

Vancouver Centre of Excellence



Research on Immigration and Integration in the Metropolis

Working Paper Series

No 96-02

Developing the Trans-Pacific Property Market:
Tales from Vancouver via Hong Kong

Kris Olds, University of British Columbia

August, 1996

Working paper series

Number	Author(s)	Title	Date
96-01	James W. Dean Don J. DeVoretz	The Economic Performance of Jewish Immigrants to Canada: A Case of Double Jeopardy?	5/96
96-02	Kris Olds	Developing the Trans-Pacific Property Market: Tales from Vancouver via Hong Kong	8/96
96-03	Krishna Pendakur Ravi Pendakur	The Colour of Money: Earnings Differentials Among Ethnic Groups in Canada	4/96
96-04	Alan Green David Green	The Economic Goals of Canada's Immigration Policy, Past and Present	
97-01	John E. Hayfron	Language Training, Language Proficiency and Earnings of Immigrants: Lessons from Norway	2/97
97-02	Daniel Hiebert	The Colour of Work: Labour Market Segmentation in Montreal, Toronto and Vancouver, 1991	3/97

Back issues of working papers are available for \$5 from :
Librarian, Vancouver Centre of Excellence: Immigration
West Mall Complex, Room 4653, Simon Fraser University
Burnaby, B.C. Canada V5A 1S6
Tel: (604) 291-4575 Fax: (604) 291-5336

E-mail: riim@sfu.ca
<http://www.sfu.ca/riim>

Kris Olds

**Department of Geography, University of British Columbia, #217-1984 West
Mall, Vancouver, BC V6T 1Z2**

Developing the Trans-Pacific Property Market: Tales from Vancouver via Hong Kong

1. Introduction

2 Reading the Trans-Pacific Property Market

3. Liquid Assets: Developing Pacific Place, Vancouver, Canada

3.1 Background

**3.2 Expanding the Network: Pacific Place and the Redevelopment of the
North Shore of False Creek**

4. Conclusions

References

1 Introduction

Let me¹ take you on a brief tour through a condominium unit in The Concordia, part of the Pacific Place mega-project on the North Shore of False Creek in Vancouver, Canada. This unit (and project), funded by Hong Kong capital, is an elegant example of the conjunction of a trans-Pacific property market with trans-Pacific immigration.

We arrive on the fifteenth floor and make our way into a unit in the range of 1100 square feet of "timeless elegance and sophistication" creating "a new standard in home design" -- priced between C\$200,000 - \$300,000 at this floor level. "Finely crafted with care and attention," your home offers views of the water, southern exposure to the sun, and your choice of select materials and equipment to outfit and decorate the unit. The unit and The Concordia express an "ambiance," a "distinctive residence", in a "classic estate" on an "exclusive seafront." It is connected with "state of the art fiber optics providing enhanced personal communications" enabling you to carry out a multitude of activities such as: working at home through the exchange of high speed text, audio, video and graphic information with people from around the world; calling home to turn on the oven or adjust room temperature; ordering videos to be "piped in;" and, surveillance through the use of high definition video monitoring equipment to simultaneously view up to four different locations (by splitting your television screen into quadrants) in the private, semi-public and public spaces in and around The Concordia.

¹ A narrative style and first person form is used in many sections of this paper. The narrative form is designed to implicitly support my assertion (based upon four years of research on globalization processes) that it is important for the researcher to become personally engaged with the actors who directly and indirectly guide and propel global flows.

