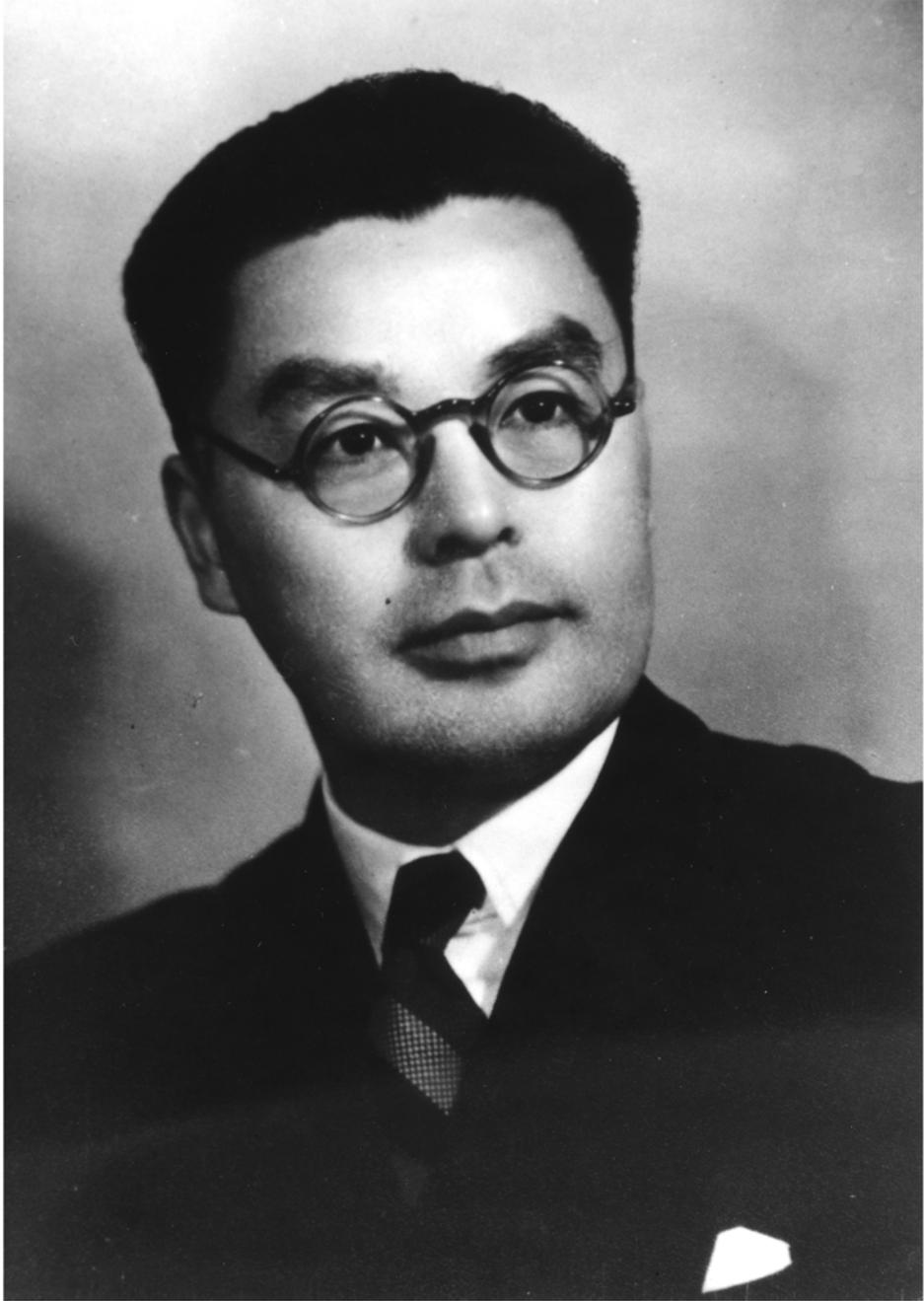
P.Y. Tang with Nancy, Victor, Jack, and Michael, Shanghai, 1937



Jack Tang, photographer's studio, Shanghai, circa 1941



Jack Tang with Nancy Tang



P.Y. Tang



Tang home in the French Concession, purchased by P.Y. Tang in 1946 but never lived in by the family. Now occupied by the French consulate. Shanghai, 1988

