



People Power as Exception: Three Controversies of Privatization in Posthandover Hong Kong

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Introduction

In recent years, the term “neoliberalism” has become an academic catchphrase for describing ongoing economic restructuring processes underpinned by a free-market doctrine (Peck and Tickell, 2002; Brenner and Theodore, 2002; Harvey, 2005). While the rolling back of welfare provisions and the privatization of public resources, along with rising inequalities and social discontent can be seen as common features of the so-called “neoliberal turn,” the consequences of and subsequent responses to these initiatives have been highly uneven in different places. As Neil Brenner and Nik Theodore have explained, in contrast to neoliberal rationality, in which market forces are assumed to operate according to immutable laws wherever they are “unleashed,” all neoliberalization programs must operate within particular political and administrative frameworks that to a great extent continue to shape the outcomes of these processes (Brenner and Theodore, 2002, p.351). To identify the path-dependent character of neoliberalism and their diverse manifestations, Brenner and Theodore suggest using the term “actually existing neoliberalism,” which highlights the context-specific interactions between existing institutional landscapes and emergent market-oriented projects across a broad range of geographical scales.

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3 Resonating with this call for attention to the variegated nature of neoliberalism, but
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5 rejecting the institution-centric approach of the political economists, Aihwa Ong suggests
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7 studying neoliberalism not as a rigid doctrine or structure, but as a set of mobile
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9 techniques of governing based on a new mode of optimization – techniques that are
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11 capable of reconfiguring the relations between the government and the governed, power
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13 and knowledge, sovereignty and territoriality (Ong, 2006, p.3). By adopting a neo-
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15 Foucauldian approach centering around the idea of “governmentality,” Ong and others
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17 have stressed the active role of neoliberalism in producing new forms of spaces, subjects
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19 and social relations in the discursive domains of everyday life (Ong, 2006; Larner, 2003;
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21 Ferguson and Gupta, 2005). To explore the complexities “on the ground,” they argue that
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23 ethnographic and other case-specific modes of enquiry can be particularly useful for
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25 illuminating how the neoliberal vision of market freedom and anti-welfarism is translated
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27 and appropriated by a wide range of agencies. Ong’s research in Southeast Asia where
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29 market calculation has not been a norm of governing (as opposed to Western liberal
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31 democracies) led her to coin the terms “neoliberalism as exception” and “exceptions to
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33 neoliberalism” as ways to capture embedded contradictionsⁱ (Ong, 2006, pp. 3-4). By
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35 looking at how neoliberal strategies were selectively applied to exclude or preserve the
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37 rights and entitlements of certain populations, she argues that one can arrive at a better
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39 understanding of the shifting relations between norms and exceptions, the role of the state
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41 and the market, and the mutation of the private and public spheres.
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45 By emphasizing the agency of diverse social actors, the neo-Foucauldian approach also
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47 calls attention to competing ethical regimes that are themselves tied to long established
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3 historical and cultural discourses. The challenge, in this approach, is to elucidate how
4 these existing discourses and shared social visions are reworked or interpreted anew as
5 they interact with the neoliberal logic of optimization. In a similar vein, and building on
6 the insights of Antonio Gramsci, Dieter Plehwe *et al.* (2007) have suggested scholars to
7 take seriously the complex, multitudinal processes in which the market rationality of
8 neoliberalism has become entrenched in civil society. They argue that neoliberalism
9 should be seen as comprising of distinct “hegemonic constellations,” which may be
10 constructed at different sites by various groups of people and institutions whose interests
11 do not necessarily align with each other. A careful examination of the competing agendas
12 of these “discourse communities,”ⁱⁱⁱ including those that seek to challenge neoliberal
13 initiatives, would thus help to explain how neoliberal hegemony comes to be nurtured,
14 contested, transformed and sustained over time. More than simply identifying
15 contingences and variegations, Plehwe *et al.* urge that one must not lose sight of the
16 extraordinary malleability of neoliberalism, which in many cases has proved able to adapt
17 to different circumstances and deflect oppositions over time.
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35 In keeping with the growing call for research into the situated discourses and practices of
36 “actually existing neoliberalism,” this paper explores some of the varied responses to the
37 privatization of public resources that has accompanied the recent political and economic
38 restructuring in Hong Kong. Specifically, I consider three related controversies that
39 revolve around the efforts of the Hong Kong SAR government (The Government of the
40 Hong Kong Special Administrative Region)ⁱⁱⁱ to privatize components of its property
41 assets in the years following the Asian financial crisis, which occurred shortly after Hong
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3 | Kong was returned to Chinese sovereignty in July 1997. Although all the initiatives were
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5 | couched in the language of the “free market” that aligns well with the neoliberal logics,
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7 | the ways in which the proposals were put forward, contested and ultimately settled
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9 | evidenced certain long-established assumptions about the role of the market, the
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11 | government, the economy and the provision of welfare and public amenities. By tracing
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13 | the narratives over the course of these controversies, this paper aims to elucidate both the
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15 | contradictions and mutual entanglements between the market rationality of neoliberalism
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17 | and everyday discourse, and how these interactions have worked to reshape as well as
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19 | preserve the existing regime of legitimation.^v
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23 | The first of these cases involved a mass protest mobilized by an environmental NGO
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25 | against a proposal to demolish a newly completed subsidized housing estate, which the
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27 | SAR government sold to private developers with the intention of supporting the “free”
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29 | housing market. The second case involved a legal challenge launched by an elderly public
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31 | housing tenant against the government’s plan to spin off some of its public housing assets
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33 | into a real estate investment trust. The third case involved an ongoing public debate over
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35 | the development of a mega “cultural hub” – a government-led initiative in which private
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37 | developers were invited to build and manage a series of “world class” museums in a prime
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39 | waterfront district. While each of the three cases had their own trajectories, all were
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41 | initiated as part of a wider neoliberal project of rolling back direct government provision
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43 | of welfare and public facilities. The ensuing debate in all three exhibited marked
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45 | similarities that entail contested visions of the interface between private property
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3 “free market”), the government’s historical role in safeguarding the “public good” by
4 retaining control over urban land, and the demand for the continual provision of housing
5 and welfare for the lower income sector (which had enjoyed such benefits in the postwar
6 period under colonial rule). As I attempt to show in this analysis, while the combined
7 image of a state that is both “non-interventionist” and “benevolent” had worked in the past
8 decades, the political and economic changes in the post-handover period have severely
9 unsettled this previous balance, leading to a myriad of unforeseen outcomes.
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19 The three controversies, which all emerged within the time span of one year and
20 challenged the legitimacy of the SAR government, prompted a flood of letters and
21 commentaries in the local media. While their positions towards privatization considerably
22 varied, a majority of the writers seem to have agreed that the widening debate over Hong
23 Kong’s urban future was a salient demonstration of a growing civil society -- one in which
24 a formerly apolitical population was becoming increasingly vocal in standing up for the
25 “public good.”^{vi} A common thread linking these interpretations was Hong Kong’s
26 transition to Chinese rule, which was seen as a major rupture with the past leading to the
27 growth of a collective political and civic consciousness.^{vii} Although critical voices such as
28 those of environmental NGOs and politicians associated with grassroots organizations
29 continued to criticize the government for “selling out” Hong Kong in its move to privatize
30 public resources, their challenges have at the same time helped arouse a sense of shared
31 optimism about a newly expanded public sphere.
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3 A closer look at how the controversies developed, however, suggests limits to this new
4 surge of “people power.” In each case, the protests eventually dissolved when a degree of
5 accommodation were made by the government and/or the property developers. The
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A closer look at how the controversies developed, however, suggests limits to this new surge of “people power.” In each case, the protests eventually dissolved when a degree of accommodation were made by the government and/or the property developers. The eventual dissolution of the debates not only stopped short of raising further questions about the issue of privatization under the post-handover neoliberal turn, but also worked to preserve many long-established assumptions about Hong Kong, including its laissez faire economy, harmonious population, and benevolent (colonial) government. In particular, the repeated portrayal of the dichotomy between “public interest” (which the government is supposed to safeguard for citizens), and “private interest” (which private corporations must pursue in maximizing profits), has continued to obscure the mutual dependence between the operation of the public and private sector – dependence that underpins a history shaped by a combination of heavy state intervention, property speculation, and rapid economic growth that contributed to the so-called Hong Kong economic miracle.^{viii}

