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**THE PERFORMANCE OF CITIES:
AN ASSESSMENT OF HONG KONG AND ITS FUTURE**

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A city cannot be judged in the abstract -- it must be compared with other cities. Those cities might be itself on certain dates in the past, or they could be other cities with which it is competing in some way. Comparisons with non-city, i.e., the towns, villages and rural districts with which it is strongly linked, introduce an extra set of criteria for performance.

The significance of competition must be stressed. For example, it is virtually impossible to compare Shanghai with the remaining top ten in Asia because it does not compete with them. Neither a migrant, nor a businessman, nor a tourist is offered the opportunity of choosing between them, whereas it happens every day among the others. Thus an exchange process exists not just for money, but for tourist movements, for working class migrants, for knowledge bearers, status holders, and the like. Without these exchanges we are unable to work out equivalences of value even in qualitative terms. One example perhaps will suffice: A million student years of education produced in Hong Kong and Singapore are roughly comparable in quality and content, although most observers will credit Singapore with transmitting more testable knowledge, but what can be said about Shanghai? Even if school enrollment data from within China were available, their value could not be appraised because the products of the educational system are not directly competing with the others, even in subjects important to Chinese culture.

Some restrictions must be placed upon the near infinity of possibilities remaining for comparison and judgment. Perhaps the most useful

and interesting of the principles for selection is "relevance to the future." Quite a few of the kinds of decisions made in the past will disappear henceforth and a new mix of individual, corporate, and governmental decisions will determine future development. We shall choose those comparisons which should most influence the decisions to be reached in the anticipated metropolitan milieu. Beyond those constraints upon choice is another set which attempt to separate the trivial from the fundamental -- indicators of performance which sum up in one way or another the achievements of an essential sector, a class, a category, or a specialized urban function. Such indicators may determine which city is richer, more influential in a given outside territory, more secure from violence, more attractive to immigrants, more knowledgeable, etc.

Comparisons of contemporary Hong Kong with various past states of existence are rather abundant.¹ Statistics collected by government departments to measure their achievements are the sources of information analyzed by journalists and social scientists. Independent sources of data, based upon sampling and directed toward a more fundamental understanding of urban behavior, have been initiated so recently that the benchmark publications are not yet available.²

Contemporary Assessments

When Hong Kong as an entity is compared with itself in previous years, the evidence is clear that it has had a decade of unprecedented prosperity following a decade of quite successful struggles that kept it

¹I.C. Jarvie, ed. Hong Kong -- A Society in Transition, (London: Routledge and Kegan Paul, 1969); Richard Hughes, Hong Kong, Borrowed Place -- Borrowed Time, (London: Andre Deutsch, 1968); Hong Kong Government, Hong Kong 1969, Annual Reports, (February 1970); articles appearing almost every week in the Far East Economic Review.

²Fragments of the studies by Robert B. Mitchell of the Chinese University of Kong Kong have appeared, but they are not indicative of the complete work which awaits publication.

from drowning in a massive stream of refugees (Table I). From this growing income an increasing share has been saved, according to the economist's definition. From the resident's point of view, the amounts saved have been even greater, because most of the expenditure for education and public health (including family planning) is at least as worthy an investment as the money put into housing, utilities, and business, which predominates in the economist's accounts. Immediate returns are apparent in the expectations concerning increasing quality of the labor force, expanded living space, and sharp declines in morbidity rates. People are better adapted for modern jobs, better organized in the household, and less often sick than before. The natural longer run consequence will be rapid sophistication of production techniques, a multiplication of information processing services, political development involving increased self-government, and cultural creativity -- all of which are not yet publicly evident, yet all the hints, promises, and preliminary reports one encounters suggest that small scale efforts are succeeding. Many organizations, including some branches of government, are quietly preparing specific proposals that will usher in the higher uses of the human resources.

External comparisons are equally impressive. Exports have been accelerating despite an increasing body of lean and hungry competitors seeking opportunities on the world market. Re-exports (an indicator of the entrepot function) have, however, been irregularly up and much less spectacular. One may infer from that series (Table II) that the manufacturing sector of Hong Kong has been progressing much more rapidly than the fragments of hinterland it has created in China and overseas regions that serve as steady suppliers.³ Hong Kong obtains an important share of

³ Although modern (e.g., registered) industrial employment and imports have nominally multiplied five times in the 1955 to 1969 interval, commodity prices have to be deflated by at least 40%, while overall wages (an understatement of productivity) have increased 70% in real terms.

TABLE I
POPULATION, INCOME, AND CAPITAL FORMATION FOR HONG KONG

Year	Population	Net Migration	Gross Domestic Product (per capita)	Per capita Net Domestic Product	Net Domestic Capital Formation	Share of Net Domestic Product
1950	1,860,000 ¹	158,000 ¹			228 ⁴	7.6%
1951	2,060,000	-108,000	1530 ³	1445 ³	193	6.3
1952	2,000,000	197,000	1384	1304	207	7.4
1953	2,250,000	-57,000	1296	1221	193	6.3
1954	2,250,000	-14,000	1462	1375	259	8.3
1955	2,300,000	29,000	1571	1478	319	9.3
1956	2,400,000	58,000	1592	1490	401	10.7
1957	2,535,000	64,000	1600	1498	511	12.7
1958	2,677,000	43,000	1626	1521	475	11.2
1959	2,806,000	29,000	1575	1475	662	14.0
1960	2,919,000	3,000	1792	1668	1035	19.3
1961	3,014,000	106,000	1877	1748	845	13.8
1962	3,209,000	142,000	2017	1879	1119	16.3
1963	3,443,000	12,000	2216	2065	1562	19.9
1964	3,550,000	-4,000	2293	2130	1921	21.8
1965	3,637,000 ²	1,000	2568			
1966	3,732,000	-23,000				
1967	3,834,000	33,000				
1968	3,926,000	28,000				
1969	3,981,000	-0				
1970	(4,020,000)	(0)	(3400)	(3290)	(2640)	(20.0)

¹ Drawn from A. M. Tang, Long Term Economic and Agricultural Projections for Hong Kong, 1970, 1975, and 1980, Economic Research Centre, Chinese University of Hong Kong, November 1969.

² This estimate is 55,000 less than a backward projection from the 1966 Census. Subsequent populations are derived from that Census.

³ In 1954-58, Hong Kong dollars. The price index in 1970 would be 130-132.

⁴ Millions of HK\$ in 1954-58 prices.