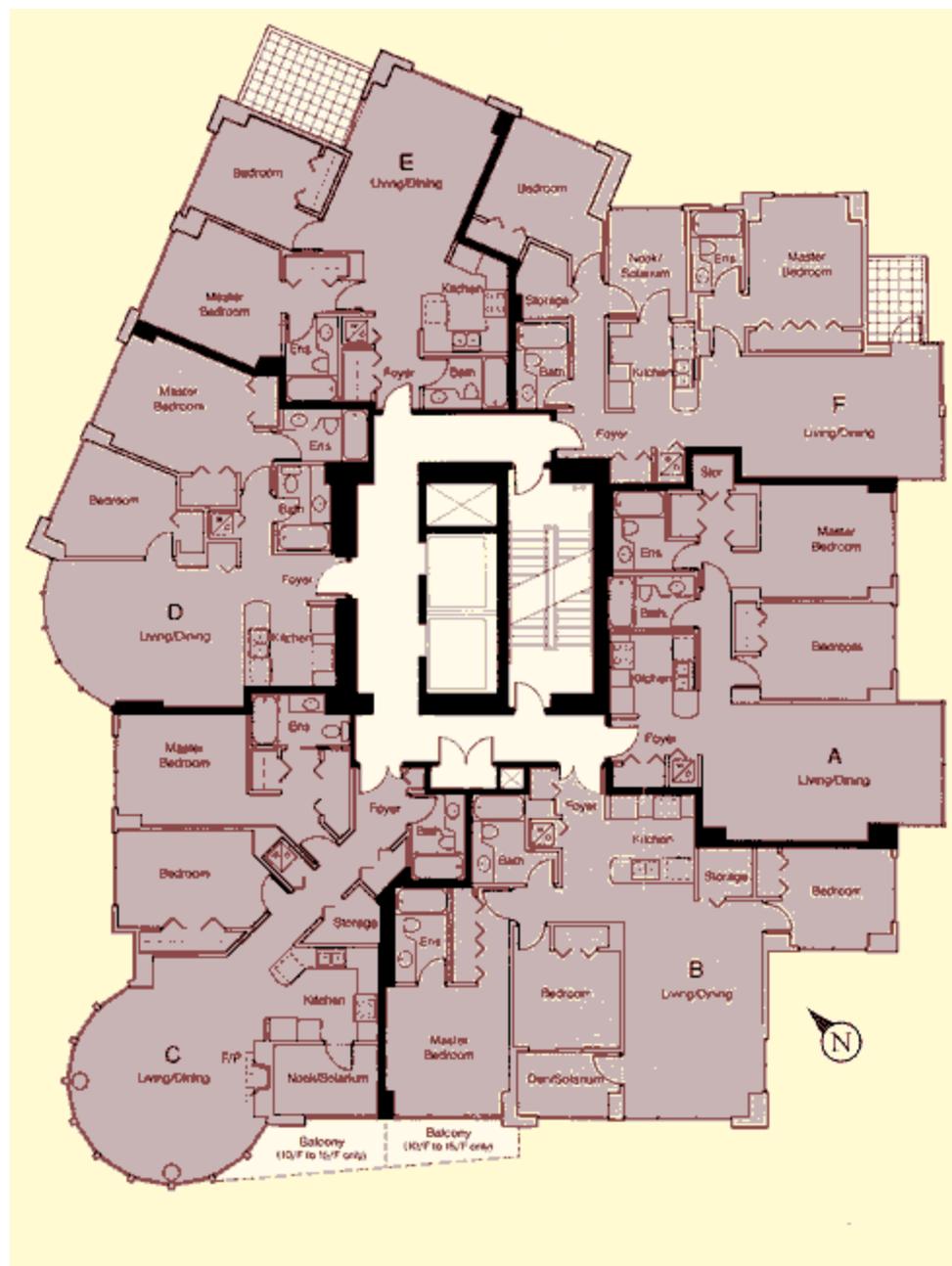


Figure 1 -- Floorplan of Units in The Concordia, Pacific Place. (Source: Concord Pacific Developments Ltd.)

The Concordia itself is situated on a "sheltered Pacific inlet" at the "heart of a great international centre of fashion and finance" -- Vancouver -- the "Pacific Coast's most dynamic city." In short, you are now a resident of Concord Pacific Place, the "pre-eminent planned community on the Pacific Rim."²

² All of the above quotations are taken from one promotional brochure titled "The Concordia at David Lam Park" which was published in February 1994 and distributed at Concord Pacific's

This unit did not actually exist in physical reality until mid 1995 -- two years after the field research that this passage is based upon. We have been inside the display unit of a CDN \$2 million presentation centre where the "pre-sale" process takes place. In the pre-sale process prospective purchasers of condominium units examine mock suites, graphic images such as figure 1, models of condominium towers, a model of the entire project site, a large map of the Pacific Rim, and numerous other types of information including mortgage arrangement details with banks in Vancouver or Hong Kong. The atmosphere of a market-place prevails, with large crowds at certain times of the week. You can mingle with representatives of the development company, fellow buyers, and researchers such as myself. Glass enclosed meeting rooms permit you to see deals in the making, and each closure is followed by the placing of a red sticker on a graphic of the condo tower announcing SOLD. Full page announcements of the sale of new condominium towers are also placed in all of Vancouver's major English and Chinese language newspapers (see figure 2).

Figure 2 -- Advertisement for The Concordia. (Source: *Vancouver Sun*, 11 February 1994: D5)

If you prefer a more distantiated mode of viewing the condominium units being built at Pacific Place, log on to the World Wide Web (WWW) and key in Concord Pacific's internet address (<http://www.concordpacific.com>). Through the vehicle of communications technology you will be able to examine floor plans, take yacht trips down False Creek, and find out the latest company-sponsored public events planned for the site.

