

...By conniving with a property cartel, officials have allowed important parts of Hong Kong's domestic economy to fall into the hands of a small group of family businesses whose economic role can almost be likened to that of feudal lords granted the right to gather tax from the peasants in return for passing a slice on to the king. As the lack of overseas success of most of these family-run conglomerates suggests, these companies thrive on a privileged position in the local market, not competition or innovation. The system has also forced Hong Kong people to live in third-world standards of housing, typically offering little more than 100 square feet per person. Public housing tenants have become heavily dependent on subsidized homes, not only financially but psychologically; one survey showed that tenants overwhelmingly opposed the idea of assuming personal ownership of their units even at little or no cost, so wedded were they to the idea of being housed by the state...

...Officials consider 'making money for the government' a perfectly valid and natural reason to destroy heritage or allow over-development. It is almost as if the government sees itself as a commercial entity struggling for wealth in competition with other parts of the economy and its own people...

...Officials in 2006 promised to consider pro-competition legislation. Unless it affects the property and other cartels – which it almost certainly will not, given the developers' power and government indulgence – it will probably not mark much of a departure from the status quo. This raises an awkward question. Is there some sort of secret agreement between Beijing and the Hong Kong government to grant certain family-owned conglomerates continued privileges? The apparent connivance, collusion and favouritism with respect to some families' interests are at times uncanny. It is not as outlandish as it may sound, because the city's big British businesses enjoyed broadly comparable benefits, at least up to the 1970s, and winning tycoons' loyalty was an important part of Deng Xiao-ping's strategy for recovering Hong Kong. Whatever the answer, an entitlement mentality and a hankering for favours has spread through much of the domestic corporate environment since the handover...