

DER MENSCH DENKT, GOTT LENKT

The old German proverb, 'Der Mensch Denkt, Gott Lenkt', translates into English along the lines: 'Man Proposes, God Disposes'.

Today, in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), this is a very apt description of what is happening – because it is only too clear that 'Big Business Proposes, and God (the Chief Executive or his favourite sons) Disposes'.

To support this suggestion is the very interesting situation, which took place last May 4 when the HKSAR Government decided to extend the ban on the issuance of new, Fixed Telephone Network Services for another 4 years.

There are, at present, a total of 4 companies with valid licenses, issued by the Government of the HKSAR, to operate Fixed Telephone Network Services. These companies are:

- Hongkong Telecommunications Ltd;
- New T and T Hongkong Ltd;
- Hutchison Telecommunications Ltd; and,
- New World Telephone Holdings Ltd.

So, for the next 4 years, the above-named Fixed Telephone Network Service providers are assured that there shall be no further competition.

They shall have a clear field.

'We (the Government of the HKSAR) believe that if we want to provide competition in the shorter part of time, it is better to encourage the existing FTNS (Fixed Telephone Network Service) operators to extend their network,' according to Mr Kwong Ki Chi, Secretary for Information Technology and Broadcasting for the HKSAR Government.

An interesting approach to a new, exciting economic philosophy, no doubt.

Secretary Kwong Ki Chi (in the US, today, one is considered impolite to call your secretary a secretary. The correct term, today, is 'Administrative Assistant') went further when he explained that, by not issuing any new Fixed Telephone Network Service licenses, it would mean that the existing operators would have to extend their present services in order to compete, more aggressively, among themselves.

At this time, 'Administrative Assistant' Kwong Ki Chi explained, Hongkong Telecom has about 97 percent of the HKSAR market, in this field.

Further, it would appear, according to 'Administrative Assistant' Kwong Ki Chi, there is no more room to install more underground cable in some parts of the HKSAR!

(The situation becomes, in the words of Charles Lutwidge Dodgson: "'Curiouser and curiouser,' cried Alice.")

The Consul General of the United States in the HKSAR does not appear to agree with 'Administrative Assistant' Kwong Ki Chi, however, perhaps because the US is of the opinion that the best controller of a free market is the market, itself.

The Consulate General is reported to have remarked, on hearing the decision of the HKSAR Government: ‘We (the US Government) believe that the best way to bring the benefits of accelerated competition to Hongkong would be to open up the market to additional qualified telecommunication companies.’

What the US Consul General, clearly, does not appreciate is that the name of the business game in the HKSAR is not, necessarily, competition, in the Nobel Prize Winner Milton Friedman sense, but a form of plutocracy whereby the HKSAR Government is bound to defend the HKSAR plutocrats against all would-be interlopers because the HKSAR plutocrats help form, and maintain, the HKSAR Government, obliquely.

Also, what the US Consul General, clearly, does not appreciate is that the following plutocrats control, directly or indirectly, the 3 operators of the existing license-holders of Fixed Telephone Network Service. They are:

Operator’s Name Beneficial Owner

- Hongkong Telecommunications Ltd; Cable and Wireless plc
- New T and T Hongkong Ltd; Mr Peter Woo Kwong Ching
- Hutchison Telecommunications Ltd; and, Mr Li Ka Shing
- New World Telephone Holdings Ltd. Mr Cheng Yu Tung

Messrs Li Ka Shing and Cheng Yu Tung are, both, large property developers in the PRC, with Mr Cheng Yu Tung, being Vice Chairman of the prestigious PRC organization, All China Federation of Industries of Commerce.

Mr Peter Woo Kwong Ching is known to be a front-runner for the position of the Chief Executive of the HKSAR, some time in the future, having been unsuccessful in his first attempt at the job. He is the son-in-law of the late Sir Y.K. Pao. He is, also, one of the richest men in the HKSAR, today.

On the same day that ‘Administrative Assistant’ Kwong Ki Chi made his historic announcement, about the HKSAR’s Government’s determination to slap a moratorium on new licenses to operate new Fixed Telephone Network Service in the HKSAR, the most important and richest man in the HKSAR was commenting on the matter.

Mr Li Ka Shing, Chairman of Hutchison Whampoa Ltd and Cheung Kong Holdings Ltd, and, by far, one of the most influential people in the HKSAR, today, urged the HKSAR Government not to issue any more licenses for Fixed Telephone Network Service operators.

He said: ‘The Hongkong telecommunications market has just opened up and is still growing. It will need another two years or three years to mature.’

Mr Li Ka Shing’s idea is that the HKSAR Government should allow the existing license holders time to get a firm footing in the HKSAR so that, in the event of there being any new-comers to the game, their position is secure.

This is not, exactly, what the free enterprise system promotes, is it?

Unfortunately for the Hongkong Standard, the English-language daily, which ran the interview with Mr Li Ka Shing, on the day that it ran the interview, the HKSAR had made its determination – in accordance with Mr Li Ka Shing’s prognostications.

Mr Li Ka Shing’s timing could not have been better!

It was, indeed, coincidental that Mr Li Ka Shing’s interview mirrored that of the HKSAR Government’s as expounded by Mr Kwong Ki Chi, Secretary for Information Technology and Broadcasting.

The situation, while it must have been purely coincidental (Mr Li Ka Shing, saying just about that which ‘Administrative Assistant’ Kwong Ki Chi said, without either gentlemen, referring to, or exchanging respective

notes on the subject), cuts swaths through the accepted principles of efficient capitalistic programmes, where free enterprise does not permit monopolistic situations.

In the tens of thousands of open vegetable markets in the HKSAR, there are hawkers, all selling bak choi, rice, oranges, and so on. In one market, perhaps 10 different hawkers, none of whom are related, are all selling identical produce, all purchased from the same wholesaler, no doubt. The same is true for pork, eggs, chickens, ducks, etc.

Nobody attempts to impose restrictions of any hawker as to what he, or she, may, or may not, sell in his/her stall or barrow.

As a result, the hawker with the best prices, does the most business.

As a result, the hawker who, consistently, cheats, or charges a price that is higher than his/her competitors, dies a natural, commercial death.

And, as a result, only the efficient hawkers are left to peddle their wares.

The open-market system appears to have worked well in the HKSAR for the past 140-odd years, and, in the PRC, it has worked well for the past 5,000-odd years.

The HKSAR Government has never seen fit, in the past 140-odd years, to control its open markets, selling produce, clothing, plastic containers, and what-have-you, along certain Hongkong streets.

And, the PRC Government has been likewise inclined not to try to control its open-market system.

For what reason, therefore, should the HKSAR Government, now, consider a change in its time-honoured policy of laissez fair – let it be done?

Is it a case of: The Plutocrat Proposes, God (the Chief Executive and his little minions) Disposes?

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