A Cultural Political Economy of Knowledge Brands: Discourses of ‘Competitiveness’ and ‘Technology and Innovation’ in Hong Kong and the Pearl River Delta

Ngai-Ling Sum

Department of Politics and International Relations
Lancaster University, United Kingdom

1. Theoretical and Historical Anchoring of the Case Study: Two Lead Themes and Four Stages

This report provides a multi-scalar analysis of socio-economic changes in the trans-border region formed by Hong Kong and the Pearl River Delta (hereafter PRD). It examines the region in terms of two lead themes: (a) the structural-strategic and (b) the strategic-discursive dimensions of its development in a changing capitalist world-system. Specifically, Hong Kong and the PRD saw four stages during 1841-2007, with key conjunctural events (re-)shaping time-space-scale relations between these (semi-) peripheral spaces and the capitalist world systems (table 1.1).

With reference to the first lead theme, section 2 examines stage one (1841-1949), beginning with China’s ceding of Hong Kong Island to Britain in 1841. Hong Kong gradually superseded Canton as a key trading port in the British Empire and, in collaboration with Chinese compradors, became a regional hub for opium, coolies, silk, tea and porcelain as well as trade in British manufactures. Section 3 deals with stage two, which began with the Chinese Communist Revolution and the subsequent Cold War hardening of the border between Hong Kong and the PRC. Although Hong Kong lost its Chinese hinterland and entrepot role, it could industrialize thanks to cheap workers from Guangdong, entrepreneurs from Shanghai, the interest of transnational corporations to access labour markets in developing countries, and local firms’ capacity to respond flexibly to their demands. Hong Kong thereby became an extroverted (or export-oriented) accumulation regime inserted into a global-local order (Sum 1998: 62-3; Jessop and Sum 2006: 166). This involved a global-local temporal-spatial fix supported by a Ricardian
workfare regime that pursued policies that favoured financial-business interests but with limited support for the weaker industrial fractions since the 1960s (Sum 1998: 41-77).

Table 1.1 Time-Space-Scale Relations of Hong Kong and the PRD from 1842-2007

<table>
<thead>
<tr>
<th>Periodization</th>
<th>Inter-Scalar Articulation</th>
<th>New Spatial Imaginaries and (Re-)Organizations</th>
</tr>
</thead>
</table>
| 1841-1949     | Global-regional-local     | • British trade empire and Hong Kong as a regional trade hub  
                |                            | • Rise of business compradors and elite in Hong Kong |
|               |                           |                                               |
| 1949-1979     | Global-urban              | • American hegemony and the Cold War            
                |                            | • Hardening of border between Hong Kong and the PRD/China  
                |                            | • International division of labour and Hong Kong as an exportist-industrial city  
                |                            | • Business-dominated compromise with limited support for industries |
|               |                           |                                               |
| 1979-2004     | Global-national-regional-local | • Post-Cold War and globalization of production, finance and knowledge  
                |                            | • Opening of China in 1978 and northward march of Hong Kong’s industries to PRD  
                |                            | • Service vs. industry debate in Hong Kong (Harvard and MIT brands)  
                |                            | • Hong Kong’s political transition and 1997 Asian crisis  
                |                            | • Strengthening of business-financial bloc and normalizing of service-competitiveness truth regime with industrial-technology gaining more visibility |
| 2000-2007     | Global-national-regional-local | • China’s entry into the WTO and the SARS crisis  
                |                            | • Techno-nationalisms and provincialisms in China  
                |                            | • ‘CEPA, ‘Greater PRD’, ‘Pan PRD’ and ‘marginalization of Hong Kong’ discourse  
                |                            | • Politics of rescaling and ‘disciplinary integrationism’  
                |                            | • Emergence of trans-border industry-technology bloc |
Attention turns in sections 4 and 5 to two overlapping stages, initiated by three main global-regional-local changes unfolding from the late 1970s: globalization of production/finance, China’s opening in 1979, and creation of ‘Special Economic Zones’ (SEZs) in the PRD. These changes prompted regional-local actors to seek new ways to insert themselves into the global-regional-national economy influenced by new spatial imaginaries and/or new scales of activities (e.g., SEZs, global competitiveness, ‘Greater PRD’, etc.). Drawing on Sum’s ABC paper on ‘cultural political economy’ and TSP account of the CHID model, the second lead theme (i.e., strategic-discursive issues) casts new light on Hong Kong’s economic restructuring between 1979 and 2006. The key features of these two stages are presented in table 1.1 and elaborated in successive sections. Of particular importance was the split in the old compromise between business-finance and industrial capital precipitated by the so-called industry versus service debate about the strategic implications of Hong Kong’s ‘hollowing out’. This debate marked the first strategic-discursive moment in re-making the trans-border region and polarized around local attempts to re-contextualize two alternative economic models, namely, the Harvard and MIT knowledge brands. The 1997 political transition and Asian Crisis intensified the search for new economic imaginaries (e.g., ‘Cyberport’ and ‘cultural industries’) but a global-local service bloc won the struggle for economic hegemony to normalize service-competitiveness at the expense of the industrial-technology groups. While the latter became more vocal and visible, they were partly damaged in the struggle for hegemony by controversies over their Cyberport project (section 4).

Section five investigates the second strategic-discursive moment as business-financial and industrial actors intensified trans-border relations and reworked their respective knowledge brands with China’s entry to the WTO, etc. Together with pro-China and Chinese actors, new economic and spatial imaginaries such as the ‘CEPA’, ‘Greater PRD’ and ‘Pan PRD’ have been mediating the politics of rescaling. In a rapidly changing situation, the economic centre of economic gravity has shifted from Hong Kong to Guangdong and China and a new trans-border industry-technology bloc is negotiating (August 2007) with the service-financial
bloc to build one or more inter-scalar coalitions that would combine business, financial and industrial interests.

Section 6 examines the dialectics of trans-border regions that link capitalism and post-socialism under global neo-liberalism and the resulting tensions and struggles as actors search for new scalar and spatial fixes to displace and defer the contradictions of growth. It also examines the politics of the possible in time-space-scale terms.

2. Hong Kong as a Trading Port in the 19th Century

Until the mid 19th century, Hong Kong and its hinterland formed a political, economic and cultural entity based on tea, silk and pottery industries. Operated as a mercantilist system, local officials appointed by the central Chinese government handled external trade through major ports such as Canton (Guangzhou).

2.1 British Colonialism and the Annexation of Hong Kong

The system was destabilized through the activities of Britain’s East India Company, which responded to a trade deficit with China by initiating a triangular trade among India, China, and Britain in which the sale of opium to China paid for exports. The opium trade disrupted the economic, political, and social order and provoked an anti-opium campaign that culminated in a Chinese military defeat and the ceding of Hong Kong Island to the British in 1842. In 1860 the Kowloon Peninsula also went to Britain; and in 1898, during a scramble for concessions, the border moved northwards to include the New Territories on a 99-year lease. As a British colony, Hong Kong had its own permeable border with the PRD and China. Separation supplied the large British trading houses with military and administrative protection absent in Canton; and permeability allowed British traders, working with Chinese compradors, to build Hong Kong as a regional trade hub for opium, silk, tea, rice, porcelain and coolies as well as for British manufactures.

2.2 The Social Basis of Support of Hong Kong as a Trading Port
Chinese merchants provided networks, expertise, and information about Chinese products, channels and finance in exchange for commission and expenses. During the 1860s, a group of prominent Chinese compradors had emerged as competitors as well as collaborators of the colonial regime. As they accumulated capital by providing trading, shipping, insurance, finance, dockyards, and warehouses for western trading companies, they could also competed with them (Hui 1999: 36-9). This business elite used commercial, social and religious resources to win and maintain their wealth and extend their power (Tsai 1993: 44-5). In addition to their own organizational bases (such as the Chinese Chamber of Commerce), notables in this group were also co-opted from the mid-1880s into the colonial government as ‘unofficial members’ of the Executive and Legislative Councils. This arrangement, with its mix of collaboration-competition, indirect rule,\(^1\) and laissez-faire ideology was challenged by Japan’s growing economic and political power and eventually the Japanese Occupation of Hong Kong. After Japan’s defeat, Hong Kong restarted under British colonial rule as an entrepot with some manufacturing industry – a trade-oriented ‘colonial fix’ that was soon altered by changes in the global-regional political economy in the 1950s.


The end of the WW2 saw a financially-crippled Britain, Japanese defeat, Communist Revolution in China, and the rise of US hegemony within the ‘free world’ in a bid to contain and roll back communist expansion.

3.1 The Cold War and American hegemony

In Asia, in a period marked by hot and cold wars, US-led partnerships offered ‘development’ as a growth path for capitalists and other classes in countries prepared to accept the ‘free trade and multilateral’ narrative according to which development would occur through ‘market opening’ and ‘FDI’. This was largely rhetorical. For, with increased competition from Japan and West Germany plus growing protectionist demands in the advanced capitalist countries, the US used its global-regional-local domination to (a) open other countries’ markets to whatever sectors the US business was strongest in; and (b) open overseas labour markets

With the outbreak of the Korean War, Hong Kong lost its major regional trading hub role because the United Nations embargoed trade with China in 1951 and was forced to rethink its insertion into the world market. The Communist takeover in China provided Hong Kong with cheap ‘refugee’ workers from nearby Guangdong and experienced entrepreneurs from Shanghai. In addition, the UN embargo forced Communist China to seek foreign-currency by selling cheap food, raw materials and water to Hong Kong. All of this facilitated a reshaping of Hong Kong’s development path in the new context of US-led capitalism.

3.2 The International Division of Labour and Hong Kong’s Exportism

Hong Kong was drawn into the ‘new international division of labour’ (Froebel et al., 1978) as transnationals sourced cheap labour and goods for western markets. This was mediated through local export-oriented commercial-production networks as (a) colonial merchant capital and compradors reinvented as bridges between overseas importers and local manufacturers; (b) small and medium subcontracting firms emerged to organize large local factories engaging in ‘flexible imitative production’ (Sum 1998: 62-3; Jessop and Sum 2006: 166); and (c) labour, time and capital were used flexibly to produce/distribute cheap and mature consumer products (e.g., textiles, clothing, plastics, toys and watches and clocks) aimed at US and European markets.² Owing to the resulting extroverted, ‘exportist’ mode of growth (Sum 1998: 41-77), Hong Kong acquired semi-peripheral status (Wallerstein 1979). This was not based on the often-cited principles of laissez-faire and free trade but on the city’s ability to pursue flexible, imitative accumulation sustained by Ricardian workfare under US-led global capitalism.

3.3 Hong Kong’s Exportist Workfare Compromise

An important legacy of Hong Kong’s earlier role as a trading-port was the dominance of business-financial interests imbued with laissez-faire ideology and ambivalent to industrial support and upgrading. This ambivalence limited the scope for economic intervention but could not obscure the new path-shaping possibilities of industrial expansion in the new global-regional conjuncture. The industrial boom
emerged in the 1960s and some trading firms and banks embarked on industrial-related activities. Nonetheless a solid business-finance-industrial alliance did not develop because of ethnic difference (e.g., Shanghai industrial capital favoured expatriate-merchant hongs over Cantonese firms) and internal divergence between large industrial capital and small and medium firms (Choi 1999: 154-5). The relative weakness of industrial capital compared with business-financial interests and the colonial authorities’ commitment to cheap government kept industrial support low.