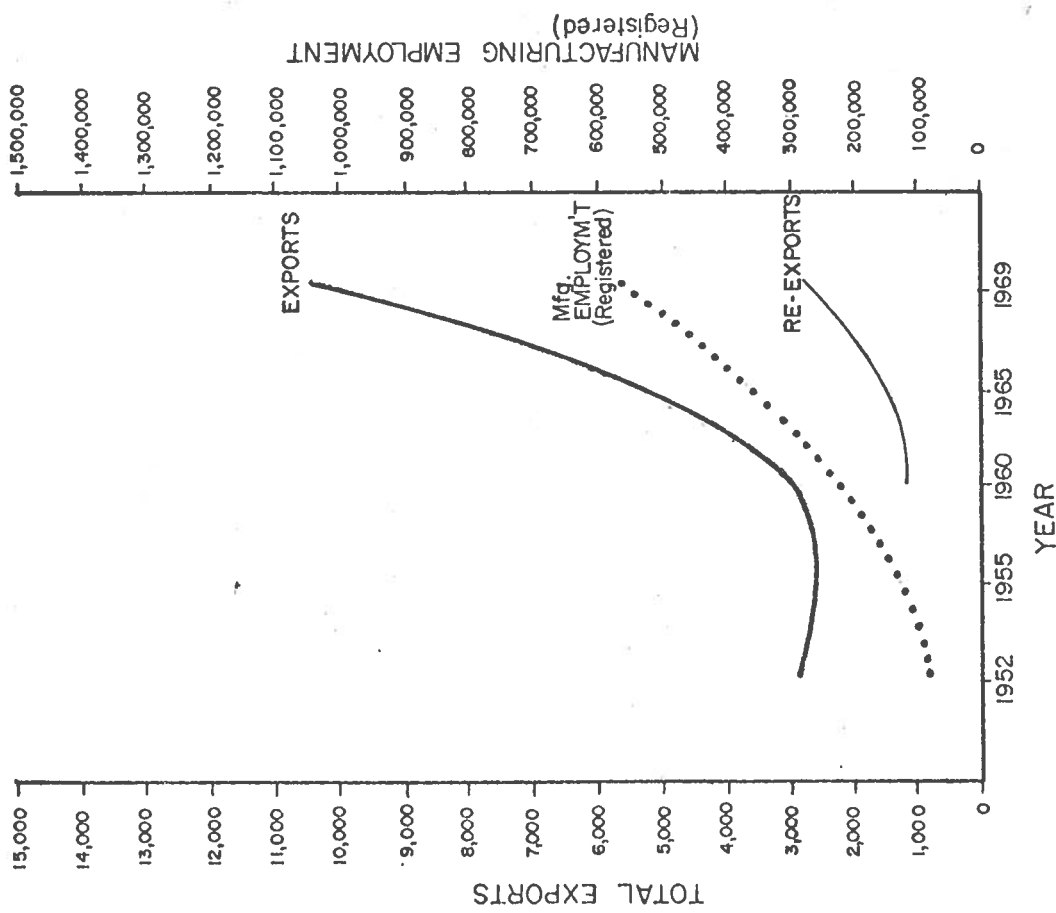
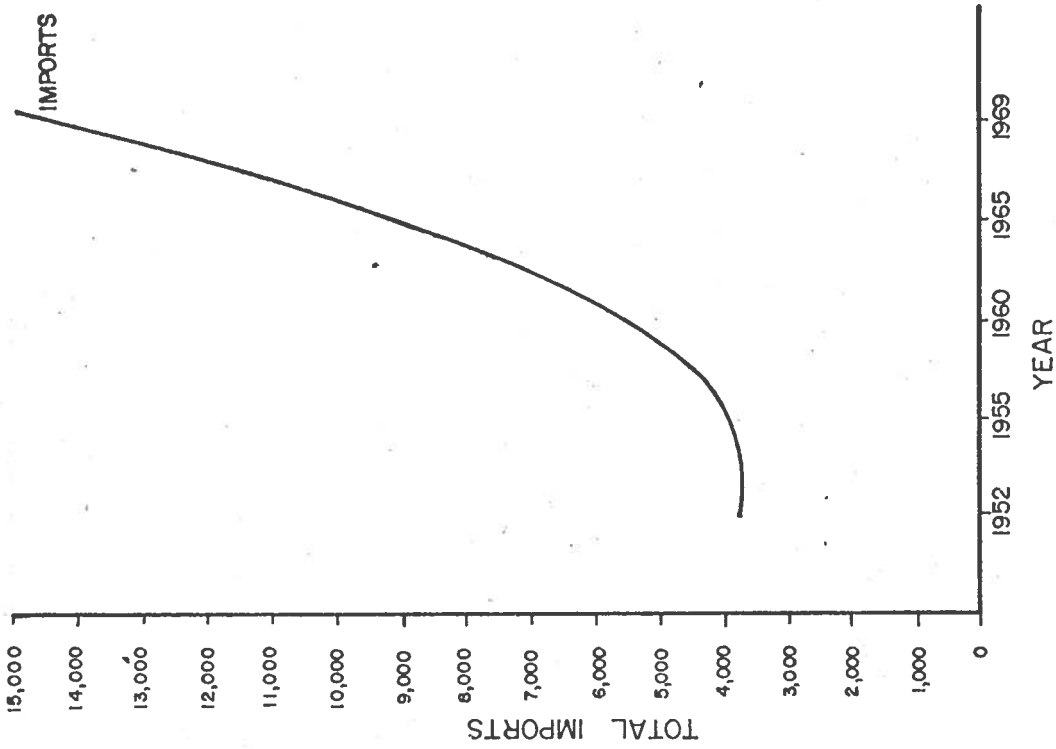


Table II. TRADE and MANUFACTURING for HONG KONG
(in millions of 1960-1964 Hong Kong dollars)

its perishable foods from China, particularly an area along the Pearl River in the vicinity of Canton, and a significant portion of its rice also. The cotton arrives from Tanganyika, West Pakistan, and Uganda, in that order, and much of the wool from Uruguay. The cattle come from the ranches of Cambodia, ginseng for Chinese tonic preparations from a cluster of farms in the American Midwest, plastic film and fiber from Taiwan, diamonds from Belgium and Israel for local cutting and setting, transistors from South Korea, and in all of these places Hong Kong markets are sizable enough to make the difference between a profit and a net loss. The normal metropolis imports 40-70% of its daily consumption from adjacent territory that lies inside the same customs-collecting system, but for Hong Kong it is less than 10% despite the intensive gardening efforts of the New Territories.

The flow of goods in and out of Hong Kong is recorded in great detail and published as computer-assembled monthly reports, which is an indication of the importance of trade among the priorities set by government. The patterns in the commerce that course through this entrepot reflect the interests of great and minor powers elsewhere in the world with this part of Asia. The British returned after the War, rebuilding shipping lines, banks and prior patterns of trade, but refugee Chinese from Shanghai and other cities established the factories that imported raw cotton, wool, synthetic yarn, plastic, rubber, etc. and re-exported a range of products from grey goods to finished, assembled articles. They were joined by Americans who opened up the markets of the United States and stimulated the modernization of production methods and facilities in the 1960's, thus making possible the huge growth in exports of manufactures (the difference between exports and re-exports in Figure 1). Exchanges are asymmetric; however, because the growth in imports during

the same period was supplied mostly by Japan. They could provide the right quality of consumers goods and producers equipment at the right price at the desired time, often with credit.

The influx of capital investment from Japan has lagged behind the growth in trade, but in 1970 Japanese participation in new ventures started increasing rapidly. The size of the local Japanese settlement began expanding, and the passenger flow was reported to have accelerated far beyond previous experience (Table III). Hong Kong may well become an extension of the Japanese megalopolis in the 1970's, if the very newest trends are continued.

TABLE III

INTER - METROPOLITAN AIR PASSENGER FLOWS: HONG KONG

<u>Origin or Destination</u>	<u>Thousands of Trips</u>		
	<u>1967-8</u>	<u>1968-9</u>	<u>Growth</u>
Taipei	207	268	29%
Tokyo	201	254	26
Bangkok	156	165	6
Manila	114	146	28
Saigon	91	110	21
Singapore	64	93	46
Sydney	36	58	61
London	34	36	5
San Francisco	14	24	70
Others	319	388	22
Total	1236	1542	25

Destinations in inter-metropolis transportation compete with each other in a very different way than shipments of produce, since a market price is not directly involved, at least not in the network within which Hong Kong operates. A complete dominance of this kind of movement has been achieved by the airlines, so that only air passenger exchange phenomena need be analyzed to yield the "mutual interestingness"

of one metropolis for the residents and sojourners living in the other (Table III). Taipei is an unexpected leader, because trade connections are not sizeable, and the family connections of the refugees are now undergoing the attrition of age and mortality. It is the closest open metropolis, but the round trip is not inexpensive (U.S. \$130). The best explanation is that higher education following upon graduation from the Chinese high schools in Hong Kong is only available now in Taiwan, and it is provided at low cost. Since the enrollment is believed to be in the neighborhood of 5000 students, as much as 10% of the traffic might be attributed to this cultural link, and large cohorts qualifying for the university now in Hong Kong suggest that this traffic will grow as long as it is encouraged politically by Taiwan. The San Francisco traffic is also attributable in large part to students and emigrants.

Air passenger movements in volume brought with them a new mode of transport for conducting foreign trade -- air freight. The shipments of high valued goods do not however follow the passengers; from Hong Kong they are primarily electronic sub-assemblies, wigs, watches and jewelry, and high fashions (all of them quite recently established industries that depended upon air freight from the beginning.) Distant places are most important (Table IV). In the past two years the volume of air freight induced the appearance of special designs of aircraft and special loading facilities, so this mode will represent little more than a flying truck that moves about the world quite independent of passenger flow.

Perhaps the most significant feature of Hong Kong links with other metropolises and agricultural suppliers is that they have been devoid of diplomatic commitments and alignments. The only formal exception to this generalization is the membership in the Commonwealth preference schemes, but even in that instance all members recognize that such arrangements,

as feeble as they are, will be dismantled when the United Kingdom joins the European Economic Community. The practical exception has been an active encouragement of imports from China so that a large share of China's hard currency (now about half) arises out of Hong Kong's ability to make its living on the world markets. Thus the richer and more efficient that Hong Kong becomes, the higher the imports from China, and the more valuable it becomes to China. Hong Kong hopes to survive as a free trading entity by demonstrating as clearly as it can that its conversion to another closed metropolis like Shanghai would inhibit almost all of the high priority programs in China requiring overseas supplies. The Government emphasizes this policy by buying water from China even when it is not needed, and the merchant banks cooperate to make this unwritten policy workable.

TABLE IV

AIR FREIGHT EXPORTS FROM HONG KONG (1967-8)

<u>Receiving Terminal</u>	<u>Volume (met. tons)</u>
San Francisco	3835
Tokyo	2301
London	1813
Los Angeles	1462
Manila	791
Others	11,300
Total	21,500
Imports	6,000
(Growth rate 1965-9 was 30% per year)	

At the opposite ideological pole, Hong Kong textiles and garments have caused some distress in the United States' South due to their low price. Therefore the Hong Kong manufacturers are likely to accept voluntary quotas on exports to America rather than adjudicate in the international tribunals where they might win their case but alienate their best customer.

Contrast such foreign policy orientations unaccompanied by formal action with the behavior of Singapore, which is a city-state half the size of Hong Kong and also dominated by an Anglo-Chinese culture. It has recognized Israel because it wanted Israeli military assistance groups, so it loses contact with the countries most strongly supporting the Arab League. It recognizes Taiwan, so it is cut off from China. The Government talks socialism, but is now enthusiastically courting international capitalist enterprises in order to reduce unemployment. Hong Kong could cast off the role of being the "last British colony" any time a strong unopposed group demanded it, and it could then behave on the international scene like Singapore, but no group at present seems to favor such a move. Living in a colony is not a source of pride, but it is convenient for doing business.

The Search for Competitive Advantage

Thus far a simple "input-process-output" description of an urban system has been employed for comparisons. However, a metropolis such as Hong Kong can also be regarded as a specialized living system, and therefore subject to a number of balancing mechanisms characteristic of life that provide additional basis for the assessment of performance.⁴ In that sense only the boundary phenomena, and the outreach into the global environment, have been highlighted. Hong Kong has, like other metropolitan political units, implemented laws and procedures which operate at the boundary; they all filter, expedite, delay, and inhibit the transactions intended to cross the boundary, and then classify and count them. The boundary tends to be placed in a zone of depressed interaction per unit of space (equivalent to a low metabolic rate). Another kind of assessment is needed for comparing the internal organization of cities.

⁴Eugene P. Odum, "The Strategy of Eco-System Development", Science 164, April 18, 1969, p. 262-70.

Living systems may go on for quite some time out of balance with their environment, exhausting the resources that are available to them. That process, however, sets up stresses and causes rapid transformations within the living system. These imbalances are true of urbanism throughout the world with respect to energy and some non-ferrous mineral inputs, while locally many must anticipate a grave shortage of water in drought years due to inadequate storage. Therefore cities are expected to move through a succession of states of organization that should eventually reach a "resource-conserving" equilibrium with respect to natural resources.⁵ This is the climax state, according to ecological terminology, around which cyclical fluctuation would occur. The future of cities depends upon finding a path to that joint state of existence.

The homo-centric ecosystem is made up of a hierarchical array of central places ranging in size from a hamlet containing a few households to a metropolitan area containing tens of millions of people.⁶ Each center engages in competition and cooperation with the others over the interstitial space. The goals of the respective centers in such a system are expected to be those of survival as an independent, identifiable entity. The reserves these centers can draw upon are accumulated and expended with that aim. The metropolises operate near the top of the hierarchy of central places; Hong Kong with its 4,000,000 residents is numbered among the top twenty in population, although the wealth it can draw upon would put it around fiftieth.

⁵R. L. Meier, "Material Resources" in R. Jungk and J. Galtung, eds. Mankind 2000, (London: Allen and Unwin, 1968); "Resource-Conserving Urbanism: Progress and Potentials", Second International Future Research Conference, Kyoto, April 1970 (in press).

⁶Brian J. L. Berry, in Harvey S. Perloff, ed., The Quality of the Environment, (Baltimore: John Hopkins, 1969).

Maximizing the likelihood of survival and the prevention of severe injury implies two local policies: (1) avoiding unnecessary risk-taking and (2) accumulating reserves of a type that can be used to reduce vulnerability. Thus, a city's best strategy is to become stronger through economic growth and through socio-political alliances. Cities compete with each other when grasping opportunities, but they may cooperate effectively to meet common threats. The existence of the nation, with the strength of national loyalties usually superior to that of community loyalty, is an all-important institution regulating the alliances of cities but Hong Kong floats outside of the recognized bounds of the nation of which it would normally be a part.

The ecological framework provides us with a relatively novel, yet fundamental, way of gauging growth. It concentrates attention upon the increasing variety of channels whereby the metropolis may reach out and grasp opportunities, as well as gain control over liquid resources for its own emergency requirements. These capabilities are most easily understood when described as an historical, developmental process.

Hong Kong began as a place for expediting trade with China -- tea, opium, silver, banking, shipbuilding, and ship supplies. Textiles and garments were introduced to the 1930's by Japanese and Chinese entrepreneurs aiming to circumvent the Imperial Preference Agreement and capture some of the Lancashire textile markets. Before World War II a rubber shoe industry and electric flashlights production had also established themselves.⁷ Today, tea movements are declining gradually, opium traffic is vigorously prosecuted but still significant, silver has been replaced by gold, shipbreaking and rolled steel were added to the shipbuilding,

⁷ S. G. Davis, Hong Kong in its Geographical Setting (London: Collins, 1949).

banking is becoming even more diverse and important, textiles reached a plateau in the early 1960's but the garment trade is moving into many new markets.

The plastic flower industry grew up in the 1950's, providing a cottage industry for the boat people and the village women. Upon it was superimposed a much larger plastic toy industry in the 1960's, so that Hong Kong now ranks with Japan, Germany, and the United States in the world toy trade. Cheap transistor radios arrived about 1960 but in 1965 high precision micro-circuits and components for instruments and computers started up and within five years became one of Hong Kong's principal industries (Table V) that spilled over into Taiwan and Seoul to become a leading source of industrial growth in those metropolises. Knitted goods in the early 1960's elaborated into wigs, a super-growth industry; and high style gowns as well.

In 1962, a clique in the Chamber of Commerce got together to do something about the cutrate, cheapskate, pandering image that Hong Kong had created for itself. Industrial promotion shifted thereafter to higher quality and more sophisticated manufactures. Several first class hotels were built, and the Ocean Terminal arcade of high class shops for tourists was designed and put into operation. Regular shopkeepers could be depended upon to expand the range of items offered for sale, so as to reinforce the "shoppers paradise" image. Watchmaking and jewelry, even cameras, were promoted successfully. They are now on a rising curve of exports. The airport had to be expanded several times in order to cope with the influx of tourists.

The present status of manufacturing favors the worker. A survey conducted in mid-March, 1970, and released on June 1 showed that the

TABLE V
 STRUCTURAL SHIFTS IN THE GROWTH OF MANUFACTURING
 AND CLOSELY RELATED ACTIVITIES (PER CENT OF TOTAL)

<u>Activity Category</u>	<u>1931</u>	<u>1962</u>	<u>1966</u>	<u>1969</u>
Metal Mining	[]	0.3	0.2	0.1
Non-metal Mining	1.5	trace	trace	trace
Quarrying	[]	0.6	0.5	0.1
Food	[]	3.4	2.8	1.8
Beverage	14.7	0.7	0.7	0.4
Tobacco	[]	0.5	0.4	0.2
Textiles	[]	27.5	26.0	22.8
Footwear and Garments	13.3	19.1	18.6	19.8
Woodworking	[]	1.2	1.3	1.0
Furniture & Fixtures	19.5	1.1	1.1	0.9
Paper & Products	[]	0.7	0.8	1.0
Printing & Publishing	8.2	4.2	4.3	3.2
Leather & Fur	1.2	0.1	0.2	0.1
Rubber Products	--	2.8	2.5	2.4
Chemicals & Products	2.7	1.4	1.1	0.8
Mineral Products	2.5	0.8	0.8	0.6
Basic Metal Production	--	1.1	0.9	0.6
Metal Products (not machinery)	[]	11.1	9.1	8.2
Machinery (not electrical)	[]	2.2	1.7	1.4
Electrical Machinery	31.0	2.7	6.6	9.4
Transport Equipment	[]	6.0	4.6	3.2
Misc. Manufacturing	3.2	12.6	16.0	20.8
Electricity, Gas, and Steam	2.6	1.1	1.1	1.1
Totals \$HK in Census (000's)	76,712	255,198	346,990	537,175

electronics industry alone has 4,980 unfilled jobs.⁸ This is an industry that provides air-conditioned factories, free uniforms, and lunches, mainly because it is greatly concerned about quality control. The garment industry has 4,324 openings, plastics 3,998, wigs 1,871, and cotton spinning and weaving 1,663. Most of these employers are asking for women. The pay is HK \$13/day and up, which is about the same as in Taiwan and Singapore.