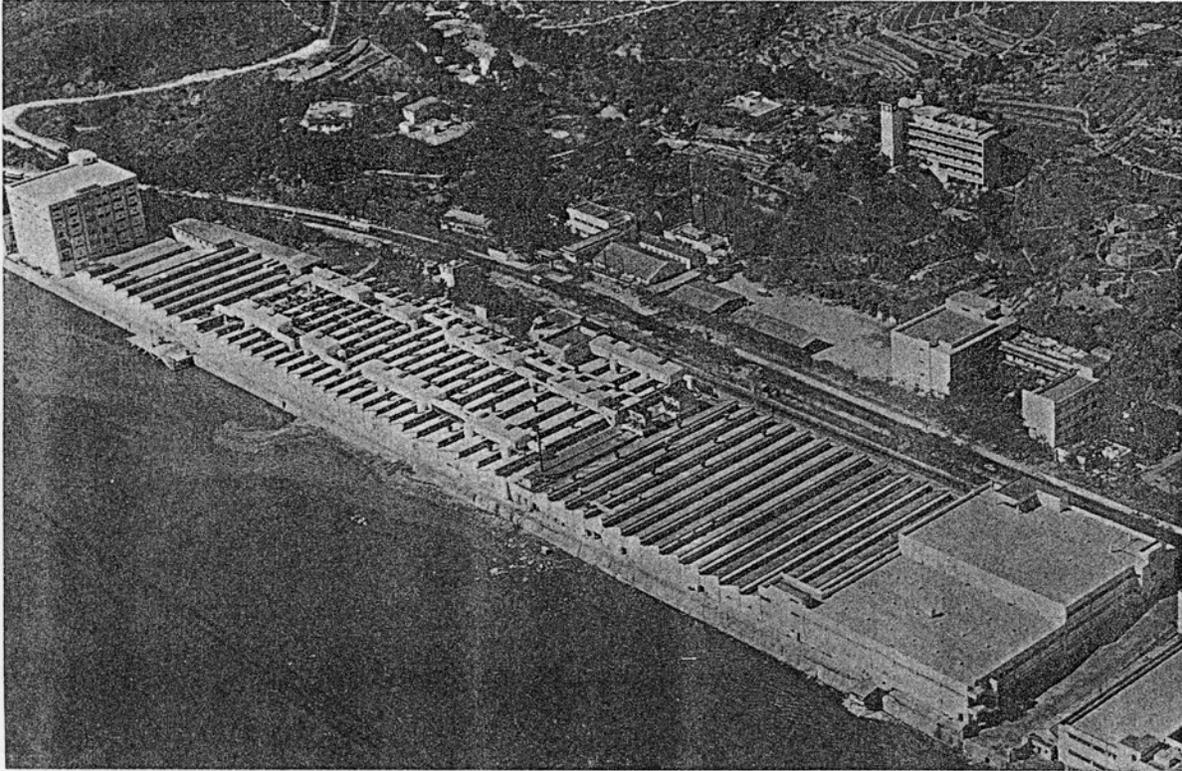


Jack Tang and Madeleine Huang, wedding portrait, Boston, 1948



Jack Tang with Madeleine, Martin, and Nadine, Arlington, Massachusetts, 1951

Aerial view of the Mill



Covering an area of about 18 acres, the premises of the South Sea Textile Mills are situated in the New Territories of the Kowloon Peninsula, about  $9\frac{1}{2}$  miles from the Island of Hong Kong. The aerial view above shows the spinning and weaving mills along the sea front, below the highway, and the offices, dormitories, and recreation grounds above the highway. The two sections are linked by a subterranean tunnel, running under the highway.

South Seas Textiles aerial view, Hong Kong, 1967

The Governor of Hong Kong and Members of Hong Kong Economic Mission  
with the British Ambassador at the Tokyo Embassy on 26th May, 1986.