The exportist policy compromise that was selected and sustained from the 1960s was linked to a Ricardian workfare regime committed to a low-cost and factor-oriented strategy organized around trade-export and labour-wage relations (Sum 1998: 168). The associated policy mix included: (a) provision of general infrastructural conditions (e.g., roads/port facilities, low-tax rates, subsidized multi-storey ‘flatted factories’, etc.) and export subsidies to capital (e.g., trade negotiation on quotas and tariffs, services supplied by the Trade Development Council and the Export Credit Insurance Association, etc.); (b) adjustment of labour markets through wage subsidies (e.g., public housing/education, rent and rice controls, etc.); and (c) reliance on formal and informal ‘workfare shelters’ (e.g., hawking activities, charities, clan and religious organizations) to shield individuals from falling wages, unemployment and export squeezes (e.g., western protectionisms). These measures were complemented by a colonial-Confucian mode of societal organization based on traditional obedience to authority, commitment to ‘education’, ‘entrepreneurship’, ‘self-improvement’ and ‘mutual help’, general support for market economic and political values and institutions, and a distinctive ‘fear of communism’ coupled with the entrepreneurial ‘pragmatism of refugee society’ and ‘admiration of the West’. This everyday mix of sovereign and biopolitical power (in)directly reinforced entrepreneurial workfare subjectivities and moralities, each with its own racialized and/or gendered aspects. It favoured the ‘myth of the ladder’ and ‘entrepreneurial self-improvement’, weakened the appeal of working class identities and resistance potentials, and made it hard to organize workers for serious strike action. Nonetheless workers often joined unions for social gains and also supported social movements or other mass
actions on particular issues.

4. Structural-strategic contexts of Hong Kong/Pearl River Delta as a trans-border region 1979-2004

The early mode of regulation associated with this exportist compromise involved: (a) the primacy of business-financial interests over those of industry and labour; (b) export subsidies with some degree of industrial support; (c) workfare shelters that cushioned the working classes from the vulnerabilities of flexible exportist production; and (d) working classes aspiring and self-regulating to become entrepreneurs. This compromise was sustained by a theatre of politics and social relations that was premised on competitive relations between capitals and marginalized the economic and cultural power of the labour force. Wage conflicts and labour unions were certainly present in this exportist regime but cleavages between business-finance and industrial capitals were more prominent. This Ricardian compromise was disturbed by three main changes occurring since 1979.

4.1 Global-National-Regional-Local Changes Since 1979

The globalization of production and finance occurred under neo-liberal hegemony. Multinationals stretched their commodity chains (Gereffi and Korzeniewicz 1994; Gereffi 1999) and, in collaboration with local supplier networks in developing countries, outsourced their demand for cheap (un-)skilled labour, component parts and raw materials. This coincided with conjunctural changes in post-Mao China as its leaders (especially Deng) promoted a new hegemonic project to 'build socialism with Chinese characteristics'. This created the discursive space to narrate and implement an ‘open door’ policy as part of China’s modernization programme from 1978 onwards. This introduced the global and regional into China’s own national spaces through decentralization strategies that encouraged the establishment of SEZs and inflow of FDI and ‘special domestic’ investment from Hong Kong and Taiwan.⁴

4.2 Re-emergence of the Regional Scale: the Pearl River Delta Region
In response to these new opportunities, an increasing body of spatial ideas and discourses (e.g., ‘South China Economic Circle’, ‘patriotic ethnic Chinese investing in the motherland’ and ‘Hong Kong as gateway to China’) mapped Hong Kong, southern China, and even Taiwan as part of an imagined economic community. For patriotic and/or pragmatic reasons, Hong Kong business and industrial capitals drew on their linguistic affinities and kinship ties to build socio-economic links in the PRD. They also entered strategic networks with local Chinese public, quasi-public, and private agencies in the region and consolidate them through guanxi and other means ranging from personal gifts to community donations (Yang 1994; Yan 1996; Zhao and Aram 1995: 360). Hong Kong trader-cum-producers used these networks to connect local party/administrative officials, their entrepreneurial affiliates, and multinational corporations looking for cheap sites of production.

In addition, rural de-collectivization since 1984 released 100-150 million migrants from the inland areas to enter low-cost, low protection labour systems as coastal communities competed to attract foreign capital. The PRD has developed a highly 'flexible-taylorized' process based on a minute division of labour (e.g., sewing, button-holing and button-stitching in the garment industry) plus flexible hours, wages, hire-and-fire procedures, and lax interpretation of labour standards/laws in the region (Sum 1998: 66-68). These 'workhouse zones' also reproduce labour through workfare setups with dormitory accommodation, subsidized meals and home trips for the Chinese New Year (Pun 2005).

Such capital-labour arrangements attracted 80% of Hong Kong's manufacturing firms to move to the delta. By the mid-1990s, 25,000 Hong Kong firms/factories employed 3 million workers, rising by 2004, to 80,000 firms with 11 million (cf. Appendix 1). This has turned largely agricultural land into export-oriented production sites for low cost, flexi-regulation, labour-intensive manufacturing tied to different global commodity chains. Such regionalized global-local production was/is mediated by Hong Kong’s industrial and business capitals (especially large export sourcing firms) engaged in subcontracting management (Sum 1999).
4.3 First Strategic-Discursive Moment: Hong Kong’s Hollowing-Out Debate and Knowledge Brands

The northward march of Hong Kong’s industry and economic tertiarization reshaped Hong Kong’s time-space-scale coordinates and weakened the old exportist workfare compromise. While Hong Kong’s pro-industrial groups (e.g., Federation of Hong Kong Industries) worried about industrial decline and limited high-tech support, business-financial groups (e.g., Hong Kong Chamber of Commerce and its newly-formed advocacy think tank, the Hong Kong Coalition of Service Industries) suffered from Hong Kong’s rising office and domestic rental costs and from Shanghai’s rise as a service centre. This prompted the ‘hollowing out’ debate between industry and service interests (led by prominent entrepreneurs, think tanks, and key policy makers) in the mid-1990s. The search for economic opportunities was reinforced by Hong Kong’s impending return to China in 1997 and, later, by the Asian Crisis. Actors on both sides repositioned themselves in this emerging global-regional-national-local mode of exportist growth. In addition, the decomposition of the workfare compromise prompted a struggle for hegemony in which opposing factions drew policy ideas from the transnational knowledge circuit to bolster their interpretations of the stakes in economic restructuring.

Some of these ideas have been commercialized and gained brand status as academic entrepreneurs, consultancy firms, and policy think tanks have packaged knowledge into strategic and policy recommendations. Like commercial brands (Lury 2005; Arvidsson 2006), knowledge brands are meaning-generating devices that address the rational and irrational aspects of human nature. Cognitively, a brand like Porter’s competitiveness model is rationalized and legitimated by its association with Harvard Business School, its distinctive policy recommendations, benchmarking models (e.g., Porter’s Diamond), re-engineering solutions for economic development, and careers for its promoters. Emotionally, it addresses pride, anxieties and social tensions linked to growth, development, economic restructuring, and fears about sheer survival. These rational and irrational effects may enable a brand to become hegemonic when it is recontextualized. Thus
viewed, a knowledge brand can be defined as a would-be hegemonic meaning-making device promoted by ‘world-class’ guru-academic-consultants who claim unique understanding of the economic world and translate this pragmatic view into policy recipes and methodologies that address social tensions, contradictions, and dilemmas as well as appeal to the pride and anxieties of the subject in the process of socio-economic changes. Circulating transnationally, these brands provide flexible templates that can be adapted to local circumstances and conjunctures and translated into policy recommendations (Bernstein 1990).

4.4 Two Competing Knowledge Brands in Hong Kong

Facing the challenge of restructuring, strategic actors from the service and industrial sides each commissioned consultancy reports that drew on different transnational knowledge brands. These were, respectively, Harvard-Porter's 'competitive advantage' (1985) and MIT-Berger-Lester's 'industrial performance' models. They have had major discursive effects in meaning making and (re-)mapping possible economic futures for Hong Kong with important repercussions for power relations and everyday life. This report draws on many data sources (e.g., government newsletters/bulletins, policy remarks/speeches, consultancy reports/papers, minutes of meetings, newspaper reports, etc.) to uncover the dialectic of material-discursive forces as competing regimes of truth get selected, articulated and sedimented. This dialectic is far from smooth and combines diverse constructions proposed by diverse actors. Said’s concept of ‘flexible positional authority’ (1978) highlights how fragmentary and dissociable elements can be articulated to produce hegemony.

Given their path-dependent historical privileges, business-financial interests were more successful than their counterparts in industry and technology in articulating a hegemonic project tied to their preferred knowledge brand. For example, linking ‘competitiveness’ with ‘services’ imbued the Harvard brand with localized meaning that could (re-)position individuals and social forces and govern conduct related to a new mode of developmentality (development governmentality) tied to the service-competitiveness agenda. Thus popular alliances coalesced around
psychological-emotive elements that allowed this global-local service bloc to gain flexible positional authority. In contrast, the MIT brand, which was promoted by the industrial-technology groups, failed to gain equivalent influence and moral leadership. Although they won more government support and were more vocal and visible than in the 1960s and 1970s, their technology project was later tainted by its association with the controversial urban icon of the Cyberport (see below).

4.4.1 The Harvard brand constitutes Hong Kong’s service-competimentality

Harvard’s cluster model of ‘competitive advantage’ was transferred to Hong Kong via the concerted efforts of power networks and civil society actors. Among those mobilized were top government officials, business think tanks, local economic leaders, glocal academics/consultants, economic quangos and business media. The then Financial Secretary (FS) – Donald Tsang – entered the ‘hollowing out’ debate at the same time as the Hong Kong Coalition of Service Industry (HKCSI) was formed to represent over 50 service sectors. For different reasons, the FS and HKCSI each saw ‘service’ as the key object of economic governance.

The FS highlighted the ‘service question’ by forming a Government Task Force on Service Promotion in August 1995, requiring departments to report progress on ‘service promotion’. In 1997, he set up a Business Service Promotion Unit in his office. HKCSI backed this agenda, advocating a ‘tripartite effort’ (business, government, and academics) to promote the service industries with itself as ‘lead organizer’ of a partnership symposium. The service agenda was also promoted in major consultancy reports that provided detail and gravitas. A key role was played here by local private and public actors with Harvard links, especially the financial secretary himself and Victor Fung, a prominent businessman. With Fung’s support and sponsorship from the Vision 2047 Foundation, which is a think tank that speaks for the interests of commercial, financial capital and related professionals, a report based on the Harvard-Porter model on ‘competitive advantage’ was commissioned in the mid-1990s from three academics/consultants led by Michael Enright (then at Harvard) assisted by Scott and Dowell. Highlighting the report’s lineage and riding on Harvard’s cachet, they published the report as *Hong Kong Advantage* (1997).
The report highlighted the problem of manufacturing decline as Hong Kong moved from a ‘manual’/‘enclave’ to a ‘knowledge’/‘metropolitan economy’ (Enright et al., 1997: 13). This narrative portrayed Hong Kong as an object of urban-service calculation that performed hub-like roles, such as ‘packagers and integrators of activities for the global economy, a leading source of foreign investment, a centre for overseas firms, the capital for the overseas firms, and driver of the Mainland economy’ (Enright et al., 1997: 80). This ‘hub’ metaphor creatively reworked Porter’s ‘diamond model’ by identifying five linked clusters contributing to Hong Kong’s role as a service economy within the regional-global economy. They were business and financial services, transport and logistics, light manufacturing and trading, property and construction, and tourism. The ‘cluster’ concept is central to Porter’s account of competitive advantage, depicting the organizational dynamism of geographically proximate companies, suppliers, and associated institutions. Translated to Hong Kong, it was linked positively to other local ‘drivers of competitiveness’ rooted in ‘government as referee’, the ‘hustle and commitment strategies’ of Hong Kong’s merchant manufacturers and the societal ethos of ‘hard-working people’ (see especially 1997: 34-40, 45-6 and 85). This Harvard-branded metropolitan imaginary was relayed through many sites/apparatuses (e.g., conferences, forums, policy research pamphlets, commissioned reports, business media, universities, etc.) and ‘knowledging techniques’ in order to make service-competitementality (competitiveness governmentality) into a versatile and mundane truth regime.