This style of buying property is a recent phenomenon in Vancouver. It became increasingly common in the early 1990s when projects such as Pacific Place were being developed and sold in the context of an internationalized property market, driven by steadily increasing linkages between Vancouver and Hong Kong. Indeed, the Vancouver Information Centre in Hong Kong acts as a virtual replica to this one, albeit on the 20th floor of the China Tower, Central, Hong Kong (Tel: 852-2526 2269; Fax: 852-2521 5728). Pre-sale is the most common method of residential property development in the hyperactive temple of money worship -- Hong Kong, also known as Mammon's Temple.³ Pre-sale provides the developer with

presentation centre on the Pacific Place project site. The themes are in keeping with other materials published by Concord Pacific Developments Ltd., and the concepts expressed by the firm's representatives in both formal interviews and casual discussions with me.

³ This term was used by several senior international financiers during conversations with me during my field work in Hong Kong. The degree of money worship in Hong Kong, evident during all stages of the colonial period, is hyperactive in the early 1990s because actors in the

"capitalism's ultimate fantasy -- the world's first perpetual money machine" (Newman, 1993: 36) where risk is shifted to the buyer from the seller, where turnover time, gearing levels and carrying costs are significantly reduced, and where future speculative goals can be more carefully weighed.⁴

I've taken you for a brief walk through this presentation centre because it is one fascinating indicator of the increasing interconnectedness of Vancouver and Hong Kong. Global flows are increasingly binding these two cities together, and in the process transforming the nature of urban life and identity in this Canadian city. While it is obvious to anyone living in Vancouver that the nature of urbanity is changing, and that "Hong Kong" is playing a key role in this process of change, it is often difficult to make sense of the subtle impacts of this change, and in particular the human dynamics which underlie these changes.

The main aim of this paper is to examine some of the implications of contemporary globalization processes for Pacific Rim cities. This broad subject is approached by using one urban mega-project (UMP) in central Vancouver as a vehicle through which to explore the processes underlying urban change (including immigration), and in particular the social and cultural construction of the rapidly developing trans-Pacific property market. Or, in more specific language, *what are the key factors leading Hong Kong's largest property developers (the Li Group in particular) to extend their reach over space into downtown Vancouver, Canada at this particular time in history?*

2 Reading the Trans-Pacific Property Market

As briefly noted above, it is apparent that flows of money, capital, people (labour, migrants, tourists, professionals), information, images, technologies, and products are increasing in scale and velocity throughout the world (Appadurai, 1990; Castells, 1989; Hannerz, 1992; Lash and Urry, 1995), often beyond the national scale, though still shaped by national regulatory regimes. Such global flows are increasingly being recognized for their "complexly multilinear" and uneven nature

city are benefiting from unprecedented flows of capital and goods in and out of China, and because of the approaching transfer of control to China in 1997.

⁴ The pre-sale process has been perfected in Hong Kong by Cheung Kong (Holdings) Ltd., the property firm controlled by Li Ka-shing. The knowledge gained in Hong Kong has been applied to Vancouver, finely altered to take into account local preferences with respect issues such as the design of the presentation centre, mortgage arrangements, "selling" style, etc. However, the presentation centre is more than simple market place for property. A variety of educational materials including maps and globes are on display, with Vancouver clearly identified. The Vancouver in this presentation centre is situated on the edge of the Pacific Rim, part of a network of global cities through which material and non-material flows are funneled. Place has been reconstituted once again, as it was when the colonialists came to the rainforest. This time though, the processes of change were encouraged for the most part by local elites.

(Pred and Watts, 1992: xv). These flows have effectively become "deterritorialized," that is "separated from their original local and national settings, but only to reappear in places as new influences blending in with existing myths, memories and beliefs" (Smith 1990, cited in Amin and Thrift, 1994: 5).

The implications of the deepening of globalization processes for cities are many, though the concept of social and spatial reordering is a particularly prominent one (e.g., see Sassen, 1991, 1994). In a more general sense, Thrift (1996: 289) has characterized such changes in this way:

What is *place* in this new 'in-between' world? The short answer is -- compromised: permanently in a state of enunciation, between addresses, always deferred. Places are 'stages of intensity', traces of movement, speed and circulation. (emphasis in original)

Now, I do not mean to imply that this is a homogeneous and uncontested process (cf. Mitchell, 1993; Ley, 1995), nor that the forces of globalization have swept through the cities of the Pacific Rim and all that we are left with is an unstable landscape marked by movement and flow, for this is clearly not the case. "Movement and flow" are not overwhelming the "identity of place" as Kevin Robins (1991: 13) and Manuel Castells suggest; rather, current flows are reshaping the identity of places which have always been intersected by flows operating at a variety of scales (Massey, 1993). This is particularly true in Vancouver -- a colonial port city with a long history of contact with "external" forces, and diverse cultures.