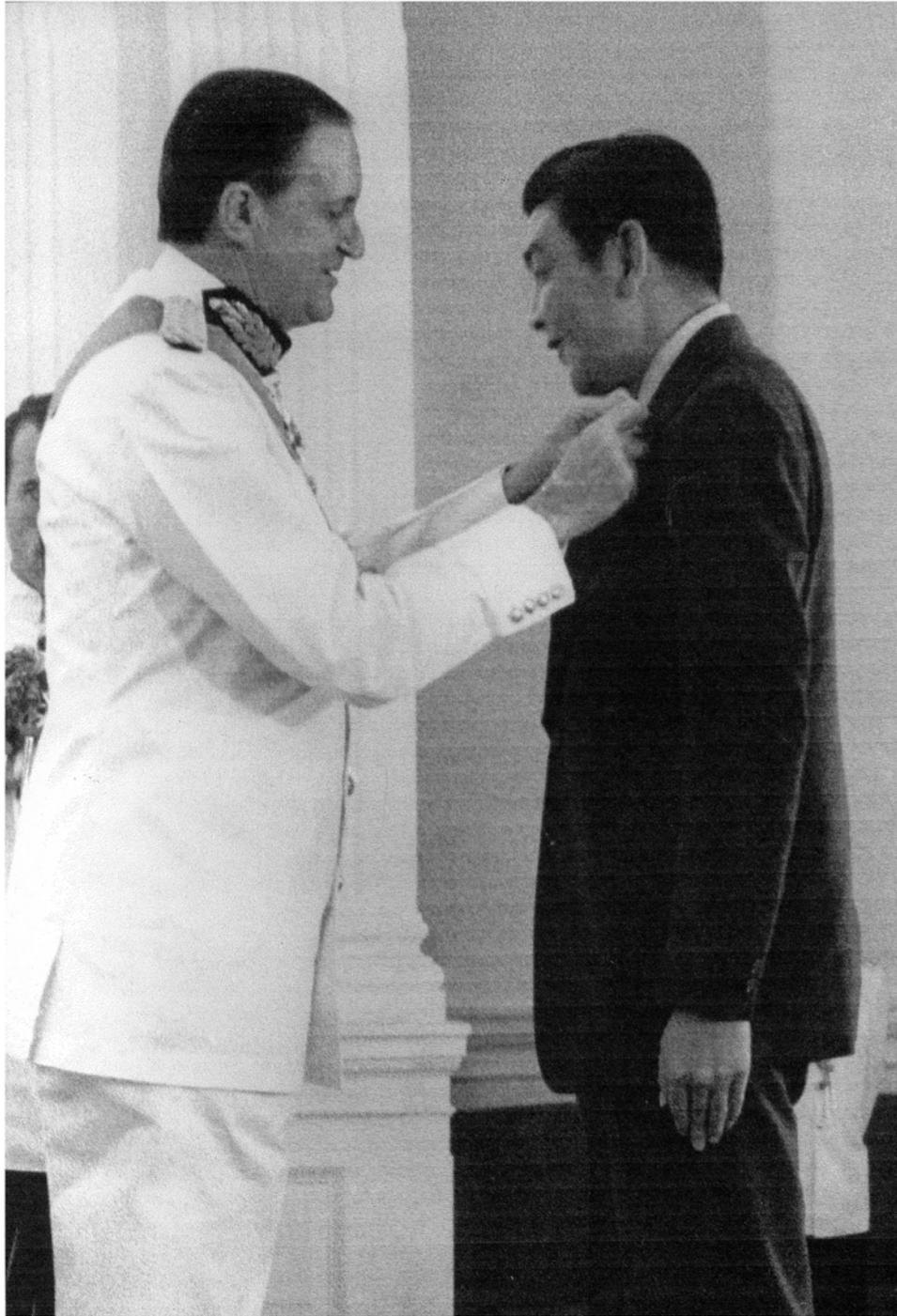
*Front Row (left to right)*

*The Hon. Lydia Dunn, Sir Michael Sandberg, The British Ambassador in Japan, Sir Sydney Giffard and Lady Giffard, Sir Y.K. Pao,  
His Excellency the Governor of Hong Kong, Sir Edward Youde, Mr. James M.H. Wu, Sir S.Y. Chung.*