To illustrate how this occurred, this report examines the inter-discursive space mediated by policy forums, commissioned reports and newspapers which invoked knowledging techniques that frame economic thinking as well as procedures to establish ‘truth’. Four key techniques made important contributions between 1998 and 2004 to the suturing of service-competitementality as a hegemonic economic imaginary (Table 4.1).

Following publication of Hong Kong Advantage, the government’s Central Policy Unit (CPU) held a conference on ‘Hong Kong Competitiveness’ on 22 April 1998.
Deploying its resources as the official think tank, the CPU introduced the Harvard-Porter brand by positioning it prominently in the overall organization of the conference, reinforcing it through repetition and self-reference, and linking its promotion to Hong Kong’s economic future. Fung, who chaired the think tank that sponsored the Enright report, was a keynote speaker and, unsurprisingly, repeated the report’s catch-phrase of Hong Kong as a ‘metropolitan economy’ with a service centre that could serve China (Appendix 2). Such repetitions proactively framed the grounds for discussion and debate by disqualifying certain discursive interventions (cf. Deetz 1992), especially challenges from industrial-technology groups. Thus Enright, a commentator at the conference, protected the ‘service-metropolitan’ frame by marginalizing ‘technology’ as subordinate to ‘business’ (Appendix 3). Combined with his implicit equation of business and service industries enabled him to portraying the latter as the most logical restructuring option for Hong Kong.

Table 4.1 Knowledge Apparatuses and Knowledging Techniques for ‘Service-Competimentality’, 1998-2004

<table>
<thead>
<tr>
<th>Major Actors</th>
<th>Examples of Knowledge Apparatuses/Instruments</th>
<th>Knowledging Techniques in Meaning Making</th>
<th>Examples of (Re-)Invented Symbols</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Secretary, economic leaders, Hong Kong Coalition of Service Industries, think tank, academic-consultants, Trade Development Council</td>
<td>Conference speeches, commissioned reports, policy papers, blueprints, newspaper columns</td>
<td>Technique of repetition</td>
<td>‘Metropolitan economy’ with service orientation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Technique of marginalization (discursive closure)</td>
<td>‘Technology as means’</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Technique of agency</td>
<td>‘Technology to follow (not lead) business’</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Technique of chaining/linking</td>
<td>‘Tripartite’, ‘Quad’ and ‘Penta’ Forums</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>‘Quality of Life’ sectors</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>‘Management Consultancy’ sector</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>‘Asia’s World City’</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>‘Cultural Industries’</td>
</tr>
</tbody>
</table>

(Source: author’s compilation)
Other sites, actors, and techniques were used to support, stretch, and reinforce the service-competitiveness regime of truth. During the post-Asian Crisis period, for example, the FS revitalized the service think tank’s earlier suggestion to establish a government-funded tripartite forum to engage all partners ‘in discussion, debate and brainstorming of ideas on policy’ (http://www.hksci.org.hk/old/event/1999.htm). Tsang requested the HKCSI to co-organize this forum with the BSPU and the School of Business of the University of Hong Kong in January 1998. This tripartite forum was later extended to Quad and Penta versions in 1999-2000 and 2002-4 through co-option of legislators and media editors respectively. Setting up forums and meetings contributed to political, intellectual and moral leadership by engaging other stakeholders in forums that negotiated this new truth regime. This way of partnering echoed the technique of agency with its combination of participation, voicing and control. The report now reviews three ways whereby these forums showcased, domesticated and extended the service-competitiveness claims in conjunction with participation and voicing.

First, like the 1998 CPU meeting, the Tripartite Forum\(^9\) adopted ‘Servicing Economy’ as its title and had two panels on ‘competitiveness’ on which Enright and Dodwell presented the localized Harvard brand in an effort to guide the ambivalent stakeholder-publics. Second, service-competitiveness was made more acceptable by linking it to popular market symbols such as ‘privatization’ and ‘liberalization’.\(^{10}\) This technique was repeated in the Quad 2000 and Penta 2002-2004 Forums.\(^{11}\) This cultural localization encouraged recognition and normalization of the service-competitimentality and its truth claims. Third, the competitiveness-service theme was linked positively with emerging service clusters and policies. In the Tripartite Forum, the panel on ‘Raising Competitiveness: Quality of Life Sectors’, the ‘quality-of-life’ sectors (e.g., leisure and entertainment, education, and healthcare) were included as new objects within the competitiveness embrace. The Quad and Penta Forums likewise narrated logistics, community services, healthcare, services in the PRD, culture and entertainment as part of the service-competitiveness imagination. These suturing efforts to link otherwise disparate elements into a
shared service-competitiveness discourse were part of the negotiation process and were continuously challenged and modified.\textsuperscript{12}

The HKCSI and the Trade Development Council also produced complementary knowledge products (e.g., policy reports and blueprints).\textsuperscript{13} Among other activities, the Coalition and Council commissioned consultancy reports from the authors of \textit{Hong Kong Advantage} on ‘management consultancy sector’ and the ‘Asian Crisis’. These extended the brand to new areas and contingencies so that the belief in future ‘growth’ on these lines was still seen as possible despite the Crisis. Indeed, the post-Crisis period can be seen as part of a hyperdiscursive Darwinian process in which top bureaucrats, their senior advisors and academic gurus experimented with several knowledge brands to lead the public conversation. The resulting ‘will to improve’ led to the churning of urban icons (e.g., \textit{Asia’s World City}, Florida’s \textit{creative industries}) as different imaginaries, discourses, and projects were linked directly and indirectly to the Harvard brand, with successful enchainings being retained, less successful ones rejected, and the overall effect being to reinforce the complex hegemony of the overall brand/project.

More specifically, when the financial crisis began, the Commission on Strategic Development, a senior public-private advisory body to the Chief Executive (Tung Chee-Hwa), adopted the ‘world city’ vision. He mentioned this in both his 1998 and 1999 Policy Addresses, emphasizing Hong Kong’s development as a cosmopolitan city like New York and London. This ‘world city’ discourse was welcomed by service-oriented actors as it complemented their metropolitan imagination of Hong Kong. For example, Enright, in ‘\textit{Hong Kong’s Competitiveness, or Do We still Have Hong Kong Advantage?}’ (HKCER 1999), reiterated the metropolitan imaginary and chained it with the ‘world city’ (appendix 4). Likewise, a consultancy report from the Commission on Strategic Development, \textit{Bringing the Vision to Life: Hong Kong’s Long-Term Development Needs and Goals} (February 2000), presented Hong Kong as both ‘Asia’s world city’ and a ‘major city in China’. This metropolitan status on the global and regional scales was represented diagrammatically (Appendix 5) and enframed in terms of the Porter-Enright cluster metaphor by adding two new
clusters to those listed in *Hong Kong Advantage*, namely, ‘innovation and technology’ and ‘creative and cultural activities’.

The new hype on a ‘creative and cultural activities’ cluster led the Hong Kong Arts Development Council to conduct a ‘cultural industry’ study in 2000. It proposed a Task Force on Creative Industries and likened Hong Kong to London as a ‘creative city’. This vision was reinforced by the subsequent publication of Florida’s book, *The Rise of the Creative Class* (2003), which rapidly gained brand status in the transnational policy circuit. This new knowledge brand stretched Porter’s model of competitiveness and complemented property-related development (Peck 2005). Eager to embrace the Florida brand, the Hong Kong Special Administration Region (HKSAR) government’s Central Policy Unit commissioned the Centre for Cultural Policy Research of the University of Hong Kong to conduct a ‘Baseline Study on Hong Kong’s Creative Industries’ in 2002. It suggested that the 11 industries in this cluster (among them advertising, antiques and art dealing, computer software, digital entertainment, and films) accounted for 3.8 percent of GDP in 2001 and could grow further in the right climate. This vision gained support from the service, media and property sectors and was placed high on the agenda when the CE included creative industries in his 2003 and 2004 Policy Speeches.

Replying to the first of these speeches, the Hong Kong General Chamber of Commerce recommended that the creative industries materialize themselves in the form of ‘brand-name’ projects such as the West Kowloon Cultural District (WKCD). This resonated with the Planning and Lands Bureau, which had wanted since 1999 to build the 40-hectare WKCD based on a design by Norman Foster. The CE’s Speech and Chamber recommendation created the conjuncture to depict the WKCD as ‘pivotal’ to the development of Hong Kong’s ‘creative industries’. But the very scale of the project, its link to retail, commercial, and residential development, and its proposed allocation to just one property consortium triggered widespread criticism that this was really a ‘property’ rather than ‘cultural’ project (Webb 2004), a misuse of public money (Hong Kong Institute for Surveyors 2005), lacked transparency and accountability (Hong Kong Democratic Alliance 2005), and excluded local artists and society-based cultural groups (People’s Panel on West
The complainants called for a more social logic to temper the neoliberal commodification of culture and the project was withdrawn for further consultation. In short, these examples indicate the Darwinian competition among urban icons: the ‘Asia’s World City’ vision was retained and the WKCD withheld. But this nonetheless occurred within the logic of the service-competitiveness project, which thereby retained its ‘flexible position authority’.

4.4.2 The hegemony of a broader global-local service bloc

The rise of service-competitimentality was also mediated from below through various civil-society sites (e.g., newspapers, business press, education, advertisements, etc.) oriented to everyday life. An analysis of the major English newspaper in Hong Kong - the South China Morning Post (SCMP) - illustrates the production and dissemination of this story-line and shows another modality of power in the orchestration of conduct and rule. The SCMP hosts a special report section called ‘ADVANTAGEhk’ on its website. Inter alia, this: (a) presents competitiveness-related news, (b) organizes opinion surveys on Hong Kong’s competitiveness with consultancy firms (e.g., TNS); (c) communicates these results to business leaders through invited meetings; and (d) runs an e-mail address (hkcompetitiveness@scmp) for opinion gathering.17

SCMP business pages regularly report on Hong Kong’s competitiveness as judged by global indexes. For example, Michael Taylor, a business correspondent, reported Hong Kong’s post-crisis loss of competitiveness (Appendix 6). Such reporting normalizes the disciplinary treadmill of competitiveness by ranking and comparing Hong Kong on instruments such as the World Economic Forum index and, if judged in decline, calling for remedial action. This promotes a desire to compete and survive through the self-responsibilization of social actors who adopt (or adapt to) this mindset in fields like education (Appendix 7), life-long learning, immigration, environment, transparency, corruption, etc.) and practices.18

Together these multiple mechanisms and modalities of power work indirectly to support and extend service-competitimentality as a regime of truth. The breadth and
embedding of associated discourses and practices narrow the gap between top-ranking bureaucrats, academic-intellectuals, economic leaders, and entrepreneurs and mass hopes and fears (cf. Gramsci 1971). This helps to form popular alliances around psychological-emotive elements in support of a temporary service bloc that is clearly not homogeneous but can nonetheless align differences in an alliance with overlapping identities and interests. The interconnections among the leading nodes in this service bloc are presented in Diagram 2 but the latter cannot reveal the bloc’s capacity to respond to changing historical conditions, new challenges, shifting alliances, or the negotiation/reinscription/subversion of meanings.

