



Where Freedom

BY A CORRESPONDENT

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HONG KONG PART II — ECONOMY

BY THE TREATY of Nanking, Hong Kong was ceded to the British Crown, "it being obviously necessary and desirable that British subjects should have some port whereat they may careen and refit their ships. . ." In keeping with this, the construction of ship building and repairing facilities was the earliest form of industrial development, the first ship — of eighty tons — being launched in 1843. Later in the century two sugar refineries, a rope factory and a cement works were established.

Trading Port to Industrial Centre

The early twentieth century saw the start of a few small industries, which were stimulated by the first world war and later by the Ottawa Agreement in 1932. The first years of the second world war provided additional stimulus, and by the end of 1940 there were some 800 factories in operation. By and large, however, the Colony subsisted on its important and growing entrepôt activities.

Hong Kong has virtually no resources other than a strategic position on the south China coast and a sheltered deep-water harbour. Entrepôt trade to and from China was its traditional life-blood, and its banks, insurance and shipping companies, dockyards, warehouses, and stevedoring companies were built up to foster and serve this trade. These merchant houses played a great part in establishing this trade, and in the early 1950s, when, as a result of the Korean war, the United Nations embargo on trade with China cut this bloodstream, they were not slow to adapt themselves to other profitable enterprises. The growth of industry in the last ten years is a conspicuous example of the versatility which is an essential characteristic of Hong Kong's commerce. This versatility combined with the skill and hard work of the Chinese artisan and workman has overcome many difficulties, and shown that in a climate of freedom much can be achieved. What has been created during this decade can be gauged from the figures given in Tables I - III below. These achievements can be attributed very largely to two complimentary principles of policy —

1. The maintenance of Free Trade,
2. The public ownership of land.

Before going into the reasons for such achievement it is necessary to describe briefly the basic financial and economic background.

Financial and Economic Organisation

Hong Kong's financial policy has for many years been conservative and orthodox, characterised by budget surpluses and few public loans. Despite wartime destruction of capital and the expansion of social services the post-war period has seen a continuation of the policy of paying one's way. Table I gives Government Revenue and Expenditure from 1951 - 1961, Table II the main sources of income and items of expenditure, and Table III the growth of trade over the decade.

TABLE I— Revenue and Expenditure to the nearest thousand dollars H. K.

Year	Revenue	Expenditure	Surplus/Deficit
1951 - 52	308,564	275,856	+32,708
52 - 53	384,590	311,750	+72,841
53 - 54	396,882	355,408	+41,474
54 - 55	434,453	373,344	+61,109
55 - 56	454,720	402,464	+52,257
56 - 57	509,683	469,544	+40,138
57 - 58	584,185	532,679	+51,506
58 - 59	629,337	589,958	+39,379
59 - 60	664,635	709,954	—45,319
60 - 61	859,234	845,298	+13,936

Revenue Surplus over ten years = \$360 million.

TABLE II — Main Items of Revenue and Expenditure

Revenue		Expenditure	
Import and Excise		Security Services (Fire,	
Duties	20%	Police, Defence etc.)	13%
Rates	12%	Education and	
Earnings and Profits		Medical	12%
Tax	19%	Public Works, incl.	
Land Sales, Rents,		buildings, roads,	
etc.	16%	water, etc. ...	40%
Stamp Duties and		Welfare and	
Estate Duty ...	6%	Social Services ...	15%
Licences, Fines, Fees,		Other Services ...	20%
of Court	15%		
Post Office Receipts	7%		
Water Revenue,			
Entertainments Tax			
etc.	5%		

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TABLE III — Export and Import Trade
 (H. K. \$ Million)

Year	Exports	Imports	Balance of Visible Trade
1951	4,433	4,870	— 437
1952	2,899	3,779	— 780
1953	2,733	3,872	—1,139
1954	2,417	3,435	—1,018
1955	2,534	3,718	—1,184
1956	3,209	4,566	—1,357
1957	3,016	5,149	—2,133
1958	2,989	4,594	—1,605
1959	3,277	4,949	—1,672
1960	3,938	5,864	—1,926
1961	3,930	5,970	—2,040

Economic planning is not a function of the Hong Kong Government except in the very widest sense. The Government's role has been, and still is, to provide a framework within which commerce and industry can flourish; the Government interferes with economic processes only in response to the pressure of over-riding social or world events.

Free Trade

Hong Kong is one of the very few territories, if not the only one, to remain faithful to liberal economic policies of free enterprise and free trade — it has been called “a modern counterpart of the free cities of Venice and Hamburg during the heyday of European mercantile sovereignty.” It was established to circumvent Chinese restrictionism in 1840, and its existence today can largely be attributed to a strict adherence to the vital principles of economic freedom in a world increasingly determined on restrictionist policies.

There is real freedom of trade. Duties are levied only for revenue purposes and on very few commodities. Merchants and industrialists of all nations are welcome to set up business on equal terms with local enterprise. The territory falls in the Sterling Area but has a free exchange market for both current and capital transactions, and any currency can be freely purchased at one of the numerous money changers in the city; profits may be freely remitted and capital repatriated. Import and export licensing is kept to the very minimum, and such as do

exist are administered with a speed rarely exceeded elsewhere — normally in a few hours. Harbour dues are low, and turn-round of shipping rapid.

This freedom of movement means that the Colony's consistently adverse balance of visible trade is not a matter of concern; the colony in a sense has no payment boundaries, and the adverse balance is necessarily made up by income on invisible account — exchange, shipping and insurance profits, expenditure by tourists, remittances by Chinese temporarily resident overseas and inflow of capital from other Far Eastern territories. No attempt is made to right this persistent “adverse balance” — left to itself it causes no concern and in a free market is in fact self-righting.