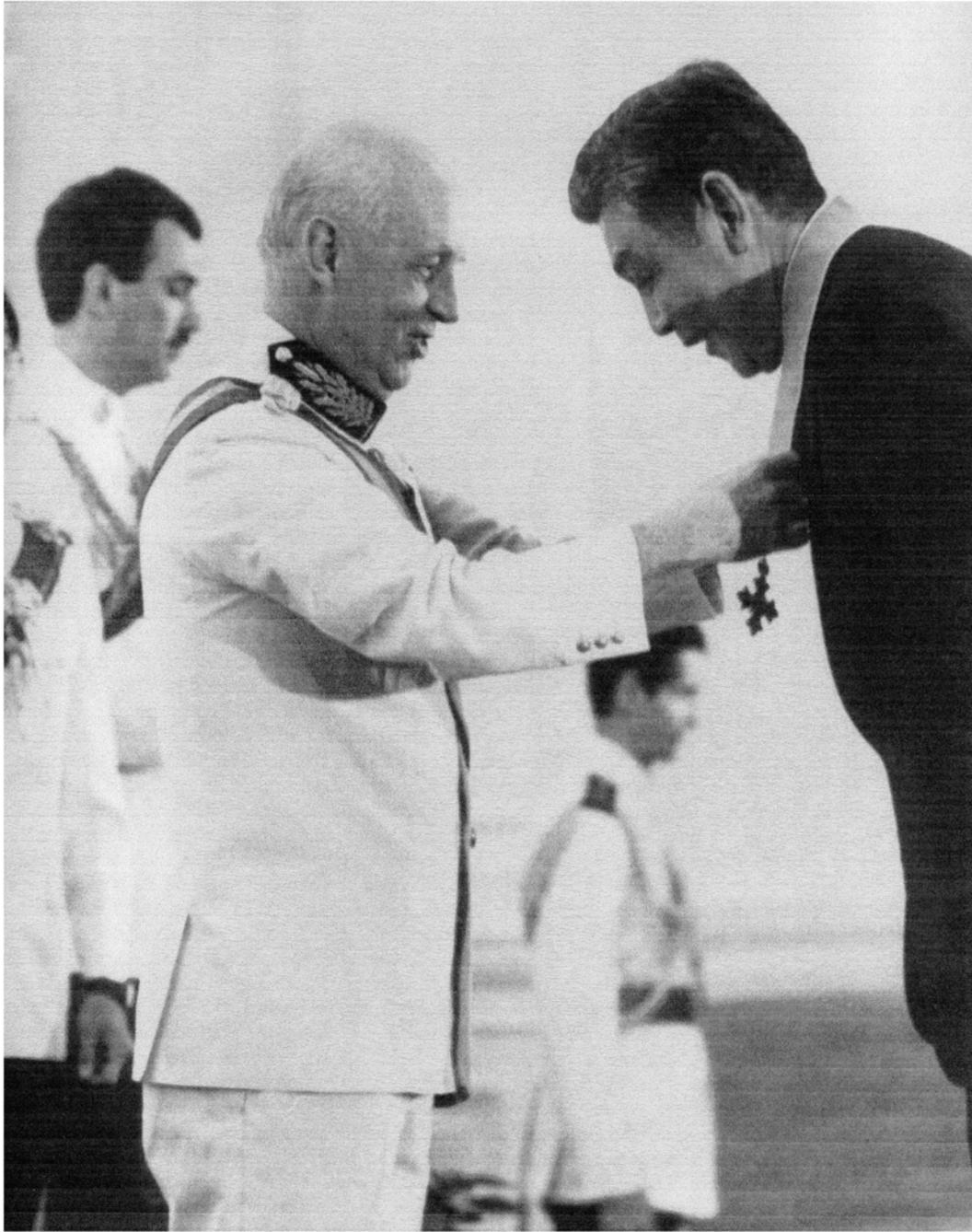
*Back Row (left to right)*

*The Hon. E.P. Ho, Mr Dennis Ting, Mr. Jack Tang, The Hon. Thomas Clydesdale, Mr. Martin G. Barrow, The Hon. Q.W. Lee, Mr. Jack So.*

Jack Tang with Hong Kong Economic Mission, Tokyo, 1986



Jack Tang receiving OBE from Governor Murray Maclehoose, Government House, Hong Kong



Jack Tang receiving the CBE from Governor Edward Youde



Jack Tang receiving the Order of the Sacred Treasure, Gold Rays, and Neck Ribbon from Japan, 1987



Jack Tang with Governor David Wilson and Trade Development Council (TDC) chair, Baroness Lydia Dunn



Jack Tang with TDC delegation at Hong Kong/Osaka Partner City Agreement



Jack Tang and Joanna Poon, wedding portrait, Hong Kong, 1999



Jack Tang with Chancellor Robert Berdahl, University of California, Berkeley, 1999



Jack Tang with past and present chairmen of the Hong Kong General Chamber of Commerce



Jack and Joanna Tang with Tang scholars, MIT, 2000



Jack Tang with David and Peggy Rockefeller, Hong Kong



Tang Pao-Che Library, Chinese University of Hong Kong, 1972. Donated by P.Y. Tang



Tang Pao-Che Library, Chinese University of Hong Kong



Jack Tang with Martin and Christopher at opening of the Ping Yuan and Kinmay W. Tang Gallery, Hong Kong University of Science and Technology, 1999



Tang Hall, MIT

## INDEX -- Jack Tang

Note: the following abbreviations are used in this index:

JT--Jack Tang; PYT--P. Y. Tang (JT's father); MT--Martin Tang (JT's son); HK--Hong Kong; CofC--Chamber of Commerce; SST--South Sea Textiles.

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