Diagram 2 The Emergence of a Global-Local Service Bloc Co-ordinated by Service-Competimentality between 1997-2004

(Source: author’s compilation)

4.4.3 Recontextualizing the MIT brand and the controversial techno-urban icon

As the Harvard brand was being recontextualized for Hong Kong, a competing body of knowledge bearing the MIT label was also being translated to Hong Kong.
This main discursive network involved industrial-manufacturing groups, academic-consultants from MIT research centres certain government departments and commissions, some top government officials, and quasi-governmental bodies. Through their concerted efforts, symbols such as ‘technology’, ‘innovation’ and ‘Made by Hong Kong’ were created and, at first, co-existed uneasily with the service-competitiveness regime of truth. The MIT brand won some support from the Chief Executive but was soon weakened by controversies related to its techno-urban icon -- the Cyberport. While a few projects (e.g., Science Park) kept the show on the road between 1999 and 2002, the real ‘technology’ drama began after the 2003 SARS crisis, the CE’s ‘resignation’ in 2006, and the rise of technonationalisms in China (section 5).

The MIT brand informed a consultancy report, ‘Made by Hong Kong’ (Berger and Lester 1997) that gave a more place-based account of the economic future. This report was sponsored by manufacturing/industrial capital and supported by parts of the bureaucracy (most notably the Hong Kong Government Industry Department and the Hong Kong Productivity Council). It portrayed Hong Kong as locked into a ‘Made by Hong Kong’ manufacturing trajectory, i.e., as off-shoring the low-cost manufacture of ‘Hong Kong’ goods in southern China and elsewhere in Asia. It argued that this trajectory was ‘unsustainable’ due to rising labour and land costs in Guangdong Province, the ‘craze for property’ in the region, competition from Japan's successful organization of its own regional networks in the area, and the volatility of service sector jobs in Hong Kong (Sum 1997: 52-57).

This particular problematization rested on a development-gap metaphor that suggested that Hong Kong must ‘climb the technology ladder’ to sustain a higher-value-added, brand-based pathway. The report reinforced the upgrading metaphor through its contrast between ‘Made by Hong Kong’ and ‘Made in Hong Kong’. The former referred to products made by Hong Kong firms ‘through long production chains that may start in Hong Kong but use manufacturing sites in the PRD, the latter meant products that were produced ‘within the territory of Hong Kong proper’ (Berger and Lester 1997: xii-xiii). Only the ‘Made in Hong Kong’ path would enable Hong Kong to become a ‘world-class industrial power’ based on permanent
technological upgrading. This would require: (a) R&D agglomeration economies based on universities, technology-based enterprises, education institutes, (virtual) science park and private firms; (b) replacing original equipment manufacturing (OEM) with original design manufacturing (ODM) and original brand-name manufacturing (OBM); (d) strengthening state support by injecting more technical expertise and raising the profile of technology-related policies; and (e) acquiring technical knowledge from the PRC, diasporic Chinese, international experts and multinational corporations, etc.

This recipe entailed shifting Hong Kong’s policy common sense from colonial ‘positive non-intervention’ favouring services to ‘pro-active economic management’ for industry. The MIT report provided the initial discursive basis and policy lexicons (e.g., ‘technology’, ‘innovation’, ‘upgrading’, etc.) to mediate policy rethinking. After the 1997 transition from colonial regime to SAR status, the Chief Executive had greater policy leverage to experiment in this regard. His first policy address in 1997 proposed a Commission on Strategic Development under the Central Policy Unit to advise him on Hong Kong’s long-term development. Backed by two industrial-oriented Executive Councillors (Raymond Chien and Henry Tang) and supported by Chinese officials (Goodstadt 2005: 133), the CE buttressed high tech by establishing the Commission on Innovation and Strategy chaired by Tien Chang-Lin in March 1998. Economic symbols such as ‘innovation’ and ‘technology’ began to enter into the policy field and the Commission was to explore Hong Kong’s chances of becoming a ‘technology-intensive economy in the 21st Century’.19

In line with the MIT approach to upgrading core capabilities, the Commission also recommended: (a) strengthening technological infrastructure and technological entrepreneurship; (b) building human capital to meet the needs of a knowledge-based economy; (c) enhancing technological collaboration with the Mainland; (d) fostering university-industry partnership; and (e) lowering information, financing and regulatory barriers. These strategies were backed by a new Innovation and Technology Fund with 5bn HKD and an Applied Science and Technology Institute Research Institute (Hong Kong SAR 1998: vi-vii).
The global dot-com boom reinforced this alternative strategy and ‘information technology’ (IT) became the buzzword after the Asian Crisis. The urgent need for a trendy icon and quick-fix discourse to galvanize a shattered public in this period partly led the CE to pick Cyberport as the ‘winning solution’ in 1999. This IT object/project of growth was originally the ‘brain child’ of Richard Li (then dubbed ‘Hong Kong’s Bill Gates’) and his Singapore-based corporation, Pacific Century. It aimed to create an information services sector to promote Hong Kong as ‘the premier information and telecommunications hub in Asia’. In addition, ‘the Cyberport was meant to attract, nurture and retain the relevant innovative talent necessary to build a cyber-culture critical mass in Hong Kong’. This ambition was inspired by the Silicon Valley model and idealized growth based on ‘collaboration’ between ‘decentralized social networks’ between local universities and financial systems (Saxenian 1994). Riding on Silicon Valley’s ‘success’, Pacific Century promised an incubator-type multi-media service cluster to help Hong Kong to ‘catch up’ in the IT age.20

This illustrates a more general trend in ‘Greater China’ and East Asia, namely, a process of Siliconization (Sum 2004) as opposed to building a new Silicon Valley. This symbolic appropriation of ‘Silicon Valley’ secured material backing when the government unveiled a 6bn HKD land grant for the Cyberport in the 1999 Budget. Some local academics and leaders supported these projects on the grounds that it would play a leading regional role in IT and create jobs. More typical, however, were criticisms. Some market analysts claimed ‘this is no “Silicon Valley”’ (Webb 1999) but merely ‘Cyber villas by sea’ (i.e., a real estate rather than high-tech project). Ten real estate developers jointly denounced the government’s decision as ‘not open for bidding’ and accused it of subsidizing the Cyberport project by releasing residential land. The Democratic Party criticized the lack of transparency, ‘favouritism/cronyism’ and interventionism. Nonetheless, the Cyberport project proceeded and was unsurprisingly hit when the global ‘dot-com bubble’ burst in April 2001. The search for a new techno-economic identity based on the industrial high road faded quickly and the resulting loss of confidence in the CE was aggravated by the collapse of the residential property market, rising unemployment, mishandling of the SARS crisis, and a misjudged national security
One result was a demonstration with more than 500,000 participants on 1 July 2003, which prompted the Chinese central government to rethink its strategy for Hong Kong and its support for the CE (Loh 2006).

Meanwhile, despite public scepticism over the ‘Cyberport-IT’ issue, the CE and industry-related organizations (notably the Hong Kong Productivity Council) promoted ‘high technology’ under the rubric of the ‘knowledge-based economy’. On 1 July 2000, the Commission for Innovation and Technology was formally set up inside the SAR’s Commerce and Industry Bureau to ‘spearhead Hong Kong’s drive to become a world-class, knowledge-based economy’. Specific programmes included a 22-hectare Hong Kong Science and Technology Park in the New Territories and a Hong Kong Applied Science and Technology Research Institute to work in partnership with the private sector. This articulation of ‘technology’, ‘innovation’, and ‘knowledge-based economy’ was common in 2001 (Flowerdew 2004: 1568).

This enchaining constructed a new (inter-)discursive space in which industry-related organizations circulated and reinvented the MIT discourse. Efforts by the Commission, the HKPC, professional organizations, and other forces to promote technology-knowledge-innovation truth regime and support were more visible and vocal than those of their industrial predecessors in the 1960s. But they could not galvanize the general public as much as the service-competitiveness brand did.

5. The Structural-Strategic Contexts in the Deepening of Hong Kong/PRD as a Trans-Border Region 2000-6

The struggle over economic imaginaries now shifted from recontextualizing the Harvard and MIT approaches to adapting and articulating them to the mutual opportunities opened by China’s WTO entry in 2000 and growing techno-nationalist projects. This brings us to the second strategic-discursive moment affecting the region.
5.1 Second Strategic-Discursive Moment: Brand Reinvention and the Politics of Rescaling

This second moment involves the efforts of the service-competitiveness and industrial-technology actors to reposition and renegotiate their respective knowledge brands, identities, economic strategies, and interests in response to the changing time-space-scale coordinates of Hong Kong and the region. New geo-coded symbols (e.g., Closer Economic Partnership Arrangement (CEPA), ‘Greater PRD’ and ‘Pan-PRD’) were created to shape the deeply contested politics of rescaling in the region.

5.2 The transborderization of the Harvard brand: ‘Greater Pearl River Delta’

In anticipation of China’s WTO entry, Hong Kong’s service-oriented actors added a regional scale to their global metropolitan imagination. For example, a report, *China’s Entry into the WTO and its Impact on Hong Kong Business*, published by Hong Kong Chamber of Commerce in January 2000, proposed a regional scale based on ‘free trade’ among Hong Kong, Macau and Mainland China. The HKSAR government presented this proposal to the Central PRC Government as a means whereby China could ‘gain experience with regional trade arrangements’ and ‘manage liberalization related to the WTO’. This suggestion was endorsed by both governments and was materialized in Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA), which serves as a major meta-governance project to frame, facilitate, and steer cross-border cooperation. It was initially dominated by actors seeking to transborderize the Harvard brand and promoted through new apparatuses, techniques and symbols to remake spatial imaginaries and render the region an object of calculation and governance (table 5.1). Other projects (especially the MIT approach) were also in play, linked to a wider range of actors (section 5.3).

The Hong Kong Chamber of Commerce, the HKCSI and another non-profit think tank chaired by Victor Fung (the 2022 Foundation) deployed the spatial metaphor of ‘service metropolis’ and, later, ‘Greater PRD’. Enright and Scott extended their
Harvard brand in a June 2003 report commissioned by the 2022 Foundation, titled *Hong Kong and the PRD: the Economic Interactions*. This promoted the trans-border spatial imaginary of a ‘Greater PRD’ in which Hong Kong was rescaled and poised to ‘interact’ with the PRD with good prospects of becoming a regional ‘economic powerhouse’. This homogenized vision was temporarily disrupted by the SARS crisis between mid-March and May 2003 and the growing criticism of the HKSAR government, especially the CE, for mishandling SARS, the economy, and key political issues. The related mass demonstration on 1 July 2003 prompted the government to seek ‘kisses of life’ to revitalize the economy and establish a new *modus vivendi* with post-WTO China. The Central PRC Government in turn was worried about the political situation and how to stabilize and integrate Hong Kong under a post-Tung leadership. So the two governments combined to launch several schemes to ‘revitalize’ and ‘integrate’ Hong Kong. For example, CEPA granted Hong Kong firms (and Hong Kong-based subsidiaries of foreign firms) in 18 service sectors and 273 categories of manufactured goods tariff-free access to the Chinese market from 1 January 2004 onwards. Such ‘gifts’ can be seen, in neo-Foucauldian terms, as part of a China-led disciplinary mechanism to pro-actively integrate an increasingly difficult-to-govern Hong Kong (section 5.3).