What has changed though, since the mid-1980s, is that the nature of life in some Canadian cities (in particular Vancouver and Toronto) is become increasingly shaped by quite volatile flows which now link Canada to the economically dynamic Asia Pacific region. The shifting weight of linkages from European nations such as Poland, Sweden, and Scotland (the source nations of my own ethnicity), to Asian nations such as Hong Kong, Taiwan, and China, underlies a myriad of impacts in the city. Vancouver's urban landscape increasingly reflects the impacts of flows with Asia Pacific origins; albeit flows which are invited, guided, contested and reconstructed by a plethora of Canadian institutions.

One dimension of urban life which has been changed because of these growing linkages between Canada and the Asia Pacific region is the property development process; a process which has significant (and highly uneven) impacts upon the daily lives of most, if not all, residents of the city. Global movement of capital has been directed into Vancouver's property market from cities such as Hong Kong and Taipei, and in the process land values have increased, dominant patterns of urban form have been altered, and social change has been spurred on. This is particularly true in suburbs such as Richmond or Coquitlam, the downtown core, and in specific segments of the property market (such as the condominium market).

But, how might we make sense of the reorganization of Vancouver's property development process in a manner which incorporates a sensitivity to the complex and subtle nature of flows guided out of the Asia Pacific region? Unfortunately, much of the literature on property development is too crude for it is overly economistic and ethnocentric in nature. To be sure, property capital is increasingly global in nature (like all fractions of finance capital), but it is much more complex than that if one drops down a level of abstraction. The "global space" of property capital flows does *not* float in ethereal space, guided by a transcendental logic of its own, dropping from place to place in a "footloose" manner, merely searching for optimal profit margins (see Harvey, 1994, for a different perspective). Rather, global *flows* of property capital (and property development methods) are processes designed by and incorporating humans. The majority of these flows are formulated, activated and legitimized by powerful individuals who are unevenly spread across the world in global cities such as Hong Kong, London and New York (Sassen, 1991, 1994; Fainstein, 1994; Hamnett, 1995). These actors, within their broader relational systems, draw themselves and others into the same "social space" and the same "historical time" in order to implement their goals (the transformation of urban space in this case). This cosmopolitan human system (Hannerz, 1992) is a continually evolving social space constructed by dynamic "networks of social relationships stretched across the globe" (Allen, 1995: 135); peopled with the resources (material and otherwise) to maintain and enhance such social spaces. The concept of extended social relations, as Amin and Thrift (1994: 6) note in their reading of Bruno Latour's *We Have Never Been Modern*, enables us to reevaluate the concepts of "global" and "local" and recognize that they are "points of view on networks that are by their very nature neither global nor local, but more or less long and more or less connected (Latour 1993: 122)."

What I have done in my analysis of the development of the \$3 billion Pacific Place project in Vancouver is try to look at the globalization of property capital in a less economistic (more culturally sensitive) nature through the development of theoretically informed empirical case studies. The foundation of my conceptual framework is Arjun Appadurai's (1990) concept of the five "scapes" (ethnoscape; mediascape; technoscape; finanscape; ideoscape) which make up the "global cultural economy" -- the overlapping scapes through which global flows pass. These global flows are inextricably bound to the perspectives and imaginations of geographically and historically situated actors (from the individual to the nation-state). Appadurai's approach is effectively a decentred and chaoticised form of world-systems theory. Appadurai's relatively abstract (and "rudimentary," as he himself acknowledges) framework can also be wed to an emerging socioeconomic literature⁵ which focuses on how the actors (including Hong Kong-based overseas

⁵ See, for example, Smelser and Swedberg (1994), Zukin and Dimaggio (1990), Amin and Thrift (1992, 1994), Block (1990), Dicken and Thrift (1992), Gereffi and Hamilton (1991), and Grabher (1993).

Chinese property developers) who structure economic action can be "situated" and "embedded" in specific territorial and deterritorialized networks and institutions. The basic idea is that the production of global flows is a form of social action, a social construct which can be more subtly analysed through provisional accounts focused on specific actors, institutions, relations, and events.

Let us now move on to one key event in the actual development of the trans-Pacific property market -- the (re)development of 80 hectares of prime land in the downtown core of Vancouver, Canada.