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My contention is that the unrest that marked each of the three controversies was largely the result of these hegemonic discourses being unsettled in the post-handover period, in which the transfer of sovereignty coincided with a sudden reversal of a two-decade long economic boom. The attempt of the SAR government to further liberalize the economy by privatizing public assets had, in this case, backfired. However, despite the simmering discontent and the gradual emergence of a “protest culture,” it seems that the entanglement of this new civic-mindedness with the deeply-embedded discourses of the “Hong Kong success story” has limited its potential challenge to existing power structures. In this way, the surge of “people power” can be seen as an exception in a double sense. First, it is

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3 exceptional to Hong Kong's experience in the past decades, thus debunking the long-held
4 myth of "harmonious Chinese society" and "apolitical Hong Kong people."^{ix} At the same
5 time, in contrast to the prevailing perception of these protests as signs of an exceptional
6 break towards a new age of "bottom-up" democracy, they have in many ways continued to
7 reproduce the very norms they appeared to destabilize. Despite the furor against the SAR
8 government in its mishandling of numerous privatization initiatives, the processes of
9 neoliberalization have arguably become increasingly entrenched.

20 21 **The Hong Kong Economic Miracle and the Discourse of "Positive Non-Intervention"**

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25 Although the economic success of postwar Hong Kong is now a well-known story,^x
26 scholars remain divided in their explanation of the conditions that enabled it to happen.
27 For adherents of neoclassical economic reasoning, Hong Kong has been successful
28 because its government sought to maximize efficiencies with minimum state intervention,
29 thus providing a good business environment for entrepreneurs to freely pursue their
30 interests (Henderson and Appelbaum, 1992; Castells *et al.*, 1990; Castells, 1992). But as
31 pointed out by several researchers, despite its continual emphasis on a policy of "positive
32 non-intervention," the history of Hong Kong has always been characterized by an unusual
33 degree of state involvement in the domestic economy, stemming in part from the
34 government's reliance on sizable revenues gained from land sales to support its low direct
35 taxes on wages, profits, and investment (Castells *et al.*, 1990; Brown and Loh, 2002;
36 Webb, 2004). This system also allowed the government to retain a high degree of control

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3 over urban development and resource allocation, and by doing so ensure the maintenance
4 of civil order, a condition that was especially important in the historical context of Hong
5 Kong as a non-representative colonial state vulnerable to external political change (Smart,
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9 1992).

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13 The drastic decline of Hong Kong's entrepot trade that resulted from the US-led embargo
14 of China in the 1950s prompted the colonial government to turn to export-oriented
15 industrialization (Castells *et al.*, 1990, Castells, 1992). Simultaneously, it also vastly
16 expanded its welfare provision, particularly with the development of a massive public
17 housing program that helped control the cost and reproduction of labor.^{xi} Despite this
18 heavy state involvement, and the oligopolistic character of many Hong Kong industries –
19 conditions that arguably resembled the Keynesian welfare state model -- Hong Kong's
20 economic policies were consistently portrayed by the government to be “non-
21 interventionist” and fully committed to free market principles (often by emphasizing its
22 lack of protectionist measures and allowance of free flow of capital) (Henderson and
23 Appelbaum, 1992, pp.12-14). The rapid economic growth throughout the 1960s and 70s
24 raised the hopes of other industrializing countries emulating this “economic miracle,” and
25 fueled the ideological discourse of free market economists worldwide who tried to
26 reconstruct what they saw as the “lost paradise of laissez faire capitalism.” (Castells, 1992,
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45 This hybrid of state intervention and free market ideology in a colonial situation arguably
46 makes Hong Kong an exceptional case, one in which a supposed “laissez faire”
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3 commitment was intertwined with a marked paternalism and discourse of a “benevolent
4 state.” While the phenomena of strategic state intervention and imperfect competition has
5 not been lost in the analysis of developmental state theorists, most of these interpretations
6 have tended to privilege a somewhat mechanistic understanding based on general
7 assumptions of the dynamics of capitalism, thus leaving out important questions about the
8 formation of discourse and functions of hegemony.^{xii} It can be argued that some aspects of
9 neoliberalism, particular the emphasis on market freedom and the maximization of
10 individual capability, had long been incorporated into Hong Kong’s discourse of
11 development and mode of governance, where citizenry were encouraged to participate in a
12 highly pro-business environment through entrepreneurial and speculative activities (while
13 being strongly discouraged from political activity). It is this curious mixture that underlies
14 the contradictions of the “actually existing neoliberalism” exemplified in the three
15 controversies over privatization in this paper, beginning with the case of the Hunghom
16 Peninsula Estate.
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34 **The Demolition of the Hunghom Peninsula Estate: The Demolition of Public Faith?** 35 36 37 38