<table>
<thead>
<tr>
<th>Overlapping Stages of Discursive Construction</th>
<th>Major Actors Involved</th>
<th>Examples of Knowledge Apparatuses/Instruments</th>
<th>Knowledging Techniques in Meaning Making/Stabilization</th>
<th>Examples of (Re-)Invented Symbols</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-present</td>
<td>Economic leaders, HKCSI, non-profit 2022 Foundation think tank, Trade Development Council, InvestHK, academic-consultants</td>
<td>Study report, policy documents; commissioned reports</td>
<td>Technique of rescaling and homogenizing</td>
<td>‘CEPA’ ‘Greater Pearl River Delta’</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Technique of calculated complementarity</td>
<td>‘Greater PRD as Regional Powerhouse’ Synergetic ‘clusters’</td>
</tr>
</tbody>
</table>

(Source: author’s compilation)
Under CEPA’s spell and riding on the ‘Greater PRD’ imagination, Hong Kong’s senior government officials and quasi-governmental organizations, like InvestHK, HKCSI, and the Trade Development Council, were keen to extend this to a synergetic megalopolis imagination in which Hong Kong would perform its service role and the PRD serve as a manufacturing site. InvestHK commissioned Enright and Scott to study the investment potential of each subregion in the ‘Greater PRD’. Their results plus the earlier report were published in a book-length report sponsored by 2022 Foundation: *Regional Powerhouse: the Greater Pearl River Delta and the Rise of China* (Enright, Scott and Chang 2005). This reiterated the normality of ‘competitiveness’ and deployed the ‘cluster’ metaphor to identify cross-border synergies between different parts of the region. Thus, the technique of calculated complementarity was deployed to map the PRD in terms of clusters that ranging from home appliances, toys, autos, and garments and footwear (2005: 51-64 and Appendix 8), Hong Kong would lead financial and business, infrastructure and real estate development, transport and logistics, light manufacturing and trading, tourism and travel as well as communication and media ones (2005: 24-30).

This synergetic mapping of the region promoted the ‘Greater PRD’ as a new space of service-manufacturing calculation and coordination tied to the global activities of TNCs. The CE endorsed this by establishing a corresponding business council under the chairmanship of ubiquitous Victor Fung in 2004. This later cited evidence of Guangdong’s industrial upgrading drive and shift into financial and logistics services to justify a strategy for Hong Kong to climb further up the service ladder by concentrating on logistics in air cargo (high-value component) business; IPR protection and finance; and regional headquarters functions for Mainland firms adopting the ‘Going Out’ policy (Greater PRD Business Council 2006: 43-7). This reveals the flexibility of the Harvard brand in response to rapid changes in the PRD region (cf. section 5.2).

5.3 Reinventing the MIT brand and the confluence of China’s techno-nationalisms

Unsurprisingly the MIT brand was also reinvented between 2003 and 2006. Its focus on technological-industrial upgrading was mediated by other cross-border
discursive networks that sought to construct and deepen an ‘upgrading-integration’ approach that can be called ‘disciplinary integrationism’. Given the complex economic and political circumstances described above, the upgrading-integration grammar and related politics of rescaling evolved rapidly in two overlapping steps (Table 5.2). Both involved major meta-governance projects (e.g., the CEPA, Guangdong’s upgrading and the 11th First-Five Year Plan) that framed, steered, and disciplined trans-border partnerships, cooperation and integration. Both steps relied on knowledging apparatuses (e.g., cross-border technology programmes, funding schemes, media columns, etc.) and techniques (e.g., affective hierarchy, performance and judgement, othering and differentiation, etc.) (Table 5.2).

The first step saw CEPA presented as a ‘gift’ from China to Hong Kong. In anticipation of future ‘opportunities’, local industrial actors reoriented the MIT-brand towards ‘neo-industrialization’. The second step was more contentious because of the rise of techno-provincialism and nationalism in the PRC. Major developments in this stage included the construction of the pan-PRD imaginary and the 11th Five-Year Plan that framed and guide integration at a distance.

Table 5.2 The Reinvention of the MIT brand, Chinese Techno-Nationalisms and the Production of ‘Disciplinary Integrationism’ 2003-6

<table>
<thead>
<tr>
<th>Overlapping Phases of Discursive Construction</th>
<th>Major Actors Involved</th>
<th>Examples of Knowledge Apparatuses</th>
<th>Knowledging Techniques in Meaning Making/Stabilization</th>
<th>Examples of (Re-)Invented Symbols</th>
</tr>
</thead>
<tbody>
<tr>
<td>First step 2003-4</td>
<td>Chinese top officials, Chinese media and pro-China newspapers</td>
<td>Discussion session, Legco speech, think tank reports, etc.</td>
<td>Technique of affective hierarchy Technique of linking Technique of repetition</td>
<td>CEPA as ‘gift’ and ‘opportunity’ ‘Neo-industrialization’ ‘Made in Hong Kong’ under the CEPA</td>
</tr>
<tr>
<td>Private-funded think tank, professional organizations and Legislative Councillor of the industry constituency</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second step 2004-6</td>
<td>Cross-border institutions, the Commission for Innovation and Technology, the Chinese Manufacturers' Association of Hong Kong, University science and technology researchers, professional bodies, pro-China political party/media, and think tanks in China</td>
<td>National development strategies, cross-border technology programmes, funding schemes, consultation paper, strategy plan, national plan, research paper, media columns, etc.</td>
<td>Techniques of agency</td>
<td>‘Pan-PRD ‘Cross-border partnership and cooperation’</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Techniques of judgement</td>
<td>Objects of upgrading/integration (e.g., RFID technologies)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Technique of differentiation/Othering</td>
<td>‘Marginalization of Hong Kong’</td>
</tr>
</tbody>
</table>

(Source: author’s compilation)

5.3.1 The first step in constituting ‘disciplinary integrationism’: reinventing the MIT brand

Beijing’s growing concern about Tung’s ability to handle economic, political, and security issues prompted a search for new ways to integrate a post-Tung Hong Kong, including the CEPA. China Daily portrayed CEPA as a ‘Golden Gift to Make Hong Kong Shine’ (Appendix 9), a theme repeated by local pro-China media and civic leaders. This placed Hong Kong as part of a generous family willing to help in hard times – an analogy used to promote national-emotive bonds and allow its people to ‘feel national and patriotic’ and identify with the gift-giving ‘motherland’.

The CEPA was also a good opportunity for Hong Kong policy makers, industrial groups, think tanks and professional groups to adapt the MIT-Made-in-Hong-Kong knowledge brand and rethink the future of ‘industry’. In January 2003, the Hong Kong Policy Research Institute (HKPRI) – a privately-funded think tank -- and the Hong Kong Women Professional and Entrepreneurs Association co-organized a workshop on ‘Neo-Industrialization in Hong Kong’ attended by over 200 industrial entrepreneurs. This urged the return of industries to Hong Kong. Lui Ming-wah, an industry representative on the Legislative Council, echoed this in a Legco speech on 15 January 2003, which explained that Hong Kong’s ‘neo-industrialization’ project elaborated the earlier MIT recommendations on the ‘leading role for the
government’ and ‘partnering with China’ (Appendix 10). A subsequent PRI paper drew on the expertise and experience of industrialists, academics and interested members of the public (HKPRI 2003: 3) to argue that ‘neo-industrialization’ as a rational updating of the earlier ‘Made in Hong Kong’ vision in response to rising costs in the PRD, China’s WTO entry, and the CEPA tariff cuts (HKPRI 2003: 7-8). Some cross-border government departments and techno-industrial-professional groups then cooperated to ease the conditions for integration (e.g., specifying rules of origin and certificates of origin to qualify for zero tariffs) and to promote ‘Made in Hong Kong’ as a quality brand with design-intensive and knowledge-based content. Such branding was pivotal for upgrading because of obvious gaps in Hong Kong’s technology and design capacities (e.g., 250m HKD was allocated to establish the DesignSmart Initiative in 2004). Such schemes operate as a ‘double-edged’ sword, however, because they reveal the contradiction between Hong Kong’s penchant for positive non-intervention and the urgent push for state intervention to promote the knowledge-based economy. This also reflected the Tung regime’s support for upgrading initiatives. But this contradiction between laissez-faire and greater degree of economic intervention nonetheless persists.

5.3.2 The second step in constituting ‘disciplinary integrationism’: China’s technonationalisms

This second step was more complicated and contentious. It occurred in a conjuncture marked by (a) the prospect that Tung would be replaced as Hong Kong’s CE by Tsang, the more pro-service financial secretary who might be disinclined to promote technological-industrial development; and (b) rising technonationalisms in China and Guangdong’s techno-provincialist plans to upgrade its economy in response to economic developments in Shanghai (and the Yangzi Delta) and threats to the PRD’s leadership. Tsang was eventually named Chief Executive for a two-year term in April 2005 but Beijing continued to rethink how best to integrate Hong Kong.
Concurrently, Guangdong and Beijing governments were rolling out their respective upgrading programmes (e.g., ‘Pan PRD’ and ‘11th Five-Year Plan’). These had steering and disciplinary effects upon Hong Kong’s integration with the ‘motherland’. Guangdong government, in anticipation of tensions with Shanghai (and Yangtze Delta Region), rode the ‘technology and innovation’ wave and rescaled its spatial horizons to a ‘Pan-PRD’ involving nine provinces plus Hong Kong and Macau. These technological and spatial imaginaries gave rise to new institutions -- the Hong Kong-Guangdong Expert Group on Cooperation in Innovation and Technology and Pan PRD Regional Cooperation Development Forum (Schemes 1 and 2 in Table 5.3). The Central PRC government (especially through Party Secretary, Hu Jintao) was simultaneously pursuing a technonationalist catch-up strategies vis-à-vis advanced western economies. It aimed to become ‘a world leader in science and technology by 2020’ and identified 29 key high-tech areas that would be promoted. This approach was relayed to Hong Kong when the Ministry of Science and Technology (MOST) established a Mainland-Hong Kong Science and Technology Cooperation Committee in May 2004 (Scheme 3 in table 5.3). Each scheme established its own inter-scalar institutions and related coordinating activities (e.g., seminars, conferences, funding schemes, etc.); and specification of relevant partnership aims and ‘technology areas’ (Table 5.3). Identifying ‘areas’ in these ways contributed significantly to cross-border integration by targeting them as sites for cross-border calculation, financial support, and governance.

