

**WHO RULES THE ROOST IN HONGKONG:
THE GOVERNMENT; OR, THE ELITE OLIGARCHIC SET ?**

The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) is controlled, to a very great extent, by a handful of well-entrenched businessmen – the elite oligarchic set of the territory.

Each member of this oligarchic set is a multi-billionaire in any currency one may choose to use as a yardstick of wealth.

Because the financial power of the territory is controlled so closely by this elite oligarchic set, it has the ability to persuade the HKSAR Government to do its bidding when needs be such.

A number of the members of this elite oligarchic set is known – and it has been proven to have been so – insider traders in respect of one or more of the publicly listed companies that he or she controls, directly or indirectly, in the HKSAR at the time that it was not a criminal offence to indulge in such activities.

When the First Chief Executive of the HKSAR, Mr Tung Chee Hwa (), tried to rule the roost, it was well known that because of pressure, brought to bear by some of the members of this elite oligarchic set, he determined to delay the passing of at least one piece of important legislation.

But, by dint of procrastination, Mr Tung Chee Hwa managed to do the bidding of the elite oligarchic set only too often to the detriment of the man-in-the-street.

Each and every member of this elite oligarchic set is close to the powers-that-be in Beijing, the seat of power in the PRC, proper, being distinct and separate from the HKSAR.

Prices of newly completed residential properties, as well as the prices of staples, purchased in most supermarkets, the prices of motor vehicles, commuter transportation costs, and even down to the cost of a bottle of vitamins, bought at pharmacies across the territory, are controlled, one way or another, by this elite oligarchic set.

There is no Capitol Hill in the 416 square miles that constitute the sovereign Chinese territory of the HKSAR as there is in United States of America, but there are ways to lobby support for a project from certain parties, close to the governing power of the day, thus oiling the wheels, so to speak, and making things happen to the benefit of the lobbyists and, of course, the éminences grises who finance the lobbyists's activities.

All of the above is well known by quite a number people, who are not members of the elite oligarchic set, but it is considered impolite that such matters be discussed, or even articulated in public, although, from time to time, such articulation finds its way into the so-called, Yellow Press of the territory.

Because it is published in such media, it is pooh-poohed, with the elite oligarchic set members, making statements to the effect: *'What can one expect from sensationalistic rags!'*

The elite oligarchic set, naturally, makes it well known that no advertisements should be placed in any medium that is not friendly to its members.

It is said that the United States of America has the most-advanced economy in the world, the most-advanced military machine in the world, the most-advanced technology in the world ... and the most-advanced oligarchy in the world.

TARGET () would subscribe to all of the above with the exception of the United States of America, having the most-advanced oligarchy in the world.

Because that title must be held by the elite oligarchic set of the HKSAR.

The combined wealth of the members of the HKSAR elite oligarchic set is in the trillions of US dollars, each member, being known to be among the 100, richest people in the world.

To put a figure on the combined wealth of the HKSAR, elite oligarchic set would be almost impossible, but the fact that each member is known to be inordinately financially powerful is sufficient to cause just about any member of the HKSAR Government to agree to grant an audience with any of its members for fear of the consequences should the set member feel slighted and make this known up the pecking order to the seat of power at Lower Albert Road, the home of the Chief Executive.

Or, worse still, to somebody even more powerful in Beijing.

It is an accepted fact that, in primitive societies, political power was equated with violence.

Myanmar, Malaysia, India, Laos, Thailand, Sri Lanka, Fiji, etc, are proof positive of this axiom although each one of these societies would cringe and yell, '*foul!*' to be labelled as a primitive society.

In some societies, of course, actual violence is not required in order to keep absolute control of the government and the human population, provided that the threat of violence can be manifested from time to time.

Thailand is known, for instance, over the past 5 decades or so, to have used the weapon of military coups to topple the respective governments of the day without having to resort to killing too many people, publicly.

In the more-advanced societies of the world, today, those that are, still, not well developed, especially in emerging markets, political power is equated and transmitted via wealth.

Sometimes, bribery and kickbacks to members of the ruling government of the day are employed in order for the wealthy to become even more wealthy – more often than not at the expense of the poorest members of society, even down to the unfortunate mendicancy.

In the HKSAR, lobbying and/or making '*contributions*', which may be in the form of seemingly charitable works, or donating gifts to the PRC Government for its use in the HKSAR, seems to work, but the old-fashioned ways are still employed, too.

But there is an interdependent agency of the HKSAR Government, known as the **Independent Commission Against Corruption (ICAC)**, and members of this organisation have been known to make life difficult for those members of the elite oligarchic set, or their underlings, to employ the old-fashioned methods, such as filling bags with thousand-dollar bills.

