Interventionism behind the Laissez-Faire: The Political Economy of Land-use Planning and the Infrastructure Construction in Hong Kong

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The main concern of this study is to clarify the role of government for economic development of Hong Kong. We specifically focus on land-use planning system and the infrastructure construction as one of the important factors that fostered economic development in the Territory. Then, we probe Hong Kong's politico-economic structure that executes aggressive land-use planning.

Some distinct features can be observed in land-use planning of Hong Kong. One of these features is the throughoutness of the planning enforcement. In Hong Kong, for instance, land-use planning was specified in detail by some regulations such as Building Ordinance, lease condition and so on. The political context for throughout regulation of land-use in Hong Kong is the colonial lease hold system. Thus, land-use system in Hong Kong is essentially related with the colonial political structure.

There are good reasons to say that land-use planning in Hong Kong has positive impacts to foster economic development. First well-planned planning would improve economic efficiency of Hong Kong as a whole. Second, infrastructure construction, which is consequent to the territory-wide plan, would also improve efficiency. Third, zoning system that clearly divides land for particular use would internalise externalities. Fourth, certainty of the development process would rather reduce unexpected delay of construction (Staley (1994)). Thus, those impacts, namely, the most efficient land utilisation and decrease in the cost of delay should contribute to economic development of Hong Kong.

The actual process of the land-use planning in Hong Kong is maximisation of the civil-engineering problem. In that sense, Hong Kong's planning system produces the most efficiency of land-use since the planning procedure is highly neutral from the political noise. The question is, however, hidden objectives of planning. In other words, what is the planning criterion to produce

land, place transportation facilities, or spread infrastructures over the Territory?

Even though land-use planning in Hong Kong is technically designed to pursue maximisation, political and economic criteria is essentially introduced to set the objective function. Then, what is the criterion of Hong Kong government to set planning scenario? It is obvious, in the case of 1984 TDS as an example, that the objective of the government was to maximise the net revenue of the government (Taylor (1986)).

Therefore, two distinguishing natures of Hong Kong's land-use planning policy should be pointed out here. First, one of the political principles of Hong Kong government has been a "Planning for Money" so far. Second, the policy can be interpreted as an interventionist since Hong Kong government strictly controls land market for land-use efficiency. Interestingly, those natures seem against the popular opinions of Hong Kong's laissez-fairism.

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