Table 5.3 New Inter-Scalar Institutions and Related Upgrading-Integration Objects Across Border since 2004

<table>
<thead>
<tr>
<th>Inter-Scalar Institutions on Innovation &amp; Technology</th>
<th>Formation dates</th>
<th>Stated terms of reference</th>
<th>Objects of upgrading-integration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheme 1: Hong Kong-Guangdong Expert Group on Cooperation in Innovation and Technology Joint</td>
<td>November 2003 (established the Guangdong-Hong Kong Technology Cooperation Funding)</td>
<td>To encourage applied R&amp;D projects by private companies and between universities, research institutions and technology</td>
<td><em>Six upgrading objects:</em> Radio frequency identification (RFID) technologies, Automotive parts and accessory systems, Electronic and information</td>
</tr>
<tr>
<td>Scheme 1:</td>
<td>Conference</td>
<td>Scheme in September 2004</td>
<td>enterprises between Hong Kong and Guangdong</td>
</tr>
<tr>
<td>----------</td>
<td>------------</td>
<td>--------------------------</td>
<td>-------------------------------------------</td>
</tr>
<tr>
<td>Scheme 2: Pan Pearl- River Delta Regional Cooperation Development Forum</td>
<td>July 2004 (completed the ‘Planning Study’ in July 2005)</td>
<td>To establish environment and mechanism conducive to innovation and technology promotion</td>
<td>Two upgrading objects: Nanotechnology and advanced materials Logistics and supply chain management (related to RFID technologies)</td>
</tr>
<tr>
<td>Scheme 3: Mainland-Hong Kong Science &amp; Technology Cooperation Committee (under MOST)</td>
<td>May 2004 (first meeting in December 2004)</td>
<td>To enhance technology cooperation and exchanges between Mainland and HK</td>
<td>Four upgrading objects: RFID technologies, Automotive parts and accessory systems, Integrated circuit design, Chinese medicine</td>
</tr>
</tbody>
</table>

(Source: Author’s own compilation from various official documents, see footnotes 28 and 29)

These visions and projects for cross-border upgrading were echoed by allies in Hong Kong, especially neo-industrialists related to the MIT brand, the Innovation and Technology Commission (ITC) and the main pro-China political party, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB). For example, an ITC strategy paper identified virtually the same technology areas for cross-border and global promotion and suggested how local universities and research institutions could get engaged (Appendix 11). Likewise DAB and the School of Economics of Jinan University in Guangzhou co-published a report in August 2006 on ‘Hong Kong and Pan Pearl-River-Delta Regional Cooperation: Issues and Policies’ that confirmed the key technologies and recommended some measures to promote them. These examples (from many) show both the pressure to consolidate cross-border relations institutionally in specific fields and the role of related discourses in creating ‘disciplinary integrationism’ via micro-techniques of control.
Given the diversity of micro-political apparatuses and techniques involved in ‘disciplinary integrationism’, the report now focuses on one common ‘technology area’ – RFID – that was identified as central in all three cross-border upgrading schemes. Table 5.4 illustrates the art of governing via techniques of agency and judgement in which cross-border actors were encouraged to participate and build capabilities, but it also judged and disciplined actors through specifying ‘targets’, ‘contents’ and ‘extra merits’ in *Funding Guidelines of the RFID Technologies of the Guangdong-Hong Kong Technology Funding Scheme 2004*. This guideline encouraged a certain kind of agency -- actors who entered into an ‘integrative’ mode of calculation. This kind of disciplinary integrationism related to the upgrading drive was not neutral. In micro-political terms, it guided cross-border actors (e.g., policy-makers, researchers, technology entrepreneurs, industrialists, consultants, students, etc.) to act upon themselves to perform these cross-border projects and subjectivities.

**Table 5.4 Disciplinary Tools in *Funding Guideline on the RFID Technologies, the Guangdong-Hong Kong Technology Cooperation Funding Scheme 2004***

<table>
<thead>
<tr>
<th>Research topics</th>
<th>Targets</th>
<th>Contents</th>
<th>Extra merits</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFID tags and reader technologies</td>
<td>To develop core technology, algorithms and related technology knowledge how for RFID tags and readers to reduce technological lags of the industry in Greater PRD in development, testing and deployment of RFID systems</td>
<td>a) Develop appropriate methodologies/technologies to facilitate tagging of objects with different physical properties; b) Development of packaging/labelling techniques for RFID tags; c) Develop advanced algorithm/software to improve performance of RFID tag readers such as reading accuracy and anti-collision provision; and d) Develop RFID tag and reader testing, and related standardization/certification</td>
<td>a) Extra points for applications that may leverage Guangdong’s R&amp;D capability in implementing projects. Encourage collaboration among tertiary institutions and support organizations in both Guangdong and Hong Kong, so that existing R&amp;D facilities, resources &amp; knowledge will be leveraged for maximum benefit. b) Encourage proposals with participation of industry partners in both Hong Kong and Guangdong via provision of funding, development expertise and advice in development areas.</td>
</tr>
<tr>
<td>RFID-based logistics</td>
<td>Facilitate instant access to product</td>
<td>a) Develop platform and core technologies to ease instant</td>
<td>Same as above</td>
</tr>
</tbody>
</table>
Such disciplinary efforts became more overt following the publication, in October 2005, of the PRC’s 11th Five-Year Plan (2006-2010). This framed the attempts of mainland cities (e.g., Guangzhou, Shanghai, Shenzhen) to accelerate economic modernization to overtake Hong Kong in providing key economic activities. This triggered worries in Hong Kong about losing its leading role, expressed inter alia in a discourse about the ‘marginalization of Hong Kong’. This was first voiced by
HKSAR’s Chief Secretary for Administration, Rafael Hui, on 20th March 2006, and then echoed by various pro-technology and pro-China actors in criticizing the quality of Hong Kong production in the PRD, the HKSAR government’s short-termism, and over-reliance of the Hong Kong economy on ‘construction, finance, tourism and logistics’ and low-cost production in the PRD (Appendix 12). In particular, Hong Kong was compared unfavourably with Guangdong’s high-tech, long-term, and dynamic approach and, more generally, as being at risk of losing economic leadership to Shanghai as well as Guangdong. One local response was to reassert Hong Kong’s past/present ‘glory’, another to orient upgrading strategies to the world market rather than to neighbouring provinces and the Mainland as a whole. For example, Civic Express as well as the Hong Kong Association for Democracy and the People’s Livelihood asserted Hong Kong’s role as ‘Asia’s world city’ and ‘international metropolis’; conversely, Executive Councillor, Leung Chun-ying, demanded closer integration with China. China think tanks and pro-China opinion leaders also accused Hong Kong of colonial arrogance, short-termism and ‘Big Hong Kongism’ (e.g., Appendices 13 and 14). Such emotional and political criticisms were deployed to reinforce Guangdong’s case to become the dominant space in the politics of rescaling. It was proposed that Hong Kong should: (a) follow national/provincial plans, (b) pursue technological upgrading and cross-border partnerships; (c) dampen ‘Big Hong Kongism’ and short-sighted bureaucratism, and (d) support affective nationalism and a ‘one country’ imagination. Such criticisms and othering techniques generated efforts to alter individual identities, patriotic feelings, and affective hierarchies as well as to realign economic, and juridico-political arrangements and interests and thereby reinforced economic and political integration within a new techno-national project.

5.3.3 The emerging trans-border industry-technology bloc

The above discussion on the various techniques and practices that are involved in the construction and sedimentation of the upgrading-integration truth regime deepened our understanding of the constitution of a new ‘disciplinary integrationism’. Without a master plan or central guidance, a wide range of actors deploying an extensive range of micro- and macro-techniques of power were contributing to realign Hong Kong’s population, policies, and institutions behind
pro-China integration projects. Key factors in this regard include the metagovernance activities of CEPA, the Pan-PRD scheme, and the 11th Five-Year Plan and their public and private allies in bodies such as the Commission on Innovation and Technology, the Hong Kong Productivity Council, professional associations, cross-border science and technology academics/consultants/institutions, pro-China think tanks and political parties, and national/provincial science and technology departments in China. A key conclusion of this DEMOLOGOS report is that a cross-border industry-technology bloc is emerging that is oriented to the national-upgrading-integrative framing of Hong Kong (Diagram 3). This bloc is clearly heterogeneous, with only partially overlapping identities and interests; but its core members are tied to its broad project and willing to negotiate differences. The polysemy of key terms in alternative discourses and the capacity of key actors to exploit this polysemy has been a major factor in the relative success of this new project. In this sense, the fluidity of language has been an important mechanism in the overall institutional restructuring and strategic reorientation of the PRD.

Diagram 3 The Emerging Industry-Technology Bloc Co-ordinated by the Upgrading-Integration Regime of Truth since the 2000s
5.4 Inter-Bloc Negotiations: Fluid Languages and Repositionings

This report has explored how the dynamic of Hong Kong-PRD relations has been shaped by the construction, negotiation, and consolidation of two discursive frames and their associated blocs and strategies. The polyvalence of language in this regard enables different groups and interests to use it to promote different projects and, through sometimes productive misunderstandings, to form temporary alliances or longer-term blocs and adapt to changing conditions. For example, in response to Chinese techno-nationalisms, Guangdong’s upgrading drive, and Hong Kong’s inclusion in the Eleventh Five-Year Plan, the discourse of competitiveness has been creatively redeployed by the service and industry blocs alike. The competitiveness-service bloc had to address the issues of technological upgrading and ‘marginalization of Hong Kong’. Thus, when Tsang became Chief Executive, he promoted an Economic Summit on the Plan on 11th September to facilitate inter-bloc negotiation/ alliance and to re-interpret the Plan to legitimate
and assist Hong Kong’s service repositioning. This Summit invited 33 panellists from the two blocs to join four focus groups: (a) trade and business; (b) financial services; (c) maritime, logistics and infrastructure, and professional services; and (d) information & technology and tourism. Each group submitted proposals for inclusion in a Report on the Economic Summit on China’s 11th Five-Year Plan and the Development of Hong Kong (HKSAR 2007). Highlighting ‘Our Way Forward’, it developed an expansive discourse to bridge the two blocs. In particular, it introduced a national scale to complement the global and PRD ones, thereby encouraging the inclusion of China/Guangdong’s upgrading-integration drive into Hong Kong’s mode of calculation. Additionally, the four focus groups offered proposals to transcend the service-competitiveness vs technology-upgrading-integration divide.

The search for inter-bloc compromise did not go so far as denying or downplaying Hong Kong’s path-dependent development as a global-metropolitan-service hub. Indeed, the Summit report highlighted: (a) the Plan’s recognition that Hong Kong successfully combined ‘three international centres’ (i.e., finance, shipping and trade); (b) Hong Kong’s global position in providing ‘efficient and quality service’ based on high-quality talents; and (c) Hong Kong’s role in managing goods, people, capital and information flows. The report also stressed national-upgrading themes such as information and technology support, environmental protection, and the importance of interaction with the Mainland authorities. Thus it appears as a managed attempt to suture elements from the service-metropolitan and national-integration truth regimes to produce an uneasy compromise between two kinds of developmentality under the putative hegemony of the service-competitiveness bloc – which was itself rethinking its approach in the face of these new challenges and thus more open to negotiation.

This repositioning of the service bloc is exemplified in an article by its ubiquitous spokesman, Victor Fung, who published an article on ‘Managing the Flows: A New Conceptual Framework for Hong Kong’s Competitiveness’ in the Hong Kong Coalition of Service Industries newsletter in December 2006. This marked a shift from a discourse about ‘clusters’ to a stress on how Hong Kong’s competitiveness
depended on ‘connectivity’ and a triangular ‘free flow’ of goods, funds, human resources and information between Hong Kong, the PRD and Pan-PRD regions (and the Mainland more generally), and the rest of the world (Appendix 15). Concern with ‘flows and connectivity’ has depoliticized the ‘marginalization’ discourses and leadership struggles between Hong Kong and Guangdong and thereby made it easier to manage cross-border alliance-building.

Thus events since 2004 illustrate Gramsci’s view of hegemony as a patchwork of apparently (and sometimes really) incompatible economic outlooks and ideas. Thus any hegemonic meaning system will include ambiguities and contradictions as a basis for temporary alliances and create the basis for an unstable equilibrium of compromise. The present case shows this for the services and technology blocs and indicates that a longer term compromise could be built around a cross-border Schumpeterian workfare regime (Jessop 1990; Jessop and Sum 2006: 168-70). Such hybrid projects are important features in stabilizing inter-bloc alliances in many other cases too (cf. transnational historical materialism).