Industry

During the last ten years entrepôt trade has taken second place to industry, which has been founded on necessity and built on freedom. Government policy has been to foster this by every means in its power short of subsidy or interference with the law of supply and demand. Basically its policy has been to provide a framework, involving no more than the provision of land, water and public services, leaving the rest to the skill, determination, know-how and hard work of the citizen at large.

Industrial development has taken the form of light industry, particularly textiles, which make up roughly fifty per cent of all exports. Other important groups are plastic goods, enamel ware, rubber footwear and electrical and engineering products. In recent years Hong Kong has become the foremost ship-breaking centre in the world and many a fine vessel ends her days on a Hong Kong beach to provide the steel bars for one of the numerous reinforced concrete skyscrapers. An important timber industry has grown up despite the fact that Hong Kong has no native timber of importance and must import all its raw timber from abroad.

All industry tends to be labour-intensive, although some of the machinery now used in the textile mills is of the latest Swiss, German or United Kingdom manufacture. Such machinery is in continuous use — twenty-four hours a day and seven days a week with but a few days rest per year. But this does not necessarily imply sweated labour since many modern factories now work a three-shift system of eight hours per day. Hours of work in the smaller factories are long and conditions severe but nevertheless industry cannot be so bad since one result of the expansion has been that the attraction of industry has resulted in a noticeable reduction in the supply of household servants, thus raising their salaries and improving their conditions.

One striking feature of Hong Kong industry has been the development of flatted factories — multi-storey buildings let off in floors or parts of floors to different industrialists. This development started with a Government flatted factory built to accommodate small scale industries required to move from Crown land to make way for more intensive development. The first Government flat-

ted factory built in 1956 was an immediate success and now accommodates some 180 individual operators in units from 200 sq. ft. to 2,000 sq. ft. in a six-storey H-shaped building comprising a total of 75,000 sq. ft. of floor space. A number of other Government flatted factories have been built since then, and private enterprise has been quick to see the need for, and profit to be obtained from, such development. As a result, some fifty privately built flatted factories, varying in size from a five-storey building on 6,000 sq. ft. to eleven storeys on 50,000 sq. ft., are now completed and very largely occupied.

Factory legislation gives effect to requirements under

International Labour Conventions and provides *inter alia* the maximum hours of work, particularly for women and young persons. Provision has also been made by Ordinance for workmen's compensation in respect of accidents arising in course of employment, and for holidays with pay for workers earning not more than \$700 a month. Although hours are long by western standards — twelve hours a day for persons over eighteen years — they are difficult to reduce in the circumstances of subsistence living which is the lot of the great majority in Hong Kong. Trade unionism exists but individual unions are small, unorganised and generally of little effect.

(To be continued)

Architecture, Planning and Politics

By

JULIA BASTIAN

"Plan the town and plan the country. Control expansion with green belts. Restrict building in this area, subsidise it in that. Lay down densities and step up compulsory purchase. Create a network of by-laws and building conditions that fox the tax collector and frustrate the architect . . . There is talk now by planners of "planned migration," but with all this planning there is a danger of forgetting the lessons of the past."



TO LOVERS of Georgian architecture and to historians, *Georgian London* by Sir John Summerson (recently published in Pelican edition, 7s. 6d.) has plenty to say. It also has some interesting "asides" for the Georgeist.

We are introduced graciously to the Georgian period, taken systematically and at some speed through it, and, because Summerson is so genuinely caught up with his subject, propelled out on the other side and well into the Victorian era. The author gives his readers good measure.

It is valuable to be shown the early growth of the Cities of London and Westminster, still quite separate entities, and linking them, a sweet Thames running softly between marsh and meadow. To the east lay the merchant metropolis, to the west the Court. Along the Strand stood palaces with halls, courts and gardens much like Oxford colleges today, and beyond — a loosely woven tapestry of village life.

As the pages of this fascinating book turn, we see clearly how development in London has come in distinct waves of activity and at fairly regular intervals across the years.

The first great wave came after the Fire when the well-to-do, and the luxury trades depending on them, moved westwards towards the Courts. Prevailing winds were blowing city smells down river, but to the west land was more desirable — and more expensive.

The next wave broke after the Treaty of Utrecht, 1713, a year before George I ascended the throne. This great building boom swung into existence as more and more country lords set up town houses in addition to their country seats, bringing with them a genteel population of professional classes, all of whom required not only good

class accommodation but new facilities for leisure and pleasure.

A third wave began during the Seven Years War, 1756-63, which, with Pitt in the saddle, turned out to be a period of unusual confidence and prosperity. Victory at Waterloo, 1815, set in motion another tremendous spate of building which had echoes in the ever-widening circles of "metropolitan improvements," until the nineteenth century was given over to producing closely-packed, ill-considered, girthless suburbs — the miles of "gloomy neighbourhoods without neighbours" we know today.

While the *effects* of these waves provide chapters of enjoyable reading to interest anyone who has ever given a thought to this great capital city, it is disappointing to discover that *causes* have been dismissed more or less in a few crisp sentences.

In the author's opinion these waves of activity and development coincided with trade cycles, boosted and dampened down by periods of peace and war, and accelerated by tremendous increases in population. There could be a yet more fundamental cause than this.

"Slowly the concept dawns on us," writes Summerson, "that a city is a living creature which must be controlled, and which, to be controlled, must be understood." But is such control, applied like a strait jacket from without, either necessary or desirable? Is there no inner control which, given half a chance, will operate exquisitely of its own accord?

To understand a city it is necessary to look more closely than there has been time for in this work to the causes that brought the city into being. It is vital to consider the