39 The Hunghom Peninsula Estate was originally conceived under the colonial government’s
40 Private Sector Participation Scheme (PSPS), which, together with its associated
41 Homeownership Scheme (HOS), was designed to assist lower and middle-income Hong
42 Kong families to acquire homeownership at a subsidized rate.^{xiii} Since their inception in
43 1976, the two programs had proved to be extremely popular and were consistently
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3 oversubscribed. In 1997, immediately after Hong Kong's return to China, the new SAR
4 government embarked on an ambitious plan to expand the program with the aim to
5 increase the overall homeownership rate from 52 to 70% within ten years. The stated goal
6 was to "alleviate the impact of the high prices on both people's livelihoods and [Hong
7 Kong's] economic competitiveness"^{xiv} (HKSAR Government, 1997).
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15 However, the timing of this proposal coincided with the Asian Financial Crisis, which
16 caused a sharp drop in property sales both in the public and private housing market.^{xv} The
17 price collapse led to widespread complaints from the middle and upper income population,
18 which had invested heavily in property, and also from developers, who claimed that the
19 HOS was harming the economy.^{xvi} Under pressure to "save" the market and to maintain
20 the prosperity of Hong Kong, the government announced in 2001 that the sale of all HOS
21 and PSPS flats, including the newly completed Hunghom Estate, were to be suspended for
22 ten months. At the same time, it also indicated its intention to reduce the production of
23 subsidized homeownership flats in the longer term (La Grange, 2003).^{xvii} In other words,
24 the initial intention to create an "ownership society" with a reduced government role in
25 housing provision, was now replaced with an alternative "free market solution" that was
26 more fully in line with the neoliberal rationality of optimization.
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41 While this dramatic reversal of housing policy was supported by the private property
42 sector, it also prompted criticism over the government's failure to fulfill its bold promise of
43 providing homeownership for the less well off. The fact that the Chief Executive was
44 himself a member of the business elite further contributed to suspicions that he was
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3 bowing to the “private interests” of the developers^{xviii}. It should be noted that this
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5 perception was also anchored in the presumed dichotomy of the public and private housing
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7 sectors, and the perception that public housing was essentially a benevolent program
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9 separated from the housing market – a contradictory element of the discourses of Hong
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11 Kong’s development that came to the fore in this controversy.
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15 In February 2004, the SAR government sold the unoccupied Hunghom Estate to a joint
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17 venture between two of Hong Kong’s largest property firms, Sun Hung Kai Properties and
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19 New World Development. The news drew further complaints from local politicians and
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21 lawmakers, who said that the sale unfairly benefited big developers and was a classic case
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23 of favoritism. Yet it did not seem to have triggered widespread debate at the time (*SCMP*,
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25 10 February 2004, p.1).
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29 A few months later, when the property market began to show signs of taking off again after
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31 the prolonged slump, the developers revealed a plan to demolish all the buildings and
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33 replace them with luxury condominiums. The news triggered an outcry from
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35 environmental NGOs and other activist groups, who accused the developers of wasting
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37 resources due to their “blind pursuit of profits.”^{xix} Meanwhile, politicians blamed the
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39 government for “colluding” with business elites. As the controversy grew bigger, the case
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41 began to attract increasing attention in the media, with many more groups and individuals
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43 coming forward to voice their concerns. These criticisms also began to shift to the lack of
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45 transparency in policy making, and the SAR government was portrayed as wholly
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47 incompetent in protecting “Hong Kong’s overall interests.”
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5 Then, in a surprise u-turn after months of mounting criticisms, the developers announced
6 that they had decided not to demolish the buildings but to upgrade them for resale at the
7 cost of making less profits. The decision swiftly put a stop to the growing accusations, and
8 was instantly hailed by the activists, the government officials, and the business sector as a
9 “historical moment of Hong Kong” – a moment in which businesses were (finally) forced
10 to bow to the “public wish to protect the environment” (*SCMP*, 11 December 2004, p.3).
11 Although there were concerns that the business climate in Hong Kong had become too
12 politicized, the government responded with reassuring statements that there was no reason
13 to worry, as Hong Kong had become a more sustainable city with a growing level of
14 environmental consciousness and corporate responsibility, and that this would foster more
15 investment opportunities in the future. Since this time, the Hunghom case was also
16 repeatedly featured in the mainstream media as a sign of Hong Kong entering “a new era
17 of people power,” with a maturing civil society whose citizens are no longer hesitant to
18 protect the “public interest.” (*SCMP*, 13 December 2004, p.14).
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35 While there has been growing concern for the environment in recent years, the quick
36 dissolution of the Hunghom saga left a number of puzzling questions. After all, there was
37 no question that the developers were still going to make considerable profits by selling the
38 upgraded flats. Why then, would the accusation of collusion between the government and
39 big businesses be so quickly put to rest? How might an examination of this outcome
40 elucidate the meanings of “Hong Kong’s interests,” and the ways in which the neoliberal
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3 vision of “minimal government” was reconciled with the long-held discourse of the
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5 benevolent state?
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9 A look at how the term “Hong Kong’s interests” was used in the case (as in the
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11 controversies of the Link Reit and cultural hub project as well) shows that it is most often
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13 associated with a presumed collective desire to improve the quality of life of the citizens
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15 and to promote a good business environment. Maintaining a sound legal system, a high
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17 level of freedom of expression, and a free and competitive economy, were also repeatedly
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19 invoked. But while these conceptions of ideal conditions appeared to be somewhat shared,
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21 not everyone agreed on how they could be achieved. As the unfolding narratives of the
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23 controversy clearly shows, different parties had been jockeying to assert their own agendas
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25 by adopting portions of the familiar set of discourses about Hong Kong.
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29 As mentioned earlier, the flash point of the Hunghom controversy was the developers’
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31 decision to demolish all of the new and unoccupied buildings. The environmental activists,
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33 headed by Friends of the Earth (FOE), criticized this as a tremendous waste of resources
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35 not only in terms of physical materials but also in the construction process of the 2,470
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37 flats, which required substantial energy, manpower and time to produce and were perfectly
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39 ready to be inhabited (FOE website). If the demolition of the flats were allowed to go
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41 ahead “it would erode the moral values of the younger generation, as the project
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43 epitomizes the total lack of corporate social responsibility due to the “blind pursuit of
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45 profits” (*SCMP*, 4 December 2004, p.5).
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3 Immediately after FOE unleashed its criticism, the executive director of New World issued
4 a statement justifying that the redevelopment by claiming that it would “bring huge social
5 and economic benefits to Hong Kong while correcting a major mismatch in land
6 resources” (*SCMP*, 2 December 2004, p.17). Denouncing the design of the existing
7 buildings as substandard, he said that the flats were “too small” and their quality “too
8 poor” for market consumption at a prime waterfront site, and that it would send the wrong
9 message to the younger generation if the use of precious land resources were not being
10 maximized. Meanwhile, Sun Hung Kai Properties (the partner of New World
11 Development) called the Hunghom Estate a “malicious tumor” because of its detrimental
12 effect on the housing market and inefficient use of land. Sun Hung Kai further claimed that
13 by adopting innovative “demolition and recycling technology”, the development could
14 serve better to raise Hong Kong people’s environmental awareness.^{xx}
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29 It can be argued that the developers’ statements were a rather stretched response to FOE’s
30 critique. But they nonetheless illustrate the limited range of competing justifications for
31 the use of land resources within the Hong Kong public sphere. Although FOE and the
32 developers disagreed on the demolition of the buildings, each was invoking the same set
33 of notions of efficiency, sustainability, and education for the young generation – arguably
34 widely perceived to be the key determinants for making Hong Kong a more attractive and
35 competitive city. Above all, it was the competing interpretations of the moral message of
36 the demolition that was most forcefully argued. The contestation of moral claims is
37 significant here, as it went beyond disagreements over how to provide the best solution
38 based on technical calculation. By drawing upon cultural and ethical values embedded
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3 within a language and collective experience specific to Hong Kong,^{xxi} both parties were
4 attempting to incorporate these values into their visions for the future, and thereby shore
5 up their legitimacy.
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11 It is worth noting that although the work of FOE and other non-profit organizations are not
12 driven by direct economic gains, they are nonetheless striving to gain authority over how
13 major decisions over the allocation of public resources are made, and thus are heavily
14 implicated both in the contests of political power as well as the ongoing reconfiguration of
15 the techniques of governing. To follow Plehwe *et al.*'s comment on the constitution of
16 hegemonic constellations, while it is crucial to study the work of these advocacy groups,
17 grassroots organizations and other "private authorities," one should be careful not to draw
18 too sharp a line between their positions and that of the state and powerful corporations, as
19 there is always the tendency -- and one abundantly evidenced in the Hunghom case -- of
20 many NGOs to end up endorsing elements of the very neoliberal logic which they were
21 attempting to oppose.^{xxii}
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35 As the opposition against the Hunghom estate demolition continued to strengthen, with
36 more professional bodies joining to declaim the demolition as violating the principles of
37 sustainable development, both the developers and the government modified their rationale
38 for the deal (*SCMP*, 7 December 2004, p.3).^{xxiii} In December 2004, New World issued a
39 statement acknowledging for the first time that "making a bigger profit" was a crucial
40 factor for the demolition, but it insisted that this was simply a response to the changed
41 market situation. No longer emphasizing the "social and environmental benefits" of the
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3 redevelopment, the developers now claimed that the deal was a pure “commercial
4 decision” based on the “principle of free markets and respect for the rule of law.” On the
5 same day, the Secretary of Housing and Land told the press that demolition was an
6 “unfortunate event” for which no officials were responsible. But he emphasized that it is
7 very important to respect the rule of law and the “spirit of contract.” “We have to consider
8 the impact on Hong Kong’s business reputation, rule of law, and how public officials
9 exercise their discretionary power if we oppose the demolition,” he said (*SCMP*, 7
10 December 2004, p.3).

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12 The invocation of the “rule of law” was also echoed by the Minister of the Environment
13 who nevertheless appealed to the developers “not to pull down the buildings because it
14 violates environmental principles” (*SCMP*, 3 December 2004, p.3). However, she also
15 stated that she was “powerless” under the law to stop the redevelopment against the
16 wishes of the developers.^{xxiv} She added, “We can’t change the law because of some moral
17 standards as this is very important to the spirit of the rule of law in Hong Kong.”