6. Concluding Remarks: Inter-Scalar Dialectics of the Trans-Border Region

This report has identified four stages in the development of Hong Kong and the PRD as a trans-border region from a regional trade hub of the British Empire to a trans-border region shaped by global neo-liberalism and Chinese technonationalisms. The first two stages involved a Ricardian workfare compromise in which government policies favoured the financial-business elite and gave limited support to industrial interests. The former remained strong in the post-Cold War. China’s opening and the emergence of global commodity chains have encouraged the emergence of the PRD mediated by new economic and spatial imaginaries. The report then turns from structural-strategic to strategic-discursive analysis, focusing on the appropriation and recontextualization of two knowledge brands as mediating imaginaries in the PRD’s development since 1979. The service-financial groups adapted the Harvard approach to rebuild their hegemony by winning support for a service-competimentality despite continuing challenges from more vocal industrial groups who drew on the MIT brand support.
This balance of forces was disturbed by China’s WTO entry, the SARS crisis, and the rise of techno-nationalisms and provincialisms in China. Actors in the business-service bloc and industry-technology groups are reinventing their respective knowledge brands to build cross-border alliances. New spatial and scalar imaginaries (e.g., the ‘Pan PRD’) are articulated with technological upgrading and the discourse of ‘marginalization of Hong Kong’. These facilitated: (a) the politics of rescaling as the centre of economic gravity shifted from urban Hong Kong to Guangdong as a province and China as a ‘techno-nation’; (b) the emergence of a technology-industrial bloc prepared to negotiate with the service bloc; and (c) the emergence of a possible cross-border bloc supporting a Schumpeterian workfare regime (Jessop 1990) based on service, technology and innovation and nationalism.  

These developments involve conflict and contradiction. The economic treadmill powered by FDI and export demand has raised wage costs and property prices and increasingly squeezed local labour and the environment. New scalar and spatial imaginaries (e.g., ‘Greater PRD’, ‘Pan PRD’) may displace these problems inland. But the recent shift in the economic centre of gravity will deepen the struggles around the ‘one country two systems’ model and its effects on Hong Kong’s democratization. Patriotic authoritarianism via disciplinary integrationism (one country) and democracy and relative autonomy (two systems) will prompt regional struggles especially over direct elections in 2012 (Loh 2006: 293-316). The increasing time-space compression of global capitalism will reinforce struggles at global-regional-local levels around capital mobility, local environmental impacts, and labour unrest. Corporate social responsibility is a key site of such struggles and links transborder regional/national NGOs, anti-sweatshop, and environmental movements to various global resistance movements.

This report also problematizes hegemony by questioning the truth effects of knowledge brands within a contested and multi-scalar trans-border region. Recognizing and exposing these scalar orders and embedded power blocs will help to re-politicize development and growth and reveal the conflicts and contradictions at the heart of socio-economic change. This suggests the need for a politics of the possible on three dimensions – time, scales and space. Temporally,
a sense of history and an understanding of the speed of capital and circuits of knowledge will disclose the hegemonic and the truth effects of knowledge brands. In scalar terms, we must be aware of how ‘social’ and ‘green’ are being rescaled and marketed level under the post-Washington Consensus and therefore distinguish between ‘marketizing the social/green’ and ‘socializing markets’. Third, counter-hegemonic resistance involves diverse spatialities beyond the local. A politics of the possible must consider connectivity, place and scales as well as multi-scalar and multi-spatial social movements organized around nodal scales and hubs.
Appendices

Appendix 1: Vital Statistics of the Pearl River Delta 2002

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Data and Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>41 million</td>
</tr>
<tr>
<td>Size</td>
<td>42 000 sq. m.</td>
</tr>
<tr>
<td>Pearl River Delta % of Chinese Mainland</td>
<td></td>
</tr>
<tr>
<td>Land area</td>
<td>0.4</td>
</tr>
<tr>
<td>Registered population</td>
<td>1.8</td>
</tr>
<tr>
<td>GDP</td>
<td>9.0</td>
</tr>
<tr>
<td>Total trade</td>
<td>33.8</td>
</tr>
<tr>
<td>Exports</td>
<td>34.3</td>
</tr>
<tr>
<td>Imports</td>
<td>33.3</td>
</tr>
<tr>
<td>Foreign direct investment</td>
<td>22.0</td>
</tr>
<tr>
<td>13 major cities and towns in the delta</td>
<td>Guangzhou, Shenzhen, Zhuhai, Zhongshan, Dongguan, Foshan, Jiangmen, Huidong County, Boluo County, Gaoyao, Sihui and the urban districts of Huizhou and Zhaoqing</td>
</tr>
</tbody>
</table>

Appendix 2

'... a complete business service centre for the Chinese mainland, and the logistics centre for much of south China. But in addition, Hong Kong firms are investing in the mainland's own service sectors, in banking and finance, hotels and resorts, transport, and many other areas.'
(Source: http://www.tdctrade.com/tdcnews/9804/98042201.htm)

Appendix 3

'... I was a research scientist with GT Laboratories, a major communication company in the US I know what technology has done and what it can do. Quite frankly, in many parts of the world, including Hong Kong, technology itself and the importance of technology has been overstated and overweighed. Because technology is often spoken of as an end rather than the means. Technology only makes sense as a means and not an end. The next revolution in Hong Kong business, is not going to be a technological revolution. It is going to be a
managerial revolution. It is only when managers here in Hong Kong understand that they could potentially, dramatically extend their business that they will leave money on the table to set up efficient operations, incorporate better system and technology that will dramatically improve that will improve their bottom line. Technology is going to follow that. It is not going to lead that.'

Appendix 4

'It means that before we debate what to do to improve Hong Kong's competitiveness, we have to understand the economy that is here. Hong Kong's economy is a service economy, a metropolitan economy, and knowledge-intensive economy. It would be difficult and counterproductive to try to push the clock back. ... It means that Hong Kong should benchmark, not against national economies, but against metropolitan economies, both inside and outside the region. It also means that Hong Kong must develop a clear sense of where its economy should go. Here, I have a lot of sympathy with the arguments that Dr. Victor Fung made in the South China Morning Post a few weeks ago that Hong Kong needs to push to become Asia's world city, a city that can provide many of the functions of Asia that New York does for North America and London does for Europe.'
(http://www.hku.hk/hkcer/articles/v54/enright.htm)
Appendix 5: The Commission of Strategic Development Enframed Hong Kong’s ‘Worldcithness’

(Source: HKSAR Government (2000), Bringing Vision to Life: Hong Kong’s Long-Term Development Needs and Goals, Hong Kong SAR: Government Printer, p. 23)

Appendix 6

‘Hong Kong -- once considered the world's most competitive economy -- has dropped to third place. According to the World Economic Forum, the SAR's strong currency, inflexible wages and weakening government finances are to blame for the slip.

Every year the forum, which is in Geneva, Switzerland, announces a ranking of the most competitive economies. The ranking is the result of data from public sources and surveys of about 4 000 executives in 59 countries.

Singapore topped the list again this year. The United States moved into second place, displacing Hong Kong. According to the report, Singapore’s competitiveness can be attributed to the island's nation's "high rates of saving and investment, an efficient Government … and flexible labour markets". Hong Kong was "clearly suffering from the Asian Crisis and particularly from its
currency policy" the report said, referring to local dollar's peg to the US greenback.'
(Taylor, ‘SAR Sinks to Third in Competitiveness', South China Morning Post, 26th July 1999)

Appendix 7

‘Hong Kong is an international business and financial centre. In an era of hi-tech developments and globalization, we face keen competition from countries around the world. … According to the recent global competitiveness report from the World Economic Forum, Hong Kong has fallen to eighth place. The younger generation can help make Hong Kong more competitiveness.
It is important to have computer knowledge, as the Internet is playing an increasingly significant role in our life. We write e-mail instead of letters, chat with friends on ICQ instead of on the telephone and get our news from Web sites instead of newspapers.
We use computers to do paperwork, keep our accounts and even order goods. …
In the past, employers wanted graduates who were industrious and responsible whereas now they are looking for candidates who are creative and innovative.'
(South China Morning Post, 12th December 2000)
Appendix 9

"The CEPA provides myriad opportunities to Hong Kong. The pact covers three areas of trade in goods, trade in services as well as trade and investment facilitation.

The mainland will, from January 1, 2004, eliminate tariffs on 273 types of Hong Kong-made goods, accounting for 67 per cent of its exports to the mainland. This will save HK$ 750 million a year in reduced tariffs.

The mainland has also agreed to waive tariffs on all other Hong Kong-made goods by January 1, 2006. …

Expressing his gratitude to the central government, Chief Executive Tung Chee-Hwa said CEPA would not only give Hong Kong new impetus and advantages but
would help boost local people’s confidence in overcoming difficulties and reaching out for victory. …

The Premier urged Hong Kong to give fuller play to its unique advantages, readjust structure and optimize industries, particularly the service sector. “I am convinced that nothing can stop Hong Kong from marching towards greater prosperity and progress. Hong Kong, the proud pearl of the motherland, will shine even more brilliantly in the future,” he said.’


Appendix 10

‘By neo-industries, we mean new sustainable industries founded on information technology, biotechnology and new materials. They are also technology and knowledge intensive industries. With the existing manpower and financial resources of Hong Kong, we possess the necessary conditions to undergo neo-industrialization. However, the government must put in place matching policies and measures to bring its leading functions into full play, otherwise all lofty plans will be nothing more than empty talk.

Moreover, we have to revitalize the manufacturing sector of Hong Kong by attracting the burgeoning private enterprises from the Mainland to set up factories in Hong Kong. The week before, I had the chance to attend the opening ceremony of a factory that manufactures windscreens for vehicles, and that was a very successful private glass factory on the Mainland. In order to take advantage of the business conditions of Hong Kong to facilitate its export trade, it has invested more than $ 120 million in Hong Kong to purchase a 100 000 sq ft-plant and machinery, and it will employ 200 workers when the whole plant comes into full production. This is a typical example and the SAR should actively promote such operations.’

Appendix 11

Five R&D Centres, Upgrading Objects and Host Institutions under the Hong Kong Innovation and Technology Commission 2004

<table>
<thead>
<tr>
<th>R&amp;D Centres and their Upgrading Foci</th>
<th>Host Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive Parts and Accessories</td>
<td>Hong Kong Productivity Council</td>
</tr>
<tr>
<td>Logistics and Supply Chain Management Enabling Technologies (RFID-related)</td>
<td>University of Hong Kong Chinese University of Hong Kong Hong Kong University of Science and Technology</td>
</tr>
<tr>
<td>Nanotechnology and Advanced Materials</td>
<td>Hong Kong University of Science and Technology</td>
</tr>
<tr>
<td>Information and Communication Technology</td>
<td>Applied Science and Technology Research Institute Company Ltd.</td>
</tr>
<tr>
<td>Textiles and Clothing</td>
<td>Hong Kong Polytechnic University</td>
</tr>
</tbody>
</table>

Appendix 12

‘The marginalization of Hong Kong firms has led to the fall in the capacity of the property and share markets to transfer wealth with accumulative effects. … The marginalization of Hong Kong firms in the Pearl River Delta has long-lasting influence not only in leading to the possible breakdown of the “global value chains”; it may also affect the position of Hong Kong in the “global value chains”. In this regard, the marginalization of Hong Kong firms in the Pearl River Delta is one of the factors that hasten Hong Kong’s own marginalization. … At present, most businesses that are run by Hong Kong firms in the PRD are on their decline. Even worst is that they have fallen out of Guangdong’s and the national list of targeted industries. Some of them are even listed as ‘restricted type of industries’ and will be forced out of the Pearl River Delta’. … Such restructuring in Guangdong and the Pearl River Delta is a sure fact, but Hong Kong investment accounts for 60% of Guangdong’s foreign direct investment, they are small in size, labour-intensive, low-tech and resource-absorbing, they are the ones that will experience most restructuring pressure. With the restructuring of Guangdong, labour shortage, land and resource scarcities and environment protection policy, etc., the marginalization of Hong Kong firms is most pressing. Guangdong
province is calling for environmentally sub-standard Hong Kong firms to move away and is estimated to involve 50 000 firms. If the SAR government has a long-term management and development policy in monitoring and assisting the northward march of Hong Kong firms to improve their competitiveness, the marginalization of Hong Kong firms will not occur.

At present, Hong Kong's economy is still too reliant on traditional sectors such as construction, finance, tourism and logistics, etc. The progress in building a knowledge-based economy is sluggish and thus reducing its competitiveness; this is Hong Kong's restructuring pain. On the social level, problems with economic restructuring has led to difficulties in tackling the challenges of global competition; and the worsening of inequalities of wealth have led to the welfare burden and political pressure. ...

In face of all these difficulties, the Democratic Alliance for the Betterment and Progress of Hong Kong and School of Economics of Jinan University of Guangzhou published a report which recommended six prescriptive directions, and they included: solving the problems of internal distribution of Hong Kong firms through Guangdong-Hong Kong coordination mechanism; initiating trade investment mechanism to implement CEPA; establishing a Guangdong-Hong Kong PPRD Applied Technology Research Institute; raising of Hong Kong’s R&D expenditure; establishing a ‘Restructuring Fund’ to assist Hong Kong firms to embark on green investment, branding and design; and setting up of Guangdong-Hong Kong PPRD Applied Research and R&D Fund.

(Source: Lung, C-M. ‘Assisting Hong Kong Firms in the PRD to Solve Problems’ in Ta Kung Pao 22nd August 2006, A 25, translated by the author)

Appendix 13

‘On turning (Hong Kong) into a world city, it sees China as depending on Hong Kong. However, the time for this has passed. China was closed to the world in the past and thus 95% of the goods have to go through Hong Kong. Now China is completely opened and goods can be dispersed from Shanghai and Tianjian. ..... Guangdong was lack of investment and international contact in the 1980s and thus Hong Kong was the centre for Guangdong’s development. On approaching the 1990s, Guangdong’s economic takeoff meant that there was increased interaction between them in trade, logistics and infrastructural development. In addition, Hong Kong’s colonial historical background and its ‘borrowed time and
borrowed place’ mentality have given rise to a lack of long-term vision. This applies to Hong Kong officials and Hong Kong people. They possess superior complex towards the Mainland and thus the Hong Kong-Guangzhou interaction is unequal'.
(Source: Http://www.singtaonet.com:82/china/t20060911_326513.html)

Appendix 14

‘The problems after Hong Kong’s return to the Mainland have dislocated the SAR government. It is inevitable that the government thus adopts the attitude of ‘doing the least means less mistakes, doing nothing means no mistake’. The long history of economic success in Hong Kong has led to the people’s blind egoism and arrogance. At worst, its refusal to cooperate with the Mainland is a trend as a fact. In addition, the government is dominated by British colonial style, especially in terms of bureaucratism. All these are the essence of the problem.

The 11th Five-Year Plan has finished a few months ago. Central and provincial governments in the Mainland have joined in wholeheartedly to implement the plan. Hong Kong is also actively embracing the Mainland’s economy. As an SAR, though it operates within the “one country, two systems” and the “big market, small government” policy, but it cannot continue to adopt a low road, this could mean self exclusion and missing one’s opportunities.’

Appendix 15

‘Hong Kong used to have more capacity to interact with the rest of the world than cities in China, but this is not going to be the case in the future. Hong Kong has benefited from fewer constraints and frictions than Mainland cities in the various flows, and still has an important advantage particularly in terms of fund flows and information flows, but increasingly China is becoming more efficient in transportation and customs systems. ....

China’s development is also changing the nature of connectivity. Hong Kong. .... If Hong Kong is going to benefit from China’s economic development in the future, it
needs to have much better connectivity to the vast majority of the 105 cities that have a population greater than one million today.'

(Http://hkcsi.org.hk/publications/servicing_economy/06_12.pdf, accessed on 01.03.07)
Endnotes

1 This colonial-trade regime met coolie resistance (Tsai 1993) and also saw some industrial development (Ngo 1999).

2 Sit and Wong (1989) and Lee (1999) explore the organizational flexibility of labour and capital in SMEs.

3 Levin and Chiu (1993) discuss labour relations.

4 These local processes were mediated by networks of public, quasi-public and private institutions, including the Ministry of Foreign Economic Relations and Trade, provincial-level ministries, and township-village enterprises.

5 Berger directs MIT's International Science and Technology Initiative and Lester founded MIT's Industrial Performance Centre.

6 For Said (1978), ‘flexible positional authority’ denotes how westerners enter many types of relations with the Orient without ever losing the upper hand.

7 The FS obtained his MPA at Harvard University in 1982; Fung had a Harvard Business School PhD and taught there before returning to Hong Kong in 1974, when he became Chair of the Li and Fung Group -- a major international subcontracting management firms. Chair of the Hong Kong Trade Development Council, 1991-2000, Fung still chairs (September 2007) Hong Kong University Council and the Vision 2047 Foundation -- a think tank representing commercial, financial capital and related professionals.

8 Enright was then assistant professor in Harvard Business School and had co-authored a 1991 study with Porter (and others) on Switzerland. He later became Sun Hung Kai Professor of Business Administration in the University of Hong Kong.


10 The panel on Competition Policy in the Tripartite Forum was chaired by Dowell and ‘servicing economy’ was linked to market symbols such as ‘privatization’, ‘commercialization’, and ‘liberalization of government and domestic services.


12 Despite the popularization of the service-competitiveness themes in the forums, some stakeholders in the Tripartite Forum challenged them on specific policy-administration areas (e.g., bureaucratic red tapes, inconsistent immigration policies, etc.). Different opinions were disguised as a ‘Catalogue of Ideas’.


14 This discourse located the ultimate competitive resource to revive city (or city-region) in its ability to attract or retain the ‘creative class’.

15 The Home Affairs Bureau later commissioned another report by Hong Kong University’s Centre for Cultural Policy Research: A Study of Hong Kong Creative Index in 2004.

16 The policy speeches are available in http://unpan1.un.org/intradoc/groups/public/doucments/apcity/unpan007458.pdf, accessed on 11.9.06.

17 Searches on its digital archive for ‘competitive + competitiveness + Hong Kong’ revealed 6349 news articles between 1 July 1997 and 20 December 2001; and 5730 articles between 1 January 2002 and 1 June 2006.

18 A final example is the reinvention of universities as part of the entrepreneurial economy competing for students, resources, research grants, and world-class rankings.

20 A Hong Kong Silicon Valley would grow by: (a) capturing global ‘information flows’ and managing them in the service-space of Hong Kong and its broader region (e.g., as an IT hub); (b) connecting Hong Kong’s services to fast cybertime and the knowledge-based economy; (c) consolidating a social space to create a ‘cyberculture critical mass’ linking the global, regional and local; and (d) developing decentralized collaborative networks to reach beyond trading/financial services.


23 WHO rescinded Hong Kong’s travel warning on 23 May. The government at once created the Relaunch Hong Kong Strategy Group under the auspices of InvestHK to re-market Hong Kong. Together with the American Chamber of Commerce, InvestHK staged several costly gimmicks: (a) the Rolling Stones performed in the Harbour Fest (100m HKD); (b) a Real Madrid (0.8m HKD) game; and (c) an exhibition by basketball star Yao Ming and the Chinese national team (4m HKD). The first proved a financial and PR disaster, however, with resulting censure of HKInvest’s Director (Sum with So 2004).

24 This framing drew on the spatial imaginary created by Mumford (1938) and Gottman (1961) to describe the ‘megapolis’ in the USA’s huge urbanized Northeastern Seaboard. On its Hong Kong and PRD application of ‘service megalopolis’, see ‘To be the Service Metropolis of the Pearl River Delta: A Blueprint for Hong Kong’, http://www.hksce.org.hk/reports/prd_blueprint/prd_summary.htm, accessed 12.06.06.


26 The DesignSmart Initiative is a one-stop design cluster to incubate design professionals and companies in the science and technology park.

27 Guangdong rescaled its spatial imagination upwards to the ‘Pan-Pearl River Delta’ by centring itself in eight Chinese provinces and two SARs (Hong Kong and Macau). This so-called ‘Nine plus Two’ project envisaged a pan-provincial division of labour in which inland provinces would provide cheap land, labour and natural resources and Guangdong, Hong Kong and Macau would supply capital, technology and management expertise.


29 On the Mainland-Hong Kong Science and Technology Cooperation Committee, see http://www.cedb.gov.hk/about/cib.pdf, accessed on 07.01.07.

30 In its first year, the Fund supported 67 R&D cross-border projects totalling 300m HKD.

31 These included more explicit nationalist campaigns and activities such as raising flags, singing national anthems, organizing visits of astronauts, sport events, art exhibitions, etc.

32 The Plan reflects the overshadowing of ideological-utopian politics to a politics of market-friendly economic expansion and national modernization in post-socialist China.
(Latham 2002: 231). The latest plan includes measures to establish better institutions for balancing economic growth with environmental and social concerns.


35 See ‘Time for HK Leaders to Grab Bull by the Horns’, The Standard, 29.03.2006. Leung suggested accelerating cross-border infrastructure projects; facilitating talent inflows; and strengthening coordination and cooperation with the Mainland.

36 The Central Policy Unit also held a public seminar on 2.11.2006 for 100+ participants from chambers of commerce, trade associations, SMEs, professional sectors, academia, grassroots, middle-class and youth groups, etc. to exchange views.

37 This emerging Schumpeterian regime is neither gender nor ethically neutral; but it is beyond the remit of this report to tackle these issues.
Bibliography

Berger, S. and Lester, R. (1997) Made by Hong Kong, Hong Kong: Oxford University
Press.
Bernstein, B. (1990) The Structuring of Pedagogic Discourse: Class, Codes and Control,
London: Routledge.
Hong Kong’s History, London: Routledge, 141-61.
University of New York Press.
Enright, M., Scott, E. and Dodwell, D. (1997) The Hong Kong Advantage, Hong Kong:
Oxford University Press.
Enright, M., Scott, E. and Ng, K-M. (2005) Regional Powerhouse: The Greater Pearl River
Social Science Information, 17 (1): 123-42.
Westport, CT: Praeger.
Goodstadt, L. (2005) Uneasy Partners: the Conflict between Public Interest and Private
Profit in Hong Kong, Hong Kong: Hong Kong University Press.
Greater Pearl River Delta Business Council (2006) Second Annual Report 2005-6,
Hong Kong Arts Development Council (2000) Introduction to Creative Industries: the Case
of the United Kingdom and Implementation Strategies in Hong Kong,
Hong Kong Democratic Foundation (http://www.hkdf.org/pr.asp?fun=show&pr=154)
Hong Kong Institute of Surveyors (http://www.hkis.org/hkis/html_qsd/upload/Home-
Headline/hllnk49_0.pdf), accessed on 14.9.06.
http://www.hkpri.org.hk/bulletin/index.htm, accessed on 13.06.06.
and Technology, First Report,
Five-Year Plan and the Development of Hong Kong’,
Hong Kong Trade Development Council (2002) Creative Industries in Hong Kong,
Hong Kong University Centre For Cultural Policy Research (2003) ‘Baseline Study on
Hong Kong’s Creative Industries’, http://ccpr.hku.hk/recent_projects.htm, accessed
14.9.06.
Elgar.
of Transition in Postsocialist China’ in C. Hann (ed.) Postsocialism: Ideals, Ideologies
People’s Panel on West Kowloon (Source: http://www.ppwk.org/aboutus.htm), accessed
on 14th September 2006.
Countries: A Regulationist Perspective’, in I. Cook et al. (eds) Dynamic Asia,
Aldershot: Ashgate, 44-78.


