

...The suspicion that policymakers were looking for band aids in order to avoid fixing structural problems was bolstered by a couple of partially contrived debates on economic fundamentals during the year. In March and April, chief secretary Rafael Hui had started a high-profile discussion about the 'marginalization' of Hong Kong. The idea that the city would be eclipsed and left redundant by rising business centres in the mainland was not new; it rested on the assumption that Hong Kong had no choice but to continue relying on older, traditional activities that had seen their best days, like construction, container handling and acting as sole intermediary between China and the world. The British would have shrugged and let these sectors decline, trusting in market forces and private investors to identify new comparative advantages for Hong Kong (safe in the knowledge that its lead in trade and financial services was largely secure). If Hong Kong was being marginalized, it was the government's doing. With the leadership wedded to outdated policies in areas like land use and immigration and under the influence of established business interests, the emphasis was on trying to keep the old model going and compensating for the lack of economic change by giving government a bigger role in planning.

This prospect was raised when Donald Tsang made an off-the-cuff comment in August to the effect that the old principle of positive non-interventionism had been abandoned. Regina Ip, who had returned in summer from her studies overseas to found a vaguely pro-democratic think tank called Savantas, called for measures to boost Hong Kong's hi-tech base, citing the experience of Japan and Taiwan in the 1960s and 70s. Victor Sit, a geography professor and delegate to the National People's Congress, blatantly argued for a more Singaporean approach to economic planning – although most serious economists worldwide had long since seen through the Lion City's public relations and found its socialist system of allocating resources by official command to be dismally wasteful. Patriots, who often seemed to imply that it was arrogant or disloyal to presume that Hong Kong could thrive without the help of the motherland, joined in the argument and demanded that Hong Kong be incorporated into Beijing's system of five-year plans.

A political subtext emerges here. Many of Hong Kong's advantages – like rule of law, freedom of speech, clean administration and international links – were colonial features that made the city different from the mainland and were therefore now somehow distasteful as a basis for economic success. It all added up to the disturbing possibility that Hong Kong's experiences since 1997 were leading the city to lose its economic policy bearings...