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22 The amazingly coherent invocation of the “spirit of the rule of law” at this point in the
23 Hunghom saga seems to mark a significant shift of discourse from one that plays down the
24 “profit-seeking motive” of the developers to one that underscores the respect for the law-
25 abiding, “free-market principles”, which are seen as key to Hong Kong’s stability,
26 freedom, and independence as a capitalist special administrative region of China. But
27 while the “rule of law” and “free market principles” clearly had widespread appeal, the
28 ways in which the Hunghom sale was negotiated turned this argument on its head. Seen to
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3 have been made entirely behind closed-doors, the sale was increasingly criticized for not
4 reflecting the supposed transparency and fairness of economic competition associated with
5 a well-functioning free market. Instead of dissolving criticisms, this rhetoric worked to
6 raise even more suspicions, as they appeared simply to be tactics aimed at preempting
7 further inquiry into the case.
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15 In light of the sharp criticisms of the project, it is worth noting that the sale negotiation of
16 the Hunghom Estate was in fact not unusual or different from “normal” property dealings
17 in Hong Kong, where the government “landlord” and the property lessee carry out their
18 negotiation privately without releasing details of the deal to the public.^{xxv} What was
19 different about the Hunghom case is that it involved the selling of a government
20 subsidized housing estate that was seen to be a quasi “public” property belonging to a
21 benevolent housing program. In the context of growing dissatisfaction with the
22 government’s performance on many fronts coupled with a worsening economy, the
23 demolition of the estate was, to paraphrase the headline of a news article, a salient
24 demonstration of the “demolition of public faith.”
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37 Although the developers’ u-turn decision was seen as a back-down in face of the protests,
38 in reality their decision was not so much about “succumbing to public interests,” but about
39 protecting their public image by diffusing the idea of their “collusion” with the
40 government. A key determinant of the resolution of the debate seems to be anchored in a
41 popular perception that activities of corporate businesses have always been based on what
42 was referred to as the “blind pursuits of profits,” which had prevented them from giving
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3 any concern to the well being of society. The widespread anger surrounding the
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5 demolition, seen from this perspective, seems to have arisen precisely from two linked
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7 accusations: the developers' taking away of benefits from the "public," and the SAR
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9 government's failure to safeguard these benefits by giving in to "private interests."

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13 It is by recognizing this deeply rooted binary conception of the "private" and "public"
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15 spheres that the peculiar outcomes of the Hunghom saga can be explained. The decision to
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17 preserve the buildings presents a reversal of the usual assumption about corporate
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19 businesses in Hong Kong. By claiming that they would be willing to make less profits,
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21 they were able to present an unexpected benevolent image. Yet, what lies behind this
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23 resolution is the common belief that in the absence of a special deal, the operation of the
24
25 housing market is natural and unobjectionable. In other words, by backing off the most
26
27 problematic part of the project (i.e. the demolition), the developers succeeded in diverting
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29 attention away from the "normalized collusion" that is always present. Not only did the
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31 issue of privatization cease to incite further debate, the underlying myths of scarce land
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33 resources, public housing as benevolent, and the competitive free market remain as facts
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35 taken for granted, and the system relationships remain as ever obscured.

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42 **The Heroine and the Enemy of the People: Lo Siu-lan and the Link Reit Saga**
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3 At about the time when the Hunghom demolition plan was scrapped, Hong Kong found
4 itself embroiled in another major controversy over the privatization of government assets,
5 which again propelled thousands of people to take to the streets. However, what was being
6 protested against this time was not primarily the initiative for privatization itself. Instead,
7 somewhat ironically, the protests were led by investors against an elderly public housing
8 tenant who sought to stop the Housing Authority from privatizing its public housing assets
9 through what would be the world's largest real-estate investment trust: the Link Reit.^{xxvi}
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20 Not unlike the privatization of the HOS flats, the initiation of the Link Reit was
21 underpinned by the government's decision to more fully implement neoliberal strategies
22 of optimization in the aftermath of the Asian financial crisis. The purpose was to further
23 advance the efficiency of public amenities provision by moving to a market driven model,
24 and in doing so to relieve the government of its financial responsibilities. Under this
25 arrangement, the shopping malls and car parks of all of the public housing estates owned
26 by the Housing Authority^{xxvii} would be sold to a real estate investment trust.^{xxviii} The first
27 of its kind in Hong Kong, the sale aimed to raise 2.7 billion US dollars and was expected
28 to be a significant step to help the government lower its budget deficit (*Business Times*
29 *Singapore*, 21 December 2004). The prospects of the listing on the stock market not only
30 attracted tremendous interest from institutional funds, but also from hundreds of thousands
31 of individual small investors eager to capitalize on what they saw as a unique speculative
32 opportunity.^{xxix} And the share offer was 120 times oversubscribed well before its proposed
33 date of listing on the stock market in December 2004.
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3 However, in September 2004, Lo Siu-lan, a 67 year old single public housing tenant who
4 worried that the privatization of the public amenities would affect the estate tenants'
5 livelihood, launched a legal challenge against the Housing Authority for breaching the
6 Housing Ordinance by failing to fulfill its stated statutory duty "to safeguard the interests,
7 welfare and comfort of the tenants" (*SCMP*, 6 July 2005, p.3). After her case was turned
8 down in the Court of First Instance and the High Court, Lo threatened to take it to the
9 Court of the Final Appeal (i.e. the highest court in Hong Kong) only days before the Reit
10 was to be listed on the Hong Kong Stock Exchange. The ongoing lawsuit eventually
11 forced the government to suspend the stock listing in the eleventh hour, and announce that
12 the sale would have to be rescheduled along with all the money returned to the
13 investors.^{xxx}

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27 The forced suspension of the Reit provoked widespread anger especially among small
28 investors, who accused Lo and the legislators supporting her of abusing her legal rights
29 and "harming the overall interests of Hong Kong"^{xxxxi} (*SCMP*, 22 December 2004; *The*
30 *Standard*, 22 December 2004). The government was also quick to denounce Lo for
31 jeopardizing a well-intended deal that would help finance subsidized housing and benefit
32 Hong Kong in the long term. This was most famously represented by the headline news in
33 which the Minister of Housing likened Lo's lawsuit to a "911-style attack"^{xxxii} (*SCMP*, 22
34 December 2004). Meanwhile, other legislators saw the incident as a "perfect storm"
35 primarily caused by incompetent bureaucrats. Connecting the case with the growing
36 disappointment with the government's performance on many fronts, the Link Reit saga
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3 was said to evidence the SAR administration's continual failure to bridge the social divide
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5 and secure "Hong Kong's interests."
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9 The contradictory reactions and confusion surrounding the Reit suspension was soon
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11 further complicated by the revelation that the Housing Authority had applied to the Court
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13 of Final Appeal to shorten the appeal period for Lo (which reserved the right to take 28
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15 days to consider if she was to appeal her case). The news prompted fear among
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17 lawmakers, who criticized the government for interfering with the judicial system and
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19 potentially eroding its autonomy – an anxiety widely shared in the years following Hong
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21 Kong's handover to Chinese rule.^{xxxiii} Scrambling to defend the government's position, the
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23 Secretary for Justice responded by explaining that the Housing Authority was "not a
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25 government department but an independent organization" whose autonomy had always
26
27 been fully respected (*SCMP*, 24 December 2004, p.2). Furthermore, she pledged that the
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29 public should not view the Authority's action negatively, as it was "an atypical application
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31 for an atypical situation" given the significant (positive) impact of the stock listing. Citing
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33 examples from other countries, she said it was not a big deal to ask courts to shorten
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35 appeal periods in order to protect the public interest.
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39 It is interesting to note that, unlike in the Hunghom incident in which the reference to the
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41 rule of law was repeatedly and unanimously hailed as a cornerstone of Hong Kong's
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43 success, in the Link Reit saga the "rule of law" came under various attacks when it
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45 threatened the upwardly mobile dreams of the investing public. The paradox, of course, is
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47 that the suspension of the listing occurred because of the suspected illegality of the move
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3 to privatize government assets in the first place. Although Lo's call for a judicial enquiry
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5 was in every way conducted according to the rule of law, her action was criticized by both
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7 the investors and the government (as well as in sizable portion of the media and wider
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9 public) to be an inappropriate use of her right. Meanwhile, the Housing Authority's
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11 attempt to block Lo from appealing to the top court – a clear example of interfering with
12
13 the rule of law -- was posed as an exceptional case. As described in a media commentary,
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15 Lo's stance was likened to be "someone pulling the emergency brake on a train for no
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17 good reason, and then congratulating herself (and being congratulated by others) that there
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19 was such a safety feature without minding whether it was a sensible thing to do" (*SCMP*,
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21 31 December 2004, p.16).
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26 A day after the Secretary of Justice released her statement, the controversy took another
27
28 turn. On December 25, two small investors filed a claim with the Small Claims Tribunal
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30 seeking compensation for their losses from the shelved listing. But what mattered to them,
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32 as they explained, was not the money, but "the justice that needs to be returned to the
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34 public"^{xxxiv} (*SCMP*, 25 December 2004, 2). Accusing the two legislators supporting Lo in
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36 her appeal, they claimed that the former were "masterminding" Lo and using the case to
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38 advance their own political interests. They also criticized the government for not taking
39
40 the lead the in defending Hong Kong's reputation as a financial hub. These complaints
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42 were resonated in the popular media and internet chat rooms, with angry voices lamenting
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44 the so-called "black hands" behind Lo's legal challenge. Within the business sector, there
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46 were growing fears about a government without the political will and capacity to contain
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48 the growth of an "anti-establishment forces." The sentiment was captured by a leading
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3 property tycoon Ronnie Chan, who claimed that Hong Kong was turning “into the most
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5 communist city in China” and that the free market was being dangerously eroded (*SCMP*,
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7 22 December 2004, 16).

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11 As the court case dragged on and the controversy continued to escalate, more groups
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13 coming forward either to support or condemn Lo’s legal challenge against the SAR
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15 government. But it soon became apparent that the most vocal voices were on the side of
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17 the investors. On New Years Day, 2005, a protest organized by the 1000-strong Hong
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19 Kong Securities and Futures Industry Staff Union was launched. Titled “Against
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21 Politicians Messing Up Hong Kong,” the organizers proclaimed that their aim was to
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23 protest against social incidents being politicized and to safeguard Hong Kong’s reputation
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25 as an international financial centre (*SCMP*, 20 December 2004, p.11). But despite the
26
27 claim of anti-politicization, the march nevertheless attracted several political parties,
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29 including the pro-government Democratic Party for the Betterment of Hong Kong (DAB)
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31 and the more critical Liberal Party. It was also joined, somewhat ironically, by a large
32
33 number of public housing tenants who had invested in the Link Reit themselves. Echoing
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35 the organizer’s claim to protect Hong Kong’s interests, some of them admitted that they
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37 were “not very knowledgeable about politics,” but felt that as citizens they had a duty to
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39 support Hong Kong’s free-market and safeguard its business environment (*Financial*
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41 *Times*, 21 December 2004).

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45 Lo finally went ahead and filed her appeal.^{xxxv} As anxious investors awaited the court
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47 decision, more voices emerged calling for a concerted effort to rebuild trust and return
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3 Hong Kong to a “harmonious society.” Like in the later development of the Hunghom
4 controversy, comments in the major newspapers began to interpret the Link Reit saga as
5 reflecting the growth of “people power,” with citizens becoming increasingly active in
6 fighting for their rights. For its part, the government also became more vocal in its vows to
7 be accountable (*SCMP*, 17 January 2005).^{xxxvi} By the time Lo’s appeal was finally turned
8 down by the top court later in the year, the controversy had already begun to subside, with
9 the attention now turning to the re-launching of the Link Reit.
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19 Although it was obvious that the unrest surrounding the Link Reit was instigated by the
20 investors’ disappointment in losing their money, the moral claim of “protecting Hong
21 Kong’s interests” was, as in the Hunghom controversy, repeatedly invoked as a central
22 theme, with a large number of people either supporting or decrying privatization, each
23 blaming the SAR government for failing its duty to ensure the proper protection of “public
24 interests.” The widespread criticism of Lo’s action, and the eventual return to “social
25 harmony,” so to speak, is arguably yet another salient indication of the ensuing power of
26 discourse and a long-established pro-business governmentality. As in the Hunghom case,
27 the entangled meanings of the rule of law, the benevolent state and the free market – all
28 key components underlie the regime of legitimation in Hong Kong – had been unsettled,
29 but ultimately reabsorbed within a narrative of “growing civil society” that nevertheless
30 readily aligns itself with the pro-market neoliberal vision. These contradictory dynamics
31 were exemplified on a much larger scale in another, still unresolved, controversy over the
32 development of the West Kowloon Cultural Hub.
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3 **Visioning A Cultural Hub for Asia's World City: The Controversy over the**
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5 **Development of West Kowloon**
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10 The idea of creating a special cultural district for Hong Kong was first conceived in 1996
11 by the Hong Kong Tourist Association.^{xxxvii} It was reintroduced with a much expanded
12 scope by the SAR Chief Executive in 1998 – a year after the handover and at a time when
13 Hong Kong was struggling with an unexpected economic fallout along with a declining
14 property market. The stated goal of the ambitious new scheme, which involved building a
15 series of world class museums and cultural venues on an expansive, newly reclaimed
16 waterfront site, was to provide the necessary hardware for Hong Kong to become a
17 leading international arts and cultural centre^{xxxviii} (HKSAR Government, 1999). In
18 conjunction with several new infrastructure projects, including the Cyberport and the
19 Hong Kong Disneyland, the West Kowloon Cultural Hub was intended to boost the city's
20 economic competitiveness and induce optimism for the future.
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34 In an effort to promote the project, the Government launched an international competition
35 for the design of the hub in 1999. Nine months later it announced that the first prize went
36 to the British architect Norman Foster, who had already built the much-acclaimed Hong
37 Kong Shanghai Bank headquarters and the new Hong Kong International Airport (*Hinge*,
38 2002, pp.48-68). Foster's design featured the world's largest glass canopy, which would
39 cover the entire cultural district along an extensive harbourfront promenade. The jury
40 praised the project for its potential to bring about an "urban miracle" by giving Hong
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3 Kong a spectacular icon -- one that was “progressive and well suited for Hong Kong’s
4 image in the 21st century” (*Hong Kong Imail*, 1 March 2002).
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9 Despite it’s wide publicity, the competition, much like many previous government
10 projects, did not aroused much excitement among the Hong Kong public, and in the years
11 that followed the proposals gradually faded away from the limelight. The turning point
12 that marked the beginning of the controversy came in September 2003, when the
13 government announced that it would, in a break from tradition, invite private developers to
14 finance, construct, and operate the entire project, including all of its cultural facilities
15 designed for public use. The move was explained to be in line with the SAR government’s
16 philosophy of “small government, big market,” where the private sector was needed “to
17 step in and provide services traditionally paid out of public funds”^{xxxix} (*SCMP*, 18 March
18 2002, p.4). In addition, to combat the ongoing problem of “piecemeal development” and
19 ensure the integrity of the architectural design, the entire project would be offered to a
20 single developer that would assume management of the hub for thirty years (*SCMP*, 8
21 September 2003, p.14; *Financial Times* 5 September 2003).
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37 Although the idea of corporate operation of cultural facilities was posed as an innovative
38 initiative (and one that clearly in line with the neoliberal market-driven model), it was in
39 fact an extension of a long-established “partnership” practiced between government and
40 big businesses in urban development.^{x1} But as discussed earlier in Hunghom case, the
41 assumed separation of the public and private sphere, whereas the government was
42 expected to take care of all civic works and public amenities while leaving private
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3 corporations to freely (and rightfully) pursue their profits, had been unsettled in the
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5 cultural hub proposal. The perceived breaching of private interests into the “public
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7 domain” had once again raised the specter of “collusion.”
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11 The news of privatizing the cultural hub thus triggered a stream of negative responses. The
12
13 most vehement came from the local arts communities, who warned that commercial
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15 interests would turn the hub into a “big cultural IBM” or “Microsoft in the arts” a de facto
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17 cultural monopoly that would only stifle the development of local arts (*Financial Times*,
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19 22 September 2003, p.4). This view was shared by several professional groups, including
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21 the Hong Kong Institute of Architects, which criticized the glass canopy as an
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23 unnecessary and wasteful icon, and that it was wholly illogical that the project had to be
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25 handed to a single developer simply because of this design feature (*SCMP*, 24 September
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27 2003). Another line of complaints came from environmental activists, including most
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29 notably the People’s Council on Sustainable Development. Referring to the future West
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31 Kowloon as a “developers colony,” it urged the government to provide an alternative plan
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33 that would ensure wider public participation to safeguard Hong Kong’s interests
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35 (*Financial Times*, 22 September 2003, p.4).
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39 The growing disquiet against the government’s “succumbing to private interests”
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41 prompted several senior officials to step out to defend the proposal. The Chief Secretary
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43 asserted that West Kowloon was not a commercial development and that it was not
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45 intended to cater for the developers but the larger Hong Kong public” (*SCMP*, 28 October
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47 2003, p.4). Another spokesperson from the Housing, Planning and Lands Bureau gave
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3 further reassurances that the government would retain the full power to control the project,
4 including setting up detailed binding requirements which the developers must comply with
5 in order to protect the larger interest of Hong Kong (*SCMP*, 28 October 2003, p.4).

