

# Silencing the Message from the East

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## EAST AND WEST

by Chris Patten,  
MacMillan £22.50

## LAND ADMINISTRATION AND PRACTICE IN HONG KONG

by Roger Nissim  
Hong Kong Univ. Press, £15.95

## EAT THE RICH

by P.J. O'Rourke  
Picador, £16.99

**H**ONG KONG is a key case study for students of the market economy. How did this resource-free rock on the edge of China become one of the most dynamic capitalist economies in the world?

Chris Patten, the last Governor of Hong Kong, believes he learnt the lessons, and in the year before lowering the Union flag for the last time, on June 30, 1997, he sought to instruct Europe. He commended the low taxes and free trade, but not once, so far as one can tell, did he identify the substantive cause of the prosperity: land in Hong Kong was held on lease, the revenue from which enabled the colonial government to finance its vast infrastructural improvements while holding down the taxes that damage production and trade.

Not a word appeared in his speeches and articles about the way in which revenue was raised from the sale of leases and the annual rental charge on land. He might have offered a more rounded assessment in his memoirs but he failed to do so. In fact, he seeks to disparage the colonial government's record on land policy in the two fleeting references which he offers in a book of 340 pages.

Patten, a former minister in Margaret Thatcher's government, is now back home without a mission. Once upon a time he was Chairman of the Conservative Party, which is now searching for a reason to exist. Had Patten opened his mind to the roots of the Hong Kong story he would have been well placed to advise Tory leader William Hague on the primary reforms that the Conservatives need to adopt if they wish to regain their political relevance.

The real story of Hong Kong is to be found in a book by one of the civil servants who spent 20 years working for the government as a surveyor. His methodical exposition of the history of land policy begins with the first attempts at land speculation in the 1840s,

when "the prospect of Hong Kong becoming a permanent British territory encouraged keen competition to get hold of the best sites; in other words, all the necessary ingredients for a speculative market were in place".

Writing from the Foreign Office, Lord Aberdeen sought to terminate that activity by instructing that land would be offered only on a leasehold basis, and that leases would be allotted "at public auctions to the highest bidders for the payment of an annual rent, the rent being the subject of the bidding". Roger Nissim's study guides us through the economic history and the evolution of the law as it related to the use of land, with a useful summary of traditional Chinese use rights which were also respected. His volume ought to be compulsory reading for the authors of the rash of books we can now expect on Hong Kong in the post-colonial era.

**I**nstead, one fears, the attempt to uncover the economic secrets of Hong Kong will start with such treatments as is now offered by Rolling Stone satirist P.J. O'Rourke. He set out to answer the question: "Why do some places prosper and thrive while others just suck?" The answer, he notes in Ch. 1, could not be with brains or the endowment of natural resources, or the absence of government, plain hard work or technology. None of these works as an explanation when all the evidence is assembled. So why, then, was he able to conclude that Hong Kong "is the best contemporary example of laissez-faire"?

In Hong Kong, he discovered, they knew how to make everything from nothing. American libertarian think-tanks have voted Hong Kong the freest nation in the world. Chinese culture could not be the secret, because the prosperity of the British colony contrasted with the poverty of Chinese communism.

So once again we are regaled with the catalogue of startling facts such as the low tax rates and a permanent budget surplus. Hong Kong's government consumed 7% of GDP compared with the 21% spent by the US federal government. Life expectancy of 79 years exceeded the US lifespan of

76 years. Average individual wealth was greater than in Japan and Germany and was creeping up on US per capita GDP.


In his jaundiced perception of British rule, O'Rourke seeks to qualify the influence of the colonial government in his treatment of the land issue. He writes: "Why did Britain do so little to interfere with Hong Kong's economic liberty? This is especially hard to answer...Actually, the British did piss in the colonial soup when they could. The crown government held title to almost all the land in Hong Kong and the New Territories, and dealt it out slowly to keep sales revenues high".

In his haste to frame his next quip, O'Rourke failed to see the connection between land policy and the liberties of the people. Consequently, he does not answer his original question. Hong Kong remains the uncomfortable enigma to the conventional analyst and observer. It is possible to make everything from nothing, but apparently the inscrutable people of Hong Kong are keeping their recipe a secret!

Ironically, O'Rourke need not have embarked on a globe trot through Albania, Sweden, Cuba, Russia, Tanzania and Wall Street. He need have gone no further than New Hampshire, where he says he keeps his legal residence "for tax purposes". A little digging in his own back yard would have given him all the answers he needed as to why some places prosper while others just suck.

**P. J. O'ROURKE**

**EAT**



**THE**

**RICH**

**A TREATISE ON ECONOMICS**