

# Hillside squatters and the price of their 'freedom'

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writes from  
HONG KONG

**HONG KONG** is a teeming ant-hill of 4.6m. people, all of them hustling to make a living.

Because the British colony relies on exports for prosperity, the Hong Kong economy is a barometer for what is happening in the rest of the world.

But some of its troubles are home-grown. The 1974 slump, for example, was preceded by a frenzied property boom which created problems for many firms and led directly to the depression.

Now there are signs that the upswing in business, which started in 1975, is being hindered again by a fresh round of property developments and rental levels which cannot be fully justified by the rate of growth of the economy.

Kwok Yee-hing, chairman of the council of the Hong Kong Chinese Importers and Exporters Association, has drawn the connection be-

tween property development and bottlenecks in industry and commerce.<sup>1</sup>

At the association's annual meeting, he noted that a building site on Queensway was sold at HK\$13,643 per sq ft at an auction on August 4. And he claimed that rising property values were pushing up prices generally, thereby affecting the whole economy.

As an indication of the problems facing businesses, one major cotton spinning mill has decided to quit the island. Reason: it is no longer economically viable to continue production here. So the firm has disposed of its valuable site and is seeking permission to move to mainland communist China!<sup>2</sup>

Labour costs cannot be blamed, for the influx of workers from China ensures that wages are restrained . . . although currently

firms are claiming that there is a labour shortage in manufacturing because the building boom has attracted away so many workers into construction.

The speculation in property development is also serious because it generates imports but not—initially—exports, according to the colony's Financial Secretary, Mr. Philip Haddon-Cave.<sup>3</sup> Thus, the trade gap opens up, which is critical for an economy almost totally dependent upon foreign trade.

But the most damning condemnation of soaring rents is to be found in the hillsides, where the squatters live in make-shift wood and tin huts. Most of them have TV sets and refrigerators, which suggests prosperity. This paradox is explained by a survey of 3,000 squatter families. Most of them came from the private tenement sector, and were squatting in primitive conditions because they could not afford the rents or were evicted and could not find alternative homes.<sup>4</sup>

If any industrial economy deserves to prosper, it is Hong Kong's where the entrepreneurial acumen and will-to-work is second to none. But so long as land tenure permits exploitation of the wealth creators (which happens even though all land in Hong Kong is held on lease from the Crown), the economy will continue to be racked by pressures which no amount of inscrutability will be able to avoid.

1. *Ta Kung Pao Weekly Supplement*, 7.9.78.
2. *South China Morning Post*, 9.9.78.
3. *Hong Kong Standard*, 9.9.78.
4. *Ibid.*

## . . . where they 'make' land !

**HONG KONG** is one of the few places in the world which can honestly claim to contradict the general rule that land is in fixed supply.

For the colony is constantly extending its physical boundaries into the Pacific. For example, the government intends to reclaim two hectares of foreshore at Tamar east basin in Wanchai to provide land for an army unit. This is part of a project to release land in two army camps for housing and other developments.

But the fact that Hong Kong "creates" land does not mean that the pressure on land values is relieved. For the demand, from a vigorous economy and the housing

needs of Chinese refugees, far outpaces the new supply.

Covenants on land acquired at auctions prevent speculators from sitting on vacant sites: they are forced to develop within a reasonable period of time. But that does not then stop them from charging speculative rents once the developments are completed. And landlords find their victims are trapped and ready to be exploited: refugees can neither return to China nor escape across the ocean. . . .

Which is why not all of the squatters have shaken off the problem of rent. For about 15% of them still have to pay rent for their squalid premises to "squatter landlords."