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8 But the government's pledges to be tough with the developers were unable to deter
9 continuous criticisms. This included, ironically, those coming from small and medium
10 sized property developers, who saw the proposed single-developer approach as
11 fundamentally unfair because it only favored big development firms^{xii} (*SCMP*, 14
12 November 2003, p.3). Not long after, attacks were launched by the Association of
13 Chartered Certified Accountants after it discovered that the government had breached its
14 own accounting rule by seeking to push the project ahead without bypassing the funding
15 approval process in the Legislature Council.^{xiii} Legislators also criticized that it was also
16 trying to skip the scrutiny of the Town Planning Board by specifying all areas of the hub
17 as "other uses" on the zoning plan^{xiii} (*SCMP*, 18 November 2003). These complaints soon
18 triggered a new wave of protests, this time including those of the civil servants
19 themselves. "The plan was very dangerous," commented one unidentified official, "The
20 rule of the game was designed to bypass all the monitoring mechanisms that left us unable
21 to have any checks and balances" (*SCMP*, 17 November 2003, p.1).

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39 The explosion of discontent around this project, which started out so innocuously, raised
40 puzzling questions: Why was the SAR government so fixated in pursuing this proposal,
41 and why did it insist on this particular funding approach?
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3 The flash point of the saga was the idea that the entire cultural hub would be privatized
4 and built by a single developer. If West Kowloon was yet another government funded
5 development, it would arguable have gone ahead without being questioned. To explain the
6 rationale behind the new approach, it must be considered with regards to other
7 components within the discourse of the benevolent state: While it was expected to
8 orchestrate welfare and all aspects of public works, the government was also supposed to
9 be “efficient,” “prudent,” and “small.” From this perspective, the privatization of West
10 Kowloon then appeared to carry many potential benefits: It could encourage
11 “entrepreneurship in the arts,” allow for the “flexibility” and ingenuity of private
12 businesses to thrive, and at the same time avoid adding any expenditure to the government
13 which had been struggling with a huge budget deficit. The project could thus be seen as
14 bolstering the position and legitimacy of the SAR government. And yet, as discussed
15 earlier in the Hunghom case, there is a deep irony in the government’s continual emphasis
16 of their laissez-faire credentials and their simultaneous paternalistic involvement in Hong
17 Kong’s housing development. Despite its ideological commitment to “positive non-
18 intervention,” the West Kowloon case can be seen as yet another – but more explicit –
19 example of the government’s consistent and heavy intervention in the economy and the
20 built environment.
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41 In June 2004, the tender phase for West Kowloon came to a close. As expected, there were
42 only a few submissions, four of which came from Hong Kong’s most powerful
43 developers.^{xliv} Yet, there is one unexpected, and indeed, ironic result: Two out of the five
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3 bidders decided to scrap Foster's canopy – the supposedly most important design feature
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5 that was said to be the key reason for adopting the single-developer approach.
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9 As the bid phase of the project continued to unfold, the government suffered further
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11 setbacks as the Legislative Council passed a motion for a full review of the legality of the
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13 single-developer approach.^{xiv} Soon after, a demonstration was organized to protest against
14
15 the lack of public consultation and the “collusion” between the government and big
16
17 businesses (*The Standard*, 23 December 2004). Like in the Hunghom and the Link Reit
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19 controversies, the government's supposed commitment to “benevolence” and the “free
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21 market” was increasingly brought into doubt, with criticisms increasingly shifting to the
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23 lack of transparency in its handling of property deals, and the issue of “collusion” came to
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25 the fore over and over again.
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29 In light of the project's floundering momentum, the government eventually decided to
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31 further extend the public consultation period. At the same time, perhaps to the delight of
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33 many critics, it also began to reposition itself and to try to bring opposition groups onside
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35 by involving them as “strategic partners” for planning a “different and better future” for
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37 the cultural hub. Indeed, as revealed in the later updates on the project, the government
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39 has all but completely backtracked from its original position. The project has now reverted
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41 to the “normal approach” to development. In other words, the cultural facilities will likely
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43 be built and managed by the government and the commercial areas sold to the property
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45 firms. The fact that Hong Kong's economy recovered significantly after the height of the
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47 controversy, and that government spending was under less pressure made this decision
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3 easier. Indeed, this direction also helps to retain the “double myths” of Hong Kong: that of
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5 the benevolent state, and the competitive free markets, and thereby restores “social
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7 harmony,” so to speak. The fact that West Kowloon has already begun to proceed along
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9 these lines reveals how intrinsic historical discourses are tied to the regimes of legitimacy,
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11 and how their trajectories continue to shape political and social practices within the
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13 neoliberal restructuring process of the present.

14 15 16 17 18 19 **Conclusion**

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24 The three controversies examined in this paper together illustrate the ways in which the
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26 change in sovereignty and the economic malaise that coincided in Hong Kong’s post-
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28 handover period prompted the new SAR government to derive new strategies to assert its
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30 legitimacy. One of these strategies was the push for privatization of its public property
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32 assets, where the government attempted to portray an image of being “lean” and
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34 “efficient” by reducing public expenditure. While the rhetoric of “small government, big
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36 market” arguably aligns with the emerging neoliberal logic with a general emphasis on the
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38 retreat of the state, the ways in which privatization was promoted and implemented, and
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40 the reactions it generated in the populace indicates peculiarities that can only be explained
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42 in light of Hong Kong’s history of development, which gave rise to particular discourses
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44 about the roles of the market and government, the private and public spheres, and the
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46 regimes of rights and obligations.
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3 By examining the dynamics played out in the three controversies, I have also attempted to
4 illustrate how aspects of neoliberalism, in particular free market ideology and non-
5 interventionist government, have in fact long been incorporated into the discourse of
6 development in Hong Kong. At the same time, this ideology was unusually intertwined
7 with a marked paternalism combined with a discourse of a benevolent state, where the
8 colonial government provided a safety net for the working class thereby instilling a strong
9 sense of collective upward mobility. This combination, which has its basis in the marriage
10 of market liberalism with a lack of political participation, has emerged as a particular
11 mode of governance in which individuals are encouraged to participate in a highly pro-
12 business environment through entrepreneurial and speculative activities.
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25 Arguably, this governing strategy can also be seen as part of the attempt by the British
26 administration to retain social peace and boost legitimacy in a colonial city-state facing
27 constant threats of unrest. In the post-handover period, the SAR government attempted to
28 build on these past policy practices. However, the changed circumstances in the period,
29 particularly in respect to the loss of confidence in the economy and growing demands for
30 democratic reform, led the government's projected benevolent image to backfire. The
31 populist responses can be seen therefore as a potentiality in which the crack in the colonial
32 discourse was brought to the fore.
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43 The outburst of demand for a more responsible government and the growing frequency of
44 people taking to the streets have also unsettled the long-held perception of "harmonious
45 Hong Kong society." The phenomena has been seen by many local critics as a sign of a
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3 growing “people power,” where a formerly docile, apolitical population is becoming
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5 increasingly vocal and reflexive. However, a closer examination of how the three stories
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7 unfolded seems to indicate that this is far from an evolutionary development of democratic
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9 aspirations that was often believed to be a natural outcome of decolonization. Indeed, what
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11 they indicate is an exception in which Hong Kong’s historical practices shaped a very
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13 different experience. In each of the three cases, the government’s subsequent backtrack to
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15 “business as usual” appears to have calmed the supposedly insurgent populism,
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17 underlining the linkage between neoliberal logic, welfarist claims, and Hong Kong’s
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19 ambitions to be a leading world city. It also illustrates the ways in which public activism
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21 in the post-handover period is itself closely connected and often confined to the
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23 hegemonic discourses of Hong Kong’s colonial past. The rise of “people power,” seen this
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25 way then, is not so much an exception, but rather a continuation of the normalized course
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27 of Hong Kong’s political and social practices.
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34 ⁱ See Ong’s ethnographic case studies in which she explores the condition of neoliberal exceptions
35 in a variety of contexts in Southeast Asia. In *Neoliberalism as Exception*, 2006.

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37 ⁱⁱ Here Plehwe *et al.* are referring to Peter Haas’ concept of “epistemic communities,” which has
38 helped inform their analysis of the ideational aspects of neoliberal hegemony. See Plehwe *et al.*,
39 p.3.

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41 ⁱⁱⁱ Also known as the HKSAR Government -- the new administration that was established in 1997
42 after the return of Hong Kong to Chinese rule.

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44 ^v The analysis of the cases in this paper is primarily based on reading over six hundred newspaper
45 articles from major Hong Kong newspapers published during this period. Although only a limited
46 number of references are explicitly cited, the full range have informed my narrative of the three
47 controversies as well as the lens through which I have tried to understand the shaping of public
48 discourse around privatization in post-handover Hong Kong. Although no formal interviews were
49 conducted, the framing of this analysis has also benefited from my involvement with civil society
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organizations in Hong Kong during this time and my interaction with some of the people involved in these controversies

^{vi} A survey of the editorials and commentaries in the major Chinese and English language newspapers throughout 2003 and 2004 illustrates this growing belief in Hong Kong's new civic-consciousness. For a discussion of the growth of participatory politics and the issues that have attracted increasing public debate in the posthandover years, see Christine Loh, *Participatory Politics: Civic Engagement in Hong Kong*, 2004.

^{vii} The most dramatic expression was the mass rally on July 1, 2003, when more than half a million Hong Kong citizens took to the street to protest against the proposed national security bill and the general poor performance of the SAR administration. For a discussion of the changing attitude towards politics and the growth of protest movements from the years leading up to Hong Kong's handover and afterwards, see Ming K. Chan and Alvin Y. So, *Crisis and Transformation in China's Hong Kong*, 2002; and Mathews *et al.*, "Rejoining the Nation: Hong Kong, 1983-2006," 2008.

^{viii} For a critical discussion on the postwar economic development in Hong Kong, see Castells *et al.*, 1990; and Castells, 1992.

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^{ix} Although this is a common perception, a closer look at Hong Kong's earlier history shows that there had been many protests and strikes throughout the colonial period. Nevertheless, these incidents have become less pronounced from the 1970s onward along with rapid economic growth. For a discussion of the history of social unrest in early Hong Kong, see Tsai Jung-fang, *Hong Kong in Chinese History, Community and Social Unrest in the British Colony, 1841-1913* (New York: Columbia University Press), 1993. For an example of the kinds of arguments that support the contemporary perception of "harmonious" social fabric of Hong Kong, see Lau Siu-kai and Kuan Hsin-chi, *The Ethos of the Hong Kong Chinese*, 1988.

^x This success story is often discussed in conjunction with other newly industrialized countries in the Asia Pacific Region, including Taiwan, Singapore and South Korea (the so-called "Asian tigers"), which all underwent significant improvement in overall economic conditions in the 1970s and 80s.

^{xi} These also include a comprehensive system of education, public health, subsidized mass transit, social services, and subsidized foodstuffs. See Castells *et al.*, 1990; and Castells, 1992.

^{xii} Mark T. Berger notes that although development state theorists have offered important insights on East Asian economies, it is increasingly clear that many of their views also share key assumptions with neoliberalism, as both tend to adhere to a rather technocratic and ahistorical interpretation of society. See Berger, "The Neoliberal Ascendancy and East Asia," 2006, p.106.

^{xiii} The PSPS and HOS schemes were conceived as part of the Ten Year Housing Program implemented in 1973 under the administration of the then Hong Kong Governor MacLehose. Under these two programs, land was granted by the government to developers or contractors for construction of the flats. The Housing Authority -- the quasi government agency in charge of renting and selling public housing -- would then guarantee to buy back all the units at a pre-set price after completion and sell them as subsidized housing to the public.

^{xiv} This would include providing a total of 85,000 flats per year of which 50,000 units would be built under the HOS and PSPS programs. Note that the government's plan to increase the homeownership rate included the production of housing in both the private and public sectors.

^{xv} Property prices had declined dramatically, sometimes as much as 60% or more. See La Grange 2003, p.28.

^{xvi} For a discussion of the social and economic functions of the property market, see Bob Jessop and Ngai-Ling Sum, "An Entrepreneurial City in Action," pp.2287-2313.

^{xvii} Thereafter, sales would be restricted to 9,000 flats a year until 2005/6. In 2002, the government announced that subsidized homeownership flat production was to be reduced to "the minimum required to provide insurance against unforeseen changes in the economic situation. Instead adequate loan finance will be made available to allow eligible households to purchase flats in the private sector. The benefits to the families concerned will be paralleled by the benefits to the public purse." HKSAR Government, Policy Address, 2002.

^{xviii} The SAR Chief Executive Tung Chee-hwa was the former CEO and chairman of Overseas Orient Container Lines (OOCL), a major global shipping company which his family controls. Aside from being one of the major Hong Kong corporations, it is also perceived to have strong connections with the Mainland Chinese government. For a discussion of the criticism of Tung's policies and his skills of governance, see Ming K. Chan, "The SAR in Flux," 2002.

^{xix} The environmental activists, led by The Society for the Protection of the Harbour, had just recently stopped a major reclamation proposal by the government. In this controversy, half of the proposed reclamation for the Central-Wanchai Bypass was stopped through a court challenge, while the other half was allowed to proceed through a legal technicality. The issue of upgrading and protecting Victoria Harbour has been a major rallying point for activists in recent years.

^{xx} The developers also claimed that they would reuse 95% of the construction materials in construction works in Mainland China. In addition, new measures would be set to reduce noise and air pollution to safeguard the well-being of neighboring residents. *SCMP*, 17 January 2004, p.17.

^{xxi} Indeed, moral education for the young generation has always been a consistent focus in the campaigns of FOE, which regularly orchestrates school children to protest against environmental injustice with the aim to "touch the heart" of the public.

^{xxii} See Plehwe *et al.*'s discussion on the role of NGOs and "private authorities," in "Reconsidering Neoliberal Hegemony," p.16.

^{xxiii} Among these were the Hong Kong Institute of Architects and Hong Kong Institute of Planners, both of which strongly criticized the planning and design aspects of the cultural hub.

^{xxiv} Under the Environmental Impact Ordinance, only new construction projects which have been gazetted and are of sufficient scale are required to conduct an environmental impact assessment.

^{xxv} A land premium is paid based on the difference of value between clear land and land in its proposed use (or between its original use and proposed use if it is an upgrade to an existing

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4 property). But this land premium is subject to individual negotiation with the government. This
5 raises the question of what level of return has been assumed to be “normal” for property
6 developers, since their profitability (in a general sense) can be set by the government. The effect of
7 this (along with the government’s control of new land supply and provision of public housing) is
8 that the market that developers encounter and the market activities they undertake are significantly
9 determined by their relationship with, and influence on, the government.

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11 ^{xxvi} A Reit is a special purpose investment company set up to hold property assets on the behalf of
12 the investing public. Long popular in the United States and other countries, the Link Reit was to be
13 one of the largest in the world, and the first launched in Hong Kong.

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15 ^{xxvii} As mentioned earlier in the Hunghom case, the Housing Authority is the quasi government
16 agency in charge of the renting and selling of public housing in Hong Kong and its associated
17 supporting amenities and infrastructure.

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19 ^{xxviii} This included a total of one million square feet of retail space (151 shopping malls) and
20 79,000 parking spaces.

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22 ^{xxix} Hong Kong has historically gone through multiple periods of highly speculative activity in the
23 stock and property markets. In the case of the Link Reit the public and institutional investors were
24 so certain of immediate gains, that they had pledged to buy 120 times the shares that were actually
25 on offer. Hence their ire when Ms. Lo put a spanner in the works.

26
27 ^{xxx} The underwriters of the deal returned 1.67 billion U.S. dollars to 510,000 small investors and
28 1.28 billion U.S. dollars to institutional investors. *Deutsche-Press-Agentur*, 20 December, 2004.

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30 ^{xxxi} One of the two legislators was the outspoken media critic Albert Cheng, who had written a
31 series of high-profile commentaries in major newspapers about the case.

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33 ^{xxxiii} The SAR government was severely criticized for undermining judicial independence in several
34 cases in the years following the handover. These include most notably the reinterpretation of the
35 right of abode for Hong Kong residents’ mainland children, and the Chief Executive’s open
36 condemnation of the Falun Gong. See Ming K. Chan, “The SAR in Flux,” p.7.

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38 ^{xxxiv} One of the investors filed a claim seeking \$3,848 (US\$493), which covered potential profits
39 from the 1,5000 Link units he bought and transport expenses related to the purchase. The other
40 investor claimed compensation of \$1,992 (US\$255), which covered potential profits from 500
41 Link units he bought and one working hour he lost when buying them.

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43 ^{xxxv} The delay of Lo’s appeal was due to a rejection by the government of her application for legal
44 aid – a move that incited another round of criticism of the government in the media. After being
45 given an extension for her appeal period, she was finally granted the aid with a second application.

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47 ^{xxxvi} This is most notably represented by the Chief Executive who spoke strongly against “collusion
48 between business and government” while citing concerns regarding the erosion of Hong Kong’s
49 free market. See *SCMP* 17 January, 2005.

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51 ^{xxxvii} The original suggestion by the former Hong Kong Tourist Association was to create a series
52 of events venues on part of the newly completed West Kowloon reclamation. Details of the
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4 original concept of the cultural hub were released in a separate report by the SAR government in
5 1999.

6 ^{xxxviii} Under the new plan, the area of the hub was increased from the original proposed 5.5 hectares
7 to the entire 40 hectares of the reclaimed site.

8 ^{xxxix} Also see “West Kowloon Cultural District Project to Bring Long-term Benefits to Hong
9 Kong,” *World News Connection*, 5 September 2003.

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11 ^{xl}For a discussion on the relationships between government and business, see Leo Goodstadt,
12 *Uneasy Partners: The Conflict Between Public Interest and Private Profit*, 2005; Lui, “How a
13 fragmented business-government alliance has helped change Hong Kong’s political order,” 2008;
14 and Webb, “Why You Should March for Democracy,” 2004.

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16 ^{xli} Under the government’s “joint guarantee” arrangement, small developers were allowed to take
17 part in the West Kowloon development in the form of a joint venture. But many developers were
18 upset with this rule, which required every partner to be held equally liable regardless of the size of
19 their investments.

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21 ^{xlii} Since all the works in the West Kowloon development were not classified as “public works” but
22 “facilities to be used by the public,” and because they involved no government expenditure, they
23 did not have to obtain the Legislative Council’s Finance Committee’s approval – a procedure
24 normally required for all government capital projects in Hong Kong.

25
26 ^{xliii} The Town Planning Board is a monitoring body made up of government officials and outside
27 professionals. Appointed under the Town Planning Ordinance, the board’s primary role is to
28 review and grant approvals for all planning projects in Hong Kong.

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30 ^{xliv} The five bidders include World City Culture Park (Henderson Land Development), Swire
31 Properties, Dynamic Star International (a joint venture of Cheung Kong Holdings and Sun Hung
32 Kai Properties), Sunny Development (a joint venture of Wharf Holdings, Sino land, Chinese
33 Estates and Ka Wah) and individual bidder Lam Sze-tat.

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35 ^{xlv} In this motion, the consultation period for the project, which began in January 2005, was
36 proposed to be extended from 3 to 6 months.

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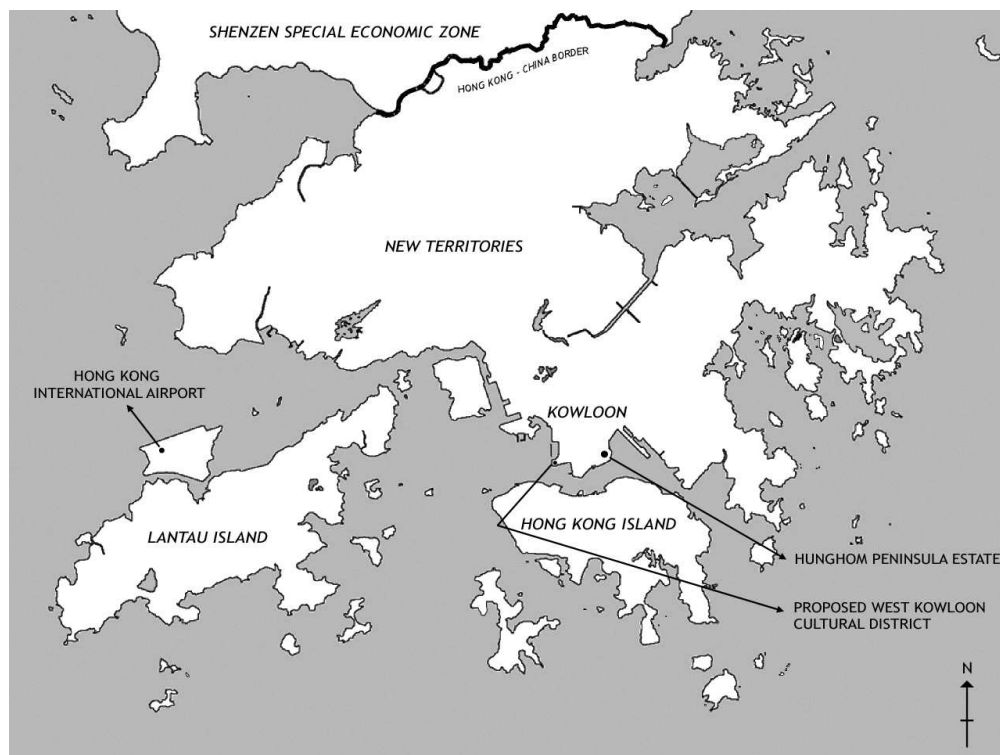
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Map of Hong Kong
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