3 Liquid Assets: Developing Pacific Place, Vancouver, Canada

3.1 Background

In 1987 the British Columbia provincial government decided to sell 204 acres (80 hectares) of land which they owned in downtown Vancouver (one-sixth of the whole downtown area). This declining industrial land, once closely associated with B.C.'s resource industries, was assembled in the early 1980s by the provincial government. The Province then directed a provincial crown corporation (BC Place Corporation) to redevelopment the site. Following a five year conflict between the Province and the City over proposals for the site, a World's Fair (Expo '86) was held and the land was subsequently put up for sale as part of a newly initiated privatization programme.

Much of the impetus to sell the land came from a new provincial premier, who assumed office in the autumn of 1986. William Vander Zalm was a charismatic and dogmatic ideologue who believed the power of the state over the economy should be weakened (Leslie, 1991). Vander Zalm was particularly impressed with Margaret Thatcher's privatization initiatives underway in Britain during the mid-1980s, and the sale of the Expo '86 site should be seen as part of the world-wide privatization movement that gathered speed at this time in history.

The availability of the site was marketed world-wide and eventually sold, after significant political intrigue, to Concord Pacific Developments Ltd., a private Canadian company established in Vancouver in 1987 specifically to bid for the site.⁶

⁶ The actual sale of the North Shore of False Creek lands is a long and complex story -- clearly detailed in Leslie (1991), Mason and Baldrey (1989), Matas (1989a, 1989b, 1989c), Matas and York (1989), Persky (1989), and a series of KPMG Peat Marwick Stevenson & Kellog/Peat Marwick Thorne reports released by the [New Democratic Party] provincial government in March 1992. Readers are directed to these sources should they wish to investigate the subject in any detail.

Pacific Place, as the developer now calls the site, is being developed by Concord Pacific Developments Ltd., over a 10-12 year period, and upon completion will contain 8,500 residential units (including up to 1,700 government funded social housing units) for an estimated 15,000 people, 650,000 sq. ft., of retail/service space, 1.75 million sq. ft., of office space, 600,00 sq. ft., of hotel space, 42 acres of park space, three marinas, two elementary schools, eight daycare's, and a variety of other community facilities. The project is currently North America's largest redevelopment project and it is expected to cost CDN \$3 billion to build (see figure 3).

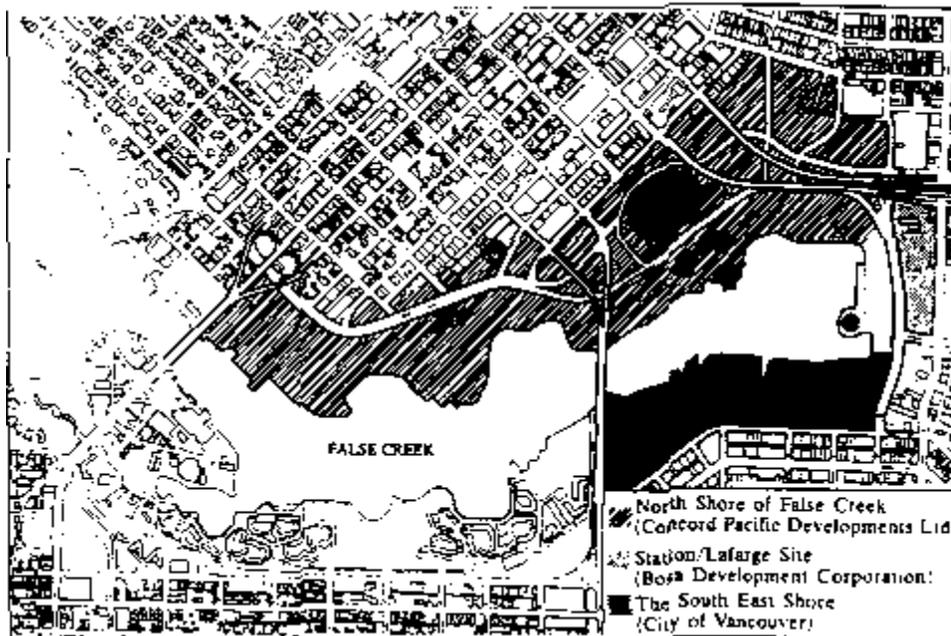


Figure 3 -- Pacific Place/North Shore of False Creek. (Source: City of Vancouver Planning Department)

This mega-project is the physical manifestation of the stretching of overseas Chinese capitalism via social networks to Vancouver in the geo-political context of pre-1997 Hong Kong. Concord's main shareholder is Li Ka-shing, Hong Kong's richest billionaire. Other major shares were held (until 1993) by Hong Kong billionaires Cheng Yu-Tung and Lee Shau Kee, with a small portion held by the Canadian Imperial Bank of Commerