

Tracking the floodtide

GUTSTEIN'S book makes clear the phrase "Hong Kong buyers" is a reasonable Canadian shorthand for "East Asian buyers." The designation "Eastasia" is in turn borrowed from George Orwell's 1984 — "the coalescence of the Chinese-culture area" of the Western Pacific.

Though "Eastasia" is not yet a coherent unit of countries, Gutstein's survey of manufacturing and financial activity in the area shows the part played by ethnic Chinese is key. It is key not only in the still Crown colony Hong Kong, and in Taiwan, but in Thailand, the Philippines, and elsewhere.

The control by the ethnic Chinese in Asian countries other than China is not immediately obvious, in part because the families have taken local names. In Thailand, in particular, many Chinese have taken Thai names like Darakananda Damri who controls the textiles and garment giant Saha Union; Dhanin Chiravanont, one of Asia's richest men who heads the 60-company global agribusiness conglomerate Charoen Pokphand; and Chin Sophonpanich who built up the Bangkok Bank group into the largest Thai business group before he died in 1988.

It is extraordinary how Gutstein was ever able to a) keep names straight and b) put them together for a coherent picture of Asian investment in Canadian real estate. But he has in my opinion convincingly succeeded in doing both. Gutstein also carefully lays out the many factors contributing to the massive move of Asian money to Canada, both negative conditions at home and positive conditions here. Both together have had a powerful effect in producing what one reviewer refers to as the "tsunami of Asian money flooding these shores".

Foreseeable administration by Beijing (1997) caused some Hong Kong people and money to lay escape plans a generation ago. Banker David Lam's immigration to Canada in 1967 is a high-profile example. There are many others who followed Lam, and Gutstein says Lam "spent the next 16 years helping them" and "soon became a kingpin of Asian investment." Lam was not helping only Hong Kong businessmen but, as we would expect from the key part played by ethnic Chinese throughout Asia, his clients included the wealthy fearing "trouble" in other countries. As an aside, it is fascinating to note that the ethnic connection worked also for Lam at the Vancouver end.

It was trouble of a different kind that made the Korean wealthy nervous. Labour trouble. People who had worked long for little, who had suffered from industrial pollution, who were denied the most basic of political rights — the growing restlessness of home-grown workers was the "trouble" spurring Korean business to move off-shore. For similar reasons, Taiwanese investors are now going elsewhere, and are encouraged by their government to do so.

Historically the Chinese were traders. Gutstein remarks on the trend from trading and manufacturing into real estate, "where reasonably passive management is enough to secure success".

Hong Kong businessman:

"Cheng Yu Tung got his early business experience and initial wealth in the jewellery business and started investing in property in the 1950s when he saw the massive influx of immigrants into Hong Kong who needed places to live and work; he, and others, pro-

REVIEW by MARY RAWSON

Donald Gutstein, *The New Landlords: Asian Investment in Canadian Real Estate*, Porcepic Books, Victoria B.C., 1990

vided the accommodation and earned fortunes from skyrocketing property values. They are today's billionaires and centimillionaires."

Li Ka Shing switched out of plastic flowers and into property development in the 1960s. Cheng, Li, and the others "were joined during the 1980s by manufacturers who sold their factories which often sat on prime real estate, abandoned manufacturing and switched to property trading...."

Land prices have since soared in Hong Kong, Seoul, Tokyo and Singapore; the stock exchanges are little more than gambling places; and "the Eastasian sandbox has grown too small for the larger players."

MEANWHILE, back in Canada... Regulations governing real estate, both provincial and municipal, are typically loose, unenforced, or open to bargaining. Furthermore, in 1986 the Canadian government introduced an "investor immigrant" category. The prospective immigrant must be willing to invest \$150,000 (or more, depending on the province) for a minimum three year period,

says Gutstein:

"Investor immigrants are not supposed to obtain visas by investing in real estate, but many of the investments look suspiciously like real estate."

That is certainly an understatement! The list of immigrant-investor interests runs the gamut of real estate — from apartment complexes, shopping centres, hotels, golf courses, ski resorts to sawmills and aquaculture. Enumerating the factors of trouble at home, the trend to passive investing, and the positive benefits offered by Canada, Gutstein provides a thoroughly adequate explanation of the book's title. He asks few questions and expresses few opinions though he is critical of the "growth is good" school, disapproves of land speculation generally and of "flipping" in particular, chides owners of real estate who let their buildings become derelict, and politicians who "capitulate" to developers.

Gutstein devotes a few pages of his last chapter to the professionals who serve the global land market.

"The global market does not work by technology alone. It requires an infrastructure of globally connected professional service firms of realtors, lawyers, bankers, accountants, architects and developers who provide crucial information and actualize the investment".

Each one of these groups, examined in its Canadian locale, leads us to a sharper understanding of our present urban development machine and a close acquaintance with its servant technocrats and politicians. Not surprisingly, planners as planners barely seem to figure in the picture, while architects are "big-time" — Michael Wong,

Continued on Page 75 ▶

Relief amid much confusion

IN THE last issue of this journal, I criticised the Catholic Church for its continuing reliance on the encyclical *Rerum novarum* of 1891. The church has completely neglected Henry George's rejoinder, in which he systematically refuted the papal arguments in favour of the private ownership of land, and by implication against his own plan for making the rent of land the sole source of public revenue.¹

Considered in isolation, such resistance to a convincing truth could be dismissed as a failure of understanding, or as a surrender to the force of inertia; but a careful study of the origins of nation states, their present purpose, and the historical relationship between Church and State, makes the situation much easier to understand.

It is a matter of verifiable fact that all states, past and present, have been founded on conquest and expropriation of the

DAVID REDFEARN considers *Rerum Novarum*, Catholic Truth Society, 1991, £2.50

land, with a view to the economic exploitation of one class of persons by another.

That the main purpose of most existing states is the preservation of this power to exploit does not admit of such clear demonstration; but its acceptance as a working hypothesis makes it unnecessary to go through a whole catalogue of abuses, finding a separate explanation for each.

There was a time, before the Emperor Constantine's edict of toleration in A.D. 311, when organised Christianity, true to its first principles of equality and love, set its face against state activities with their inherent element of violence, and was persecuted accordingly.

Since then, however, the toleration has been mutual, and churches have in particular

been careful to refrain from adverse comment on the most powerful instrument of economic exploitation, namely the claim of a minority to own the substance of this planet, on which the mere existence of the whole human race depends.

Such is the most likely explanation of Pope Leo XIII's encyclical *Rerum novarum*, and the subsequent failure of the ecclesiastical authorities to take any notice of Henry George. When an opponent is evidently certain to win an argument, the most immediately prudent policy is not to argue with him.

Now, in 1991, we have to report the issue of the encyclical *Centesimus annus*, the hundredth year, that is to say, after *Rerum novarum*; and it remains to be seen whether it represents in any respect a retreat from the views therein expressed, or whether,

Stanley Kwok and Peter Wardle to name a few. Ray Spaxman, also an architect, is the only person identified by Gutstein as a planner.

One would presume that, having been head of Vancouver's Planning Department for 17 years, Spaxman would have been able to take the measure of the heavy pressure on land prices to the City's benefit; to protect the significant features of the City's liveability enjoyed by those already resident. Gutstein's references to Spaxman's role suggest to me it was "too little, too late". Certain failures in land policy, including the sale of the Expo site, and the ALRT financing method, in my view point rather to a land policy too narrowly conceived, if such a policy was considered at all.

What upsets most Canadians, says Gutstein, "is the different attitude Eastasians seem to have toward housing". He quotes property consultant Rick Gossen:

"The Hong Kong and Vancouver markets work quite differently. In Vancouver people spend weeks looking for homes. (In Hong Kong), if the development is by somebody with the reputation of Li Ka Shing, people will buy it unseen."

As a rule Vancouver buyers look for a place where they intend to live; their concern for a good investment or quick turnover is secondary. As I recall, it was the furore over

"monster houses" in which Asian investment was predominant, which eventually galvanized Vancouver's administration. The range and variety of information Gutstein has woven into this book is truly impressive. But I am not quite sure what, having gathered all these facts, he intends us to make of them. Are we to be left only with an unfocussed unease, a sense of foreboding, of powerlessness? Are our students to emulate the architects (urbanists?) and other professionals who devote their skills to the City as a money machine? Or as a human community? What is it that the UBC School of Planning is telling its students when it appoints Li Ka Shing's son Victor to its occasional staff?

One senses that Gutstein believes government policies at many levels are wrong. What I miss is any hint of precise policies he would recommend to deal with specific problems. For example, how should we deal with "flipping," "disclosure," housing shortages while housing is vacant, roller coaster land prices, and so on? Why is this massive Asian investment a problem? Is it only that problems endemic to our system are exacerbated?

Having given a detailed picture of the why and wherefore of Asian investment in Canadian real estate, Gutstein leaves it up to us to use our own set of values and reasoning powers. He leaves us, in other words, with important things to do.