

**WOULD JOSEPH PULITZER CONSIDER
TUNG CHEE HWA FOR ANYTHING ?**

The Government of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) has announced that, henceforth, the HKSAR economy should not, may not, and can not rely on the successful economic elements of the past, those trading elements, in particular, that caused these 416 square miles to be the envy of the 'free' West.

That is the logic that Chief Executive Tung Chee Hwa promulgated, very recently, when announcing the Walt Disney-HKSAR Government Theme Park Concept Agreement for Lantau Island.

TARGET's chief financial analyst has a bit of a problem with the Chief Executive's logic -- because it tends to illustrate his profound lack of knowledge of both microeconomics as well as macroeconomics.

Which is a bit of a pity for a Chief Executive, who is responsible for the lives and economic welfare of about 7 million people.

That prices of industrial, commercial and residential properties in the HKSAR have been among the highest in the world, prior to 1997, is a matter of fact ... and of history.

It may, also, be considered a matter of some pride for the population of the HKSAR that property prices were that high because it indicates that there was a pressing, and growing, need for all types of accommodation.

It is, no doubt, trite to remind the Chief Executive that the price of property is a barometer of the strength of an economy.

If there is no monetary value for property -- as one would suppose must be the case for property, located in the middle of the Sahara Desert, where there is no water, no industry, and where nobody wants to live -- then there can be no commerce and no commercially inclined citizenry.

Which to many people must be stating the obvious.

It follows, logically, that if there is no industry in an area, then there must be a decided lack of industriousness on the part of the population of that area -- especially in an economic and cultural desert.

It follows, also, that, if there is no trade and/or industry in a region, then there can be no requirement for residential property -- because nobody would want to live in such an area. (retirement resorts, notwithstanding).

But, for a region, such as the HKSAR, a region which, historically, has relied on trade and industry to support the aspirations of its population, the booming economy, which started from about the late 1960s and rose to its height between 1996 and 1997, resulted in a huge demand for industrial, commercial and residential property.

The trading and manufacturing boom came before the rapid increases in the prices for real property: It was not in reverse order.

Ralph Waldo Emerson, an American poet and philosopher of the late 19th Century, is quoted as saying: *'If a man owns land, the land owns him.'*

While TARGET could be accused of using this quotation a little out of context, its logic applies to the HKSAR, today, as it did for the past 50 years or so.

People, who reside in a region, will, automatically, strive to own their own home if they find the territory and government compatible to their needs and aspirations.

When the late Comrade Chairman Mao Ze Tung '*liberated*' China and renamed it, the People's Republic of China, about 50,000 Chinese fled across the Hongkong-PRC border, daily, while some unfortunate Chinese people floated down the Pearl River -- belly up.

They ran from their former homeland in fear of their lives, leaving behind, in many cases, good and prosperous businesses: The land of their birth was no longer the land that they wanted to embrace under what they saw as the authoritarian rule of the late Comrade Chairman Mao Ze Tung.

Those people were running away, one may recall, from the victorious forces of the People's Liberation Army (PLA).

The PLA swept victoriously through China, forcing the Kuomintang and its leader, Generalissimo Chiang Kai Shek, to pedal away at a furious pace, or be slaughtered.

It may not be politically correct to remind some of the HKSAR moguls of this fact because many of the most popular and most respected gentlemen of the HKSAR of today were the refugees of China of yesteryear.

Or is one supposed to forget those facts of history in these days of enlightenment?

The point of all this is that trading, shipping, manufacturing and property development have, traditionally, been the '*language*' of the HKSAR; and, it is unlikely that they will not play a role -- albeit, possibly, a diminished role, compared with their past importance -- in the future success of the HKSAR.

What will, definitely, happen in the next decade or so is that the HKSAR will find itself more and more involved in the service industry as well as emphasis, being placed on the finance sector of the economy.

The service industry could be described as being enterprises where profits are derived without inventory valuations and capital consumption adjustments.

It involves, of course, tourism, among other things.

And the Walt Disney Theme Park Concept is, purely, tourism.

The finance sector of the HKSAR economy must be considered part of the service industry as well as the insurance sector.

Expansion of the HKSAR service industry will support other aspects of the economy, aspects which will emerge in the coming decades and which, today, we can hardly imagine, accurately.

But, as the service industry grows in the HKSAR, so, no doubt, will there be a resurgence of other sectors of industry with, most likely, the HKSAR, finding itself in a position to export some of its expertise.

This has already happened in the PRC, proper, where Chinese nationals are coming to the HKSAR in order to assist companies in creating new computer programmes.

With a total population approaching 7 million (mainly) ethnically Chinese people, about 35 percent of whom are males between the ages of 15 years and 64 years, they will all opt to continue to live in the 416 square miles, designated as being the demarcation line of the HKSAR from the PRC, proper; and, they will all want to improve their standard of living at the earliest possible time.

Tourism, in the past, has played an important role in complementing other aspects of the economy of the HKSAR, but it has never approached the level of importance of trade and commerce, and the HKSAR, being a service centre for international trade.

From a former producer of shoddy garments, the HKSAR emerged as a quality producer of upmarket garments, quality upmarket electronics, and now, no doubt, to a quality upmarket designer of computer hardware and software products.

But the HKSAR's '*bread and butter*' will, always, be its ability to trade and to create goods for the marketplaces of the world.

With a limited land resource, it is inevitable that prices of real property will follow the rises and falls of the economy.

But it is wrong to blame the high price of property in the HKSAR on property barons, who try to obtain the last drop of profit from real-estate developments.

Greed was the one ingredient that caused international economists to take a close look at the success of the HKSAR economic model, with the catch phrase, heard more and more often: '*Hongkong: The last bastion of free enterprise.*'

Chief Executive Tung Chee Hwa would have the world condemn the industriousness of property moguls of today and yesterday for speculating on real-estate developments, claiming that the formula for the successes of the past are unlikely to be repeated in the future.

Perhaps Mr Tung Chee Hwa has forgotten that the hundreds of billions of Hongkong dollars that flowed into the coffers of the successive British Governments of Hongkong permitted those same Governments to house more than 50 percent of the total population.

God forbid that there should ever come a time when there is not a strong and vigorous group of property developers, engaged in filling the need of those people who are desirous of owning their own homes!

God forbid that there should ever come a time when the HKSAR economy was dependent on a limited number of sectors of the economy, with emphasis on the service industry!

For Mr Tung Chee Hwa to try to make the world believe that our future is in the hands of Walt Disney and the international tourist is the height of insanity.

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