What is next? The electronic data processing industry obtained its first computer in 1963 and started into the production of software for export in 1969. With 200 members in the computer society in 1970, Hong Kong has become the leader in Asia outside of Japan and is due for accelerated growth. In that year it received its first backing from university-based training, so that Hong Kong may graduate from simple accounting systems to systems of managerial controls, weather forecasting, and complete airline operations within a few years. The communications satellite was connected up in 1970, and it provides a huge new capacity for trans-oceanic communication of voice and photographic messages. What it is good for precisely is still not clear but it is known that huge quantities of information are needed to bring about a good fit between the manufacturer and the customer, so "marketing" may account for a large part of future use. Communications channels tend to be filled with popular art, and cultural "messages" soon move both ways. Just as jazz and rock and roll invaded Europe, and it replied with the Beatles, the hybrid popular culture of Hong Kong could export a new sound, unique ballet styles, and a different approach to film-making, (most likely for low-budget television series).

⁸South China Morning News, June 2, 1970.

Until now growth has been largely additive. The early industries remained low-wage industries and were able to continue only because they could draw replacements from the unskilled service sector of the city at wages not much greater than those in subsistence economies, and in the 1960's they were aided by large cohorts of young people entering the labor force with no prior work experience. In the 1970's conditions will change rapidly because family planning has reduced the size of the cohorts, the immigration has been almost stopped by the closing of the border with China, and the number of registered job openings in 1970 jumped sharply to double the number of registrants seeking jobs. Unless some catastrophe intervenes, Hong Kong could well follow in the path of Osaka and Taipei where two to seven jobs exist for each new entrant to the labor force. As a result many thousands of marginal shops will disappear, and marginal industries will move out (probably to Canton and other Chinese port cities). Far greater emphasis must then be placed upon personnel development, quality control, and productivity.

The growth activities piled upon each other in much the same way that new species get introduced into a poor community (in the ecological sense). Most attempts at introduction cannot succeed, but a few do and modify the environment enough for others to find a niche. Some activities settle down to a stable existence (gray goods in textiles, for example) if the industry had not been changing in the world at large, some adapt slowly (e.g. rubber shoes and flashlight batteries), and some evolve rapidly into a variety of activities (plastics fabrication becoming injection molding, extrusion, toys, inflatables, offset color printing, etc.). The profusion of small scale opportunities at the interfaces between the industries (as between plastics and electronics) may become quite sizable on their own account.

But why Hong Kong, and not somewhere else? What were the features of the environment in Hong Kong that enabled these growth activities to settle in that city more often than others in this part of the world? The reasons that can be identified are so old they seem to be cribbed out of Adam Smith's The Wealth of Nations:

1. Access. This term includes not only the geographical meaning, involving the use of transport networks, but also the freedom of people of all kinds to enter and even to open up an enterprise, if it seemed worthwhile. Thus, it was looked over early by a much larger number of entrepreneurs and carefully considered as a place to manufacture or carry on other business. Therefore, many more propositions were constructed considering Hong Kong as a possible place for doing business. Only a small fraction needs to be fertile then for growth to occur.

2. Law and Order. The law applicable to Hong Kong had already been stretched to fit an industrial society and the oppressive old legislation had been struck down. Troops were stationed to prevent large disturbances while a large police force was trained up to international standards. This was particularly important at the stage where key technical and managerial personnel had to be imported for getting the new growth activity into operation. Entrepreneurs are risk-takers but professionals are risk-avoiders.

3. Favorable Financial Conditions. A sterling currency combined with an experienced banking group willing to lend money on the traditional features of the enterprise enabled entrepreneurs to get started with less capital of their own. They were also able to get out quicker, if that became necessary.

4. Full Complement of Functioning Institutions. Hospitals, public health, hotels, clubs, schools and churches had been established early on, due to the preceding factors.

In spite of these features being available in Hong Kong after the turn of the century, Shanghai with its International Settlement was still more attractive. It grew to three times the size of Hong Kong by 1940, but a dismantling of the attractions of Shanghai has occurred since then. Now Hong Kong's four millions undoubtedly have more activity, market and non-market taken together, than Shanghai, with its eight to ten millions. Hong Kong's openness to anything that would work within the law, even enterprises set up by the Communists, enabled the growth to accelerate.

Are these conditions sufficient to provide a base for the potential growth activities already described -- electronic data processing, watches, cameras, instruments, high style garments, toys of advanced design, printed publications, popular films? The principal alternatives for such growth activities are Singapore, Seoul, Taipei, Kaohsiung, and Bangkok in Southeast Asia. In each of these instances (except possibly Bangkok), an aggressive planning board exists that studies out in advance the requirements of new industries and expends government resources for roads, harbors, water, power, land, education, credit, telecommunications, influence over labor unions, expediting of projects through the bureaucracy, and even adapting the law in order to attract a promising modern enterprise.⁹ Laissez-faire has powerful attractions as compared to racism, chauvinism, state socialism, fascism, and the other forms of ideologically based collective behavior, but it cannot compete with

⁹R. L. Meier, Developmental Planning, (New York: McGraw Hill, 1965).

intelligently organized foresight and planning backed up by 10-20% of the government's resources in top grade manpower and capital for investment in services. Although Hong Kong's system of minimum government has become remarkably complex, it lacks information acquisition services, and thus has a slow reaction to new growth opportunities that deviate significantly from the past. Already, Seoul and Singapore have generated more momentum than Hong Kong due to recent increments of growth-oriented activities, mostly in the industrial sector; Taipei seems to be accomplishing almost as much, even though inhibited by the cost of supporting a military junta. As a living system, Hong Kong has created more unfilled niches for new species of organizations than the competing metropolitan environments but it has no adequate intelligence system that will bring the opportunities to the attention of the leaders of those organizations.

Programmed Change

All metropolises are forced to use some foresight in providing for internal services. The analog for an ecosystem is found in the management of a forest or a fishery, where only a few means of intervention into the complex network of inter-relationships are available.¹⁰ The aim is to accommodate the differential growth that goes on in any living system as it adapts to changing circumstances, including increasing age. Thus for Hong Kong the official physical dimensions have remained constant since 1861, but the amount of dry land, including fresh-water reservoirs, is now expanding by 0.1 - 0.2% per year due to reclamation from the sea, the population is now growing by about 1.5% per year, the number of vehicular trips by 2-3%, the number of dwelling units by about

¹⁰ G. M. Van Dyne, ed., The Ecosystem Concept in Natural Resource Management, (New York: Academic Press, 1969). See particularly the contribution of Charles Cooper.

3-4%, the amount of roadway about the same, the number of school places about 4%, the number of jobs and workplaces about 5-6%, the amount of water consumed around 7-9%, the amount of income in real terms available for consumption about 8-11%, solid waste 10-12%, vehicles licensed 10-13%, electric power produced 14-16%, telephones installed 17-20%, value of checks cleared 25-30%, and additions to the capital stock 25-35%. Each of these is a different kind of measure of internal growth, those mentioned earlier being of a more primitive and structural nature, the intermediate ones involving transfers of consumer goods with a marked style, quality, or informational component, while the last three measure transactions which have purely symbolic value with minimal demands upon space and exhibit little friction with the physical environment.

A number of indicators of the localized ill effects of the environment provide another set of trends revealing how the city is doing. On the health side dysentery rates per thousand are dropping about 12% per year, deaths from measles and chicken pox were severe as late as 1967 but are now negligible, and the big killer, tuberculosis, is falling steadily about 3% per year. Cases of crime reported are dropping 11% per thousand per year, but narcotic offenses are increasing by 1%. Vehicle accidents were increasing about 1% per thousand potential victims but declining about 10% per thousand vehicles. On the housing front, the population living in squatter settlements declines by 10-12% per year.

Data like these demonstrate rather uniformly that the individual and the family are becoming more secure against disaster despite increasing temptation for criminals and increasing intensity of public interactions where accidents can occur (even the narcotics offense trend appears to be healthy when the sizes of the cohorts entering the susceptible age are

taken into account). Thus the Hong Kong of 1969 as compared to the Hong Kong of 1968 or earlier had significantly fewer bad things happening. The data suggest that the increasing investment in education and the accumulating experience of government synchronize to diminish the unwanted features of city life at the same time they enhance, in a much less measurable way, the positive qualities of life.

There are statistics on such things as acres of recreation area opened up each year and the number of such projects implemented, but these bureaucratic reports of achievements give no indication of the dimensions of the impact upon behavior. They may well have contributed significantly to the reduction in crime but there is no way of establishing a connection until one sees the location of the respective projects, along with a designation of the social classes and sexes the installed activities are designed to serve, and then compares the local delinquency rate changes with the timing and intentions of the project.

Improvements of this sort do not come automatically. The principles of minimum government will not operate so as to reduce the frequency of bad things happening, because such events can only be prevented by carefully planned interventions. Referring back to the budget figures for the Colony we see a 32% hike in the 1969-70 allocation to the urban services department, and 45% to the Housing Division, on top of a greater than average raise the previous year. Increases of that scale indicate that plans drawn up earlier are being implemented at the same time that greater scope is being given for further planning. In addition a Transport Department came into being at a comparatively substantial scale, even though still too small for the foreseeable tasks. These budgets make an even stronger impression when one sees what happens in a Government office block; the expanding departments are always invading

newly emptied spaces. The planning is accomplished by importing talent from the outside (mainly the Commonwealth countries) who train local graduates on the job. The latter then undertake responsibility for implementation as well as prepare the way for the next series of projects.

Hong Kong is still markedly deficient in planning. However, each increment in planning that is addressed to known problems of the future, such as adjusting to the Cross Harbor Tunnel, is likely to yield returns in income and convenience far exceeding the returns to be expected in the private sector. Thus far the most profitable approaches to planning are those which find ways of locating activities in a spatial structure so that a more integrated arrangement in space and time is generated. Planning specialists and designers in Hong Kong are under greater pressure to exploit the external economies available in the short run and to minimize the known diseconomies over the same period. The planning must be incremental and not grand or sweeping; the designs must be practical and derivative, not romantic or strongly innovative in appearance. These pressures from the private sector lead to a kind of planning hardly recognized as such in Europe, but remains quite understandable to Australians, Canadians, and Americans.

Almost always the planning horizon is constrained by the discount rate upon capital, a figure which should consolidate all the risks affecting the metropolitan environment. At the current 15% per year needed to attract outside money into the Colony the present value of a dollar thirteen years hence is equal to the yield on a dollar over the next year.¹¹ In Europe this same indicator of horizon would be about

¹¹This index is a sensitive way of comparing the gains to be acquired through foresight with those arising from investment. The figure is obtained by choosing an interest rate (r) appropriate to a project with average risk and then read off from a discount table the time a dollar would take to be reduced to r cents.

forty years at the present high interest rates, although many planners behave as if the present scarcity of capital is an aberration so that sixty years seems to them to be more appropriate.

Political competition between organized pressure groups (one could find reason for a commerce promotion clique, an educator's union, an employers' association, a landlord lobby, and others like these to be present) for the fruits of power cannot be readily identified in the messages transmitted through the mass media. Therefore projects prepared within the Government for improving conditions in the Colony must be judged on their respective intrinsic merits. Rarely does a project need to be designed for the sole purpose of keeping the Mayor in office or to hold together the majority coalition in the Urban Council. Repeatedly one hears expressed among the Chinese that whatever is good for business must be good for Hong Kong -- and no one disparages the viewpoint! True, the state of business in Hong Kong has been closely correlated with the welfare of the residents and refugees, but which is cause, and which effect, is not known. Chinese "non-political" representatives achieve eligibility for these prized positions first by making money and later spending it on worthy causes.¹²

¹²Marjorie Topley "The Role of Savings and Wealth among Hong Kong Chinese", in I. C. Jarvie ed., Hong Kong -- A Society in Transition, (London: Routledge and Kegan Paul, 1969) pp. 167-230.

Social planning cannot be said to exist as yet in Hong Kong, although social administration is recognized and is being conscientiously upgraded by the schools and the missionary groups with assistance from the Government. Department heads are sensitive to the contrast between the levels of social services in the Colony with the size of the surplus produced from governmental operations. They are shamed almost daily in letters-to-the-editor by English-speaking persons with experience in other urban societies.¹³ The Social Welfare Department and the subventions to social welfare make up only about 1.5% of the current budget while the unexpended surplus each year runs at least ten times as great. Nevertheless the fraction devoted to social welfare has been growing significantly as compared to the budget as a whole.

Japan has a social welfare record very similar to that of Hong Kong despite a per capita income level that is almost double. The publicity process that precedes reform is even more advanced in that country. It would not be surprising to see Hong Kong's formula for expanding social services modeled after the Japanese, because in both societies the family is ultimately responsible for security in sickness, old age, and other forms of incapacity. However, at the same time the family is the fundamental unit in the enterprise system; families maintain the keen competition in the markets for services and light manufactures. Both societies are worried about the effects of intervention upon the incentive system that motivates the majority. The wrong kind of move on the part of the Government could slow down the remarkable advances in productivity now

¹³The newspapers play up the plight of one needy or worthy group after another, the latest being 12,000 old women reduced to hawking and begging because all their relatives are deceased.

being achieved.¹⁴ Perhaps because Chinese leaders are predominantly businessmen rather than members of the professions, they are as reluctant to decide what needs to be done as the Government. The latter did act by fiat on the welfare front when they ordered at the beginning of 1970 that the seven day week worked by 70% of the labor force was to be reduced to a six day week for all, and the businessmen did not object very vociferously.

Historians note that the programming of social change is assigned high priority immediately after any nation or city undergoes a political takeover or revolution. Then the new leaders are obviously committed to make fundamental changes in the society. The new leaders may start in a simple-minded fashion but the unexpected, yet foreseeable, consequences of initial actions force them to start planning -- if the regime survived its first mistakes. However it is not generally recognized that a determinedly open society, one that makes almost an ideology out of laissez-faire, is also committed to planning on approximately the same scale.

Once some economic and social growth has been achieved, the infrastructure needed to support further growth becomes increasingly elaborate. Moreover, the amount of time elapsing between the authorization of the important projects and their anticipated impact upon the society after completion tends to lengthen greatly, thus requiring a substantial investment in forecasting ability in order to make prudent decisions. The lengthened interval between investment and social returns forces a vastly enlarged program for collecting basic information and for the compilation of relevant statistics that previously were ignored due to the "minimum government" philosophy.

¹⁴ Government when acting is plural in Hong Kong, for historic reasons that were never adequately explained to me.

Surprisingly, the Government with their instruments and agencies have already assumed responsibility for about half of the total investment in the Colony;¹⁵ with the subway system still in the offing it appears that the Government's share may rise to 60% during the 1970's. Circumstances special to Hong Kong -- such as the approaching end of the lease on the New Territories -- may transfer an even higher proportion of capital investment to the public sector thereafter.

The kind of planning that goes into such project design is very different from the efforts that have been put into national and regional planning. The latter can be treated on a theoretical plane and can be formulated as general descriptions of the outcomes to be expected from the promotion of a small set of social goals; the data underlying the planning model are generated almost wholly from within the society. Open societies, such as Hong Kong, have thin skins, therefore much more often the relevant data are to be found elsewhere in the world than at home.

The lumping of projects into programs is accomplished primarily for reasons of administrative convenience at the implementation stage. This means that planning must be undertaken in each major government department and in the office of the chief executive. Under the conditions reviewed above it is quite reasonable for planning to proceed without a Plan. A master plan is much too inflexible for a metropolis supported by the flow of opportunities presented by international trade, and even a general plan or a basic development plan would go beyond the capabilities of government at this stage of development. It is not unreasonable then

¹⁵The increasing share of public investments shows up very clearly in the time series compiled by the Economic Research Centre of the Chinese University of Hong Kong. The estimates were required for information supplied in Table I.

that the Colony has only a tentative outline plan, and even that is not published. Such a plan is only expected to suggest what projects need to be prepared as the current crop are being advanced to budgetary decision and implementation stages.

Advances in planning in Hong Kong occur for two basic reasons. The first, already discussed, is the profit-making potential, while the second is attributed to the hindsight of administrators who survived an internal crisis. Digressions into history would be too lengthy to take up here as proof of the first point but it could be shown in support of the second how a cholera scare pushed ahead health planning, a huge fire set into motion a program to construct fireproof, typhoon-resistant, low rent housing, a repeated water shortage led to the huge Plover Cove reclamation-cum-reservoir along with a rationalization of the distribution system, the consequences of a population explosion resulted in progressively less grudging backing for family planning, and traffic tie-ups are expected to lead to large-scale public transport enterprises. It is unfortunate that issues related to social planning did not emerge clearly from the 1967 disturbances. Therefore the foreseeable developments in social planning must flow from the profitability inherent in the projects.

Social planning everywhere is justified by the need for social stability over the long run, but often the expectations regarding the kind of steady state are reflected more in the distribution of the voting returns than in the marketplace. When a meaningful election system is lacking, the best indicator in a developing metropolis is landprice. The value of land in a city, reduced to the form of an index which evens out the deviant cases, reflects the confidence that well-informed people have in future development. It incorporates a consensus of the moneyed elite regarding the risks imposed upon the use of land by those that do

not have the money. In Hong Kong's case the principal gainer is the Crown, since it holds lands newly available for auction and collects property taxes based upon rent. Therefore the government can begin by making calculations of the effect of social stability upon its own income, and can invest in the social services that seem to promote the most profitable results.

A professional corporate planner, knowledgeable in profit-making techniques, might advise the Government to invest carefully in consultation with the kaifongs (local community councils), but recognize that they are dominated by the patriarchs. Contact with every sort of youth organization is also required because future disturbances are most likely to explode in their ranks. Projects must arise out of their felt needs. Preliminary studies (unpublished) have already shown that the crimeprone juvenile gangs use the open spaces in the densely populated areas as the headquarters for their operations. The gangs offer protection from unprovoked assault by predatory thugs in the neighborhood, and they set up a collective defense against invasions by neighboring gangs. The phenomena as described are features of urban ecology that have been noted all over the world; it is refreshing to discover that, despite its record population densities, Hong Kong appears to be normal. What is more surprising perhaps is that the projects and programs suggested for the stabilization of a laissez-faire society differ in no recognizable ways from those undertaken in socialist or mixed economy societies. Perhaps this is because the repressive use of authority does not fit the policy of ruling as lightly as possible, therefore the only useful approach would improve communication, enlist cooperation for the most important projects, and occasionally find some bases for joint participation.

One of the most interesting features about social planning is that ecological models do not produce very adequate suggestions for projects that ought to be undertaken. One can find examples in social biology if the literature is sifted, but the analogies are greatly strained and not productive. Urban systems comprise the most advanced living systems, so we have no general theories for telling what undesirable social stresses will be set up by continuation of differential growth processes until some people are actually hurt by them. Of course, many more would be hurt if brakes were put on the growth. Therefore social planning must be accomplished on a learning-while-doing basis using short run forecasts at best.

Unadvertised Change

Hong Kong will soon undergo an "identity crisis". When a resident of that city meets visitors, reads newspapers and studies out of foreign textbooks, he discovers that nationality is a basic premise of life elsewhere in the world. A good share of the behavior of such outsiders can only be explained with the help of personal commitments to nations that are so automatic the individual himself rarely recognizes the bias but a Chinese used to family loyalties super-imposed upon market behavior immediately detects the differences. Both the introspective youth and the artists will ask the question (so familiar to historians): "What am I?" and he receives no easy answer. There are no recognized public ends to be served by devoted, loyal people, and therefore no bases for belonging, whether to an historic race such as the Jews, or to a recognized state, such as the United Kingdom.¹⁶

¹⁶ Identification is necessary for the alternatives of assimilation or integration available in most societies, but in Hong Kong these alternatives are not clear. Cf. E.A. Sommerlad and J.W. Berry, Human Relations 23, February 1970, pp. 23-9.

Nowadays, when they have time to reflect, people in Hong Kong explore their "Chineseness." (Let us for the moment pass over the tiny minorities of Hindus, Portuguese, and locally born Europeans.) The disturbances of 1967 revealed to the majority that they were alienated, perhaps irreversibly, from the mainstream of Chinese political and cultural development. Given a chance to become 100% Chinese, meaning Maoism, communes, Red Guards, Red Army, and isolation from the world, they could not bring themselves to it.

The other side is even less exciting. The image of Chiang Kai-Shek and the Nationalist government in Taiwan inspires little respect and the real achievements of that society over the past few years are seldom mentioned and little known. What is easily recalled are the grandiose boasts about re-invasion of the mainland and the posturing of a junta that refused to recognize its inadequacies. Although half the labor unions leaned in their political orientation toward the Nationalist Government, the leading members were drawn from those who were labeled as traitors at home in China. For them Hong Kong was a place of exile.

Needless to say, some commitments are made. A few youths, and many more of the aging, will decide to move to China. The decision seems to be easier for women than for men. They are counter-balanced by a much larger flow of refugees mostly young men, who desperately wanted to get out of China. An estimated 6,000 per year trickles into the squatter settlements and an unknown number find refuge with relatives. Their stories, along with those circulated by visitors, are now the major factors preventing a wholesale commitment to becoming communist Chinese.

The more educated young people drift into careerism, which leads inevitably to migration, mostly to North America, but Australia and Britain are also important. Only a family crisis will bring them back to

Hong Kong. Those that stay overseas become naturalized citizens eligible for national service and committed to foreign loyalties. Therefore, most of the potential elite is siphoned off at the rate of two to three thousand young people per year net. Those that stay on and get into the University of Hong Kong must make superhuman efforts to meet British standards and are made to feel inferior even if they complete the course of study with honors. At the Chinese University the standards are often American, and the top thirty per cent move on to American (including Canadian) graduate and professional schools. The brain drain from Hong Kong is almost entirely scientifically and technically oriented, although a small stream takes up law, economics, or architecture. This group is even more apolitical than the arts graduates so that the strata of the population that insist upon operating as political activists -- natural leaders rising from the working class or reacting to inherited wealth -- is still likely to stay at home.

One channel into politics elsewhere in Asia is provided by officers training school followed by joining the commissioned officer cadre. However, Hong Kong has no army; it is guarded by Gurkha regiments, but officered by British. The paramilitary force in times of emergency is to be found primarily among the police, but Chinese are less likely in the future to join such a service because it closes off the top positions and assigns them to Europeans, nor would joining the police be a way of achieving respect and popularity in the residential communities.

Labor unions sometimes can provide an escalator to the top. They were used by Lee Kuan-Yew, the Singapore prime minister who won all the seats in the last election. He came back from England as a barrister, and used public forums to establish his capacity for leadership, the unions providing contacts with the masses. In Hong Kong the deep split in union

ranks, combined with a suspicion that the union leaders are pawns, not only of outside powers but of the manufacturers, suggests a much too unsavory situation for enterprising politicians to get into.

Most industrial workers have remained outside of the trade unions and so are open to recruitment. Leaders who manage successful strikes and create new industrial unions would be in a position to learn quickly how to mobilize people and formulate hitherto unspoken aims. Therefore a new sense of identification could form around a charismatic leader who acquires the impact of an evangelist with an appealing new gospel. Indeed, it would not be surprising if much of his initial organizational support arose from among the children of converts to the various missions. The new cults forming among the middle classes might be recruited as well. Since the malaise is felt most strongly among the literate young, with educations up to thirteen or fourteen years (counting some vocational training), many of their social groups might provide early training for organizers.

Moreover there are now new factors at work. A skillful exposure on television can meet the best organized opposition where it is most vulnerable. It is often recalled that when the local communists wanted to put their best foot forward they pushed movie stars into the front lines. This policy is less open to them now because feature films have not been produced in China for several years, and even the Hong Kong Cantonese dialect film industry is expected to collapse in 1970 in the face of Taiwanese, Mandarin, and Japanese competition. Skillful debaters on social policy, reinforced by news commentary, could well evade the indirect censorship now in force and build up a large audience. Television sets are now common in shops and in large families so that it reaches perhaps 25% of the population, with a high representation among

the young, (see Table IX). Television must still have a magical appeal if a hundred working class people will stand in an empty lot full of rubble for hours watching a standard program on an open air set, as was observed in May 1970.

All of the above sounds very far-fetched to the local resident who has not had much experience with maturation processes in other cities. For them each new crisis is a surprise until after it has explained itself in terms of ever expanding intolerable injustices or inexcusable neglect by authorities. Then, by virtue of hindsight, the outbreak at that time becomes a logical necessity. This lack of vision on the part of the local "experts" can be corrected by observing the transitions in other cities in recent years, the most relevant of which are Osaka and Nagoya, Seoul, Singapore, and Taipei, although not one of these is a direct analog. Attention should be focussed on the social processes that build up the pressures, and upon the local institutions and expectations that may act to release it. In Hong Kong's case conjectures are made so much more difficult because even the simplistic political solutions do not appear credible to residents with elementary education. It is not possible to describe what kind of government program could be popular without becoming immediately self-defeating.

The fuel for the collective identity crisis is introduced by the tremendous investments in education that have been made over the past two decades. They are all the more remarkable because the Government has taken a back seat and allowed the private sector to produce more than 80% of the primary and secondary education. Missionary groups, associations, and private entrepreneurs created the schools but parents paid the tuition. Very little subsidy came from the outside or from Government. The most common terminal education is still the elementary school, but

over 40% of the members of relevant cohorts are now found in secondary school, (see Table VI). Growth in secondary school enrollment has been at a 15% per year rate. Most parents were interested in employability rather than increased comprehension of the Chinese culture, so without any real prodding by Her Majesty's Government they opted to finance the achievement of qualifications in English rather than Chinese by a ratio of 2.5 to one (see Table VII) with an increasing divergence noted after the 1967 disturbances that is yet to be recorded. (It shows up only in the unwillingness of the Chinese language schools promoted by "missions" of the Chinese Communist Party to have their students sit for the examinations in 1968-9, followed by a reversed decision, which selected a handful of the very best students who were then coached and pushed. However the failure of about 80% of even these students in the competitive examinations in 1969, reveals that extra-curricular activities of the past several years cannot readily be overcome; Communist and some of the other Chinese language schools have lost face, so they must look forward to decline until they have found some means of regaining face. Therefore, whatever kind of ideological program is formulated during the 1970's the formula must be communicated in a fusion of English, Cantonese, and Mandarin. The educated component now making its way through secondary school, and thereby opened up for relatively sophisticated political organization over the succeeding decade, has moved too far away from a contemporary Chinese social system to embrace it willingly.

The conclusions that stand out clearly are that conditions for an identity crisis are at hand, and becoming ever more intense. As yet there are no leaders or grand issues, but the movement is expected to diverge from the Chinese mainstream in the direction of internationalism based upon the English language. Although the British record for withdrawing

TABLE VI
STUDENT-YEARS OF EDUCATION PRODUCED

Year	Primary	Secondary	Post-Secondary	Adult
1950	120,600	26,500	2,100	600
1951	136,700	29,600	6,300	1,800
1956	214,100	54,400	5,700	4,000
1958	274,400	61,300	9,600	6,700
1961	450,400	88,700	14,300	19,600
1966	636,500	195,800	6,100	33,900
1967	662,000	219,800	7,200	35,400
1968	724,000	253,500	10,500	50,300
1969	752,000	264,100	11,500	53,700

Hong Kong Education Department, Annual Summaries

TABLE VII
PRODUCTION OF MIDDLE LEVEL QUALIFICATIONS

Year	English Certificate	Chinese Language Certificate	Teacher's Credential
1952	846	625	151
1954	1,242	841	291
1956	1,517	1,173	510
1958	2,245	1,477	779
1960	2,941	1,656	928
1962	3,186	1,752	1,857
1964	4,522	2,014	1,586
1966	7,872	3,866	1,217
1967	11,277*	4,566	1,045
1968	11,767*		
1969	12,980*		

*University of London General Certificate of Education.

Hong Kong, Reports for the Year, Appendix XXVII

TABLE VIII
HIGHER EDUCATION

<u>Year</u>	<u>University Enrollment</u>	<u>Left for Overseas Study (Eng. Speaking)</u>
1952	858	N. A.
1954	938	N. A.
1956	882	690
1958	1,035	N. A.
1960	1,243	2,082
1962	1,596	2,408
1964	3,324	2,136
1966	4,091	2,721
1967	4,271	3,100
1968	4,768	4,438

(No data available for foreign study in Taiwan and Japan)

Hong Kong Education Dept., Annual Summaries.

TABLE IX

<u>Year</u>	<u>Television</u>		<u>Telephones</u>
	Own Sets	Hired	
1964	34,900	600	
1965	48,300	800	
1966	64,600	1,400	236,000
1967	90,600	2,000	281,000
1968	N.A.	N.A.	344,000
1969	N.A.	N.A.	407,000

Hong Kong, Annual Reports

gracefully from its colonies is now very consistent, it is less credible within the Chinese community, so a future offer to evacuate promptly will no doubt catch the majority by surprise. Organization in the workplace is most likely to be concentrated among the new industries and the white collar workers, while in the general public it would be expedited through television, with no doubt some resort being made to old-fashioned techniques such as forming neighborhood cells, publishing newspapers and negotiating alliances with some strong arm bully boys. The outcome is quite unpredictable, except that a high rate of change in political viewpoints should be anticipated as a direct result of the anxieties and the polarization of sentiments. These changes are likely to amplify (or frustrate) other social transitions in Hong Kong's development, so they are given prior consideration.

The overall assessment is also clear. Hong Kong has found a unique way of producing literacy and competence in formal communication. The curriculum and the educational institutions are as diverse as free enterprise can make them. Thus ethnicism, nationalism, and other conflict-generating, potentially pathological social movements have had a delayed appearance. Using internal development criteria the anticipated political transformation is less likely to be costly the longer it is postponed, thus allowing a larger body of educated persons to accumulate which are able to integrate family and class interests in the population. Externally the costs will depend upon propitious concomitant developments in China. If China evolves much more toward a "live and let live" philosophy than is tolerated now, the costs should be small. As soon as the veterans of the "Long March" have gone to join their ancestors, such a maturation seems not at all unlikely within China.

There is little that the authorities can do about an identity crisis, even if they believed that the phenomenon was real and likely. Political sociologists have only recently begun to discover causal relationships between factors lying behind political change,¹⁷ but their statistics and theories are not very explicit when attempting to specify a sequence of events in a specific locale.

Performance for What?

Hong Kong's capacity to cope with metropolitan exigencies has been assessed here by drawing upon widely dispersed facts and forecasts. A rudimentary system was applied to prevent serious omissions of potentially available information, but the living systems approach does not suggest a cut-off point for collecting details. A new fact is worthwhile only so long as a foreseeable chance exists that it will affect human decisions.

Who wants to know about performance among cities? What decisions on their part may be affected? For perhaps 90% of the Hong Kong population these efforts of assigning marks for metropolitan performance represent a purely academic exercise. They are trapped in this city without a passport and no basis for comparison. They have no influence over any public decision, and so must accept the standards of performance set by other people, most of them not residing in Hong Kong. There remain, however, approximately a million people, more than half of them living outside of the metropolis, for whom the comparative performance

¹⁷D. J. McCrone and C. F. Cnudde, "Toward a Communication Theory of Democratic Political Development", American Political Science Review 61, March 1967, pp. 72-9; Alex Inkeles, "Participant Citizenship in Six Developing Countries", ibid 63, December 1969, pp. 1120-41; N. H. Nie, G. B. Powell Jr., and K. Prewitt, "Social Structure and Political Participation: Developmental Relationships", ibid 63, pp. 361-78 and pp. 808-32; W. F. Ilchman and N. T. Uphoff, The Political Economy of Change, (Berkeley: University of California Press, 1969).

of Hong Kong makes enough difference to cause them to undertake personal and organizational efforts of appraisal. They include:

Tourists, actual and potential
 Refugees, arrived and prospective
 Professionals, mostly newly graduated
 Speculators, and longer term investors
 Administrators at policy levels
 Planners, mostly elsewhere
 Executives, of trans-national firms
 Non-government agencies, primarily international
 Inter-governmental agencies
 Scholars

The findings about the performance of Hong Kong as a metropolis are most readily summarized by sorting out the interests and the motives that can be discerned within these groups and stating the probable influence it will have on their future choices affecting Hong Kong.

Tourists and Refugees. Tourists are fleeing from boredom, but refugees are escaping from more desperate situations. Hong Kong is developing a number of parallel, interconnected channels that start from the airport and carry a tourist through an internal transport system, hotels, shops, local entertainment, central district cityscape, and back out. Each channel is designed to extract money from the visitor, but send him home feeling he received full value for it, and so will recommend the experience to friends. Unpleasantnesses, such as beggars and dysentery, have been virtually eliminated. Japanese and American tourists will rate Hong Kong very high, at least equal to the best, as compared to any of the alternatives in this part of the world.

Refugees are equally well served, primarily because the metropolis has full employment and any able-bodied person can make a living noticeably above subsistence. Moreover, Government is oblivious of his presence, once he has gained successful entry, unless he makes a public nuisance of himself by smuggling gold, distributing heroin, fomenting disturbances, etc.

Hong Kong's principal worry is that it is becoming too attractive to Chinese refugees; any flow more than three times the present seems likely to depress the welfare of the poor in its society.

New Professionals and Speculators. People with capital, whether in the form of advanced education or loose cash, search for situations promising high payout with reasonable risks. For them Hong Kong fails to get average marks, yet capital is not scarce! Hong Kong has been effective in attracting large quantities of capital in the process of flight from Shanghai, Indonesia, Malaysia, the Philippines and elsewhere, but much of it will move on into the Common Market, Canada, and even the United States, as the opportunities arise. About half of the human capital, in the form of scientists, engineers, and readily salable skills, and the same proportions of profits generated by Hong Kong residents, is attracted by the more sophisticated institutions available in the West. The risks created by the uncertain politics of China are believed to be indirectly responsible for the efflux. However, when a spurt of growth is underway, and money or talent is needed for expansion, Hong Kong knows how to go onto the world market and buy it; therefore the lack of confidence felt in the future of Hong Kong on the part of the junior professionals, that causes them to emigrate in such large numbers, is not likely to have tragic consequences. The overall prospectus suggests that growth is likely to remain erratic, because an inadequate variety of socio-political and institutional stabilizers has been found as yet.

Administrators and Planners. Top echelon administrators must be able to point with pride to the accomplishments of the team to which they belonged as well as the projects for which they took personal responsibility. Thus overall performance is compared quite consciously, even

across national boundaries, because the chances for moving up to the more prestigious slots depend upon it. Planners are subject to these same pressures, but also recognize that their proposals for metropolitan development will fail if they move the city into activities where others are competitively superior. Planners must be alert to the strengths and weaknesses of all competing metropolises.

As compared to the past, Hong Kong's performance has vastly improved but two neighbors, Seoul and Singapore, are outpointing it. Both are better administered, and their planning is far more effective.¹⁸ This shows up in their ability to bargain for the new high technology growth outside of Japan that is oriented to international trade. In addition, Taipei appears to be catching up rapidly on a surprising range of fronts. Other million-size metropolises such as Pusan, Kaohsiung-Tainan, Manila, Bangkok, Djakarta, Surabaya, and Saigon are showing signs of becoming extremely competitive in the future.

Trans-national Firms and International Non-Government Groups.

As a category the trans-national corporations expect to continue growing more rapidly than the fastest growing nation. With the aid of extraordinarily flexible Euro-dollar securities they stimulate tens of billions of dollars worth of new growth per year; for each project they can choose from among almost any metropolitan area over two-thirds of the world. The main limitation is that of the mobility of crucial managerial and technological personnel.¹⁹ Corresponding international non-government agencies include professional associations, religious groups, sports

¹⁸R. L. Meier, "The Developmental Features of Great Cities in Asia", Journal of the American Institute of Planners, in press.

¹⁹G. A. Steiner and W. M. Cannon, Multi-National Corporate Planning, (New York: Macmillan, 1966). Cf. Henry H. Fowler "National Interests and Multi-national Business", pp. 119-43.

federations, and eleemosynary foundations; their growth rates are parallel to those of the big corporations, but the scale of operations is much smaller.

Because it remains one of the world's most open cities, and is well-serviced, Hong Kong rates high for both categories of trans-national organizations. It will serve as a principal branch office for trans-national firms, headquarters for thousands of professional consultants that help solve their specialized problems, offer convention facilities, and even as a place for the development work that follows after an apparently successful project in applied research. For all of these operations it is relatively free of nationalistic entanglements. Hong Kong's greatest asset, an annual output of several thousand trainable junior professionals who do not boggle at working away from home, has yet to be discovered and developed by the world corporations. It should be noted also that the computerization capacities of Hong Kong are superior to any outside of Japan, so that much insurance and other accounting work ("white collar") will be attracted to the city in the future unless political disturbances intervene. However, when times are difficult on the world market, cities with effective planning boards are likely to be more competitive for the restricted amounts of capital available. Thus Hong Kong is top rank now for these important classes of locational decisions but could be toppled inside a half-decade.

International Government Agencies and Scholars. The outlook of both these groups is not greatly different, since each of them starts making judgments when reviewing the data that are generated. The reliability of Hong Kong data is high for Asia but the variety of internal information processed is constrained by governmental philosophy. International civil servants would be able to produce arguments to show a

shockingly low level of official concern for social welfare in Hong Kong but they would have to admit that the objective indicators of welfare are not at all bad. One of the principal findings of the systematic approach attempted here is that the current crop of intellectuals tends to misjudge the development path of a laissez-faire society. Scholars are recognizing, in central place theory as well as regional economics, that when the disparity between rural and urban levels of living has been reduced by the near completion of a wave of migration, the urban areas must compete with each other for the new growth opportunities.²⁰

Within the Colony itself rural immigration is virtually complete; the permeability of the boundary with China, however, may cause a reversion to past policies for digesting impoverished refugees. The maintenance of competitive advantage requires a comprehensive planning-oriented review of external assets and vulnerabilities. That review has been much more complete in Seoul, Singapore, and the Japanese cities. However, Hong Kong "satisfices"-- it does well enough to get along very comfortably -- until the next "unprecedented" crisis!

Since no forum for reaching consensus has yet been constructed for appraising the performance of cities, the foregoing set cannot be consolidated. Only a person with the point of view of an outsider can be trusted to judge a metropolis, because the process involves comparisons between cities, but even he must choose from among at least ten distinctly different roles, each involving special combinations of competition and cooperation between metropolises. If we could gauge what new kinds of performance may be demanded of cities in the future, e.g. "resource-

²⁰This thinking has until now been stated for the special cases much more elegantly than for the general case. See Brian J. L. Berry, "The Geography of the United States in the Year 2000", Ekistics 29, May 1970, 339-51; Edgar S. Dunn, Economic and Social Development: A Process of Social Learning, (Baltimore: Johns Hopkins, 1970).

conserving spatial organization"²¹ or "active participation in the evaluation of the Ecumenopolis",²² then some concurrence could be reached on combining the ratings. That, however, is an exercise remaining for future study.

Summary

The performance of cities can be judged by comparison with the past states of functioning or by comparison with those cities with which it competes. Because Hong Kong's operating data are separated from those of its interdependent hinterlands, more definite conclusions can be reached in its case than elsewhere.

Historically, Hong Kong could not compete with Shanghai, when the latter was also an open metropolis, but in the last two decades has acquired the industry that might otherwise have gone to Shanghai and other extra-territorial sites. On all measures of condition of life, whether economic, social, cultural, or even environmental, Hong Kong is now showing unprecedented rates of improvement.

Ability to compete worldwide and the vulnerabilities to disabling injury were taken up within a living systems framework. Hong Kong shows a remarkable openness to new activities and enterprises, but lacks the degree of coordination in the promotion of such activity now evolving elsewhere in Asia. Nevertheless its laissez-faire ideology favors investing as much in welfare-oriented infrastructure as metropolitan

²¹R. L. Meier, "Resource-Conserving Urbanism: Progress and Potentials", Second International Future Research Conference, Kyoto, April 1970; Resource-Conserving Urbanism for South Asia, (Ann Arbor: University Microfilm - Xerox, January 1968), litho.

²²J. Papaioanou, "Future Urbanization Patterns: A Long Range Worldwide View", Second International Future Research Conference, Kyoto, April 1970.

societies professing socialism or corporatism! Considerations of political development theory suggest that an "identity crisis" is in the offing, but the nature of such a crisis is highly speculative since local precedents do not exist and cannot be imagined by residents.

Altogether ten different populations were identified which make decisions between Hong Kong and some other locale. They range from tourists and speculators to transnational corporations and administrators, numbering a least a million deciders. No consensus exists for adding up their preferences to obtain a single "score", but one might be constructed later from future-oriented consideration of the evolutionary trends in world urbanism.