What Is Good For The Oligarchy Is Good For You!

It is generally held by those members of the HKSAR society, who find it difficult to think, rationally, or even think at all, that the elite oligarchic set employs (and deploys) its financial resources for the benefit of the HKSAR society, generally.

What is good for the elite oligarchic set, therefore, is good for the general population of the 416 square miles that constitute the HKSAR.

However, when a young mother of a newly born baby goes to obtain milk powder, vitamins, diapers, talcum powder, etc, or visits one of the 2 major supermarkets of the territory in order to purchase staples, she is paying, more often than not, a hefty premium for the goods over the retail prices of the same (or similar) goods, sold in most other parts of Asia or even in North America.

The prices of the goods that she purchases are fixed by corporate entities, controlled by the elite oligarchic set, for the most part.

There are no controls over prices in the territory and it is held that laissez faire is the best policy, allowing the consumer to control the prices at the marketplace.

But in a territory, the size of the HKSAR, where quasi-monopolies and absolute monopolies abound, the consumer is at a decided disadvantage, being forced to pay what is demanded by the monopolies, nearly all of which are controlled by the elite oligarchic set, one way or the other.

This situation is quite likely to set the stage for the time when a financial Armageddon will rain down on the HKSAR and cause massive disruption to the economy.

The lack of controls of the quasi-monopolies of the HKSAR, or even the Government's benign acceptance and/or promotion of monopolistic tendencies among the elite oligarchic set, is one of the root causes of constructive inflation in the territory because, as prices of consumables and housing rise, the effect of these increases cascades down to employers who must increase wages, salaries and labour's perquisites in order to meet the demands of the day.

In the United States of America, the lack of effective US Government policies, aided by the powerful US oligarchs that assisted and fanned the embers of the US Government's many failures, was the root cause for the near utter destruction of the largest and most-advanced economy of the world.

The US Government, constructively, exported its problems to every economy of the world because, as the trite expression goes, when the US economy catches a cold, the world comes down with pneumonia.

Some of the factors that contributed to the rapid contraction of the US economy, leading to the present recession, which is the worst since the 1929 depression, included:

1. Excessive borrowing by consumers and households;
2. Lax lending standards, especially by fringe financial institutions in the US, at first, which, then, were exported, round the world;
3. The US housing bubble, leading to the securitisation of what became worthless '*paper*', '*paper*' which was supposed to represent bricks and mortar in another form, '*paper*' that could not be read or fully understood because it was written in highly technical legalise and, because it was so voluminous, few people bothered to try to decipher it; and,
4. The US Government's myopia when it was warned that if it did not take action, financial Armageddon was at hand.

The former Chairman of the US Federal Reserve, Dr Alan Greenspan, warned, on many occasions, of the housing bubble and its likely effects on the entire economy, but to no avail.

Today, some people hold this celebrated economist to be more than partially responsible for the near demise of the US economy.

To **TARGET**'s thinking, this is totally unfair.

When the US Government came to the realisation of what it had done, or failed to have done, it was too

late.

The world, today, is suffering the results of the lack of nous and perspicacity of the Administration of President George W. Bush.

One cannot blame President George W. Bush for the situation that transpired, during his reign as the most-powerful man in the universe, because he is not an economist and knows little about business or has even a working knowledge of most other disciplines, notwithstanding baseball, of course.

During the early halcyon days when The Bush Administration was firmly entrenched in The White House, it appeared that everybody in the US was getting richer and richer; and, it was held that gold could be found, littering every street corner of Upper Manhattan, if one looked hard and carefully enough.

Even when things started to become sour in the US economy, The Bush Administration, repeatedly, stated that the US economy was '*fundamentally sound*'.

Nothing could have been further from the truth.

The US economy depended, heavily, on economic growth, especially in respect of real estate and finance.

Few people on Capitol Hill questioned, or even were imbued with the incentive to examine, the quality of the economy of The Land of The Free and The Home of The Brave.

So, when President George W. Bush claimed that the US economy was in '*good shape*' and was '*fundamentally sound*', people applauded him.

In the words of one elderly lady for Louisiana: '*My President is keeping me safe; and, he is looking after the economy for me.*'

Where ignorance is bliss, 'tis folly to be wise.

Again: Nothing could have been further from the truth.

History has proved this.

Dr Alan Greenspan was, probably, responsible for advising President George W. Bush that, in any major financial crisis, it is critical for action to be taken, swiftly and decisively.

In short, the US Government must employ an overwhelming force.

To dicker around with half measures only tends to exacerbate such a situation.

This is a similar line of thought to a competent surgeon who knows, fully well, that he must execute one precise incision in order to excise a tumour and not employ multiple incisions, the effects of which could cause complications in time.

An aspect that put the US economy well on the road to recession, an aspect that was not avoided or even considered in depth, was when The Bush Administration, in trying to deal with its financial panic, permitted more than a modicum of uncertainty to fester in the marketplace.

Wishy-washy thinking, half-measures, and adopting a policy of procrastination in order to consider, making adjustments to US Government policy, down the line, led to even more and more uncertainty.

The Bush Administration was seen to be inept to deal with the panic.

Indeed, that was the case.

The result was unavoidable: The longer that ineptitude was made manifest, it tended to drain away consumer confidence, banks became afraid to lend to banks, and, eventually, the economy started to move slower, and slower, and slower.

The US Government, then, went into financial denial.

There was a decided lack of transparency, and, more importantly, The Bush Administration was unwilling to take the powerful oligarchs to task.

Various US Government departments made secret deals with oligarchs, forcing unfortunate determinations to be made, such unfortunate determinations, down the line, came back to haunt the US Government.

The accepted belief of the day was that which was good for the powerful oligarchs was good for the country?

Therefore, The Bush Administration was careful not to upset the interests of some of the largest financial institutions of the US even to the extent of questioning their *modus operandi*.

It was, as history has proved, a tragic mistake.

Similarities With Hongkong

There are so many similarities between the factors that helped to bring about the recession in the US and the present stumbling economy of the HKSAR that one would have to be almost blind not to realise it.

Whereas, the old Hongkong, as a British Colony, was held out to be the last bastion of free enterprise in the world, today, the Chief Executive of the territory, Mr Donald Tsang Yam Kuen (), talks about how Beijing has come to the assistance of the territory in its hour of need.

HKSAR unemployment levels are rising smartly, credit remains tight, many factories on the Mainland, owned by businessmen of the HKSAR, especially in the Guangdong Province, have closed their doors for good, for the loss of many tens of thousands of workers, and school-leavers of the HKSAR cannot find work.

The stage is being set for civil unrest should there be a serious incident.

Already, there have been numerous protests over the tens of billions of dollars that have been lost in the Lehman Brothers, mini-bonds fiasco.

Those were the bonds that were sold by entrenched HKSAR banks, some of which are beneficially owned by members of the HKSAR elite oligarchic set, and some of which are owned and controlled by oligarchs from Singapore, Malaysia and other Asian countries.

The HKSAR Government was forced to intercede in this matter due to the hue and cry from many people who lost most of their savings.

Some of these people could neither read nor write, while others, it was claimed, were said to have been asked to sign pieces of paper, the contents of which were never explained to them.

The attempted privatisation of PCCW Ltd () by Mr Richard Li Tzar Kai (), the son of Mr Li Ka Shing (), one of the wealthiest men in the territory, was another situation in which, due to public pressure, the HKSAR Government was forced to intercede via The Securities and Futures Commission.

Nothing is more precious to most people than their money, their homes, their loved ones.

Any attack, direct or indirect, on any of these '*citadels*' can well result in demonstrations of one kind or

another – and such demonstrations can easily turn nasty.

It is well accepted that the Chief Executive of the HKSAR is merely a puppet of Beijing, his job, being to maintain the status quo.

In the days of the First Chief Executive, Mr Tung Chee Hwa, it was seen that he was unable to keep the peace and, on one occasion, more than 500,000 people took to the streets of the territory in a peaceful demonstration of their distrust for the Administration of the Chief Executive.

In the case of Mr Tung Chee Hwa, it was well known that, should a member of the elite oligarchic set complain about a proposed new law, one that could affect the pocket of the oligarch, then, it was quite possible for there to be a compromise reached, delaying the passage of the new law.

In the days of Mr Tung Chee Hwa, it was important that the Administration should not rock the HKSAR 'boat'.

In the case of current Chief Executive, Mr Donald Tsang Yam Kuen, it is a matter very similar to those events that took place at The Battle of Copenhagen (1801) when the second-in-command to Admiral Sir Hyde Parker, a brilliant naval officer by the name of Horatio Nelson, was said to have put his telescope to his blind eye so that he could not read a message from his Admiral to withdraw.

In short, Mr Donald Tsang Yam Kuen sees nothing, hears nothing and, therefore, without explicit instructions from Beijing, there is no reason for concern.

But the cancer is not cured; the tumour continues to grow and its cells to multiply; the cells continue to multiply with the passage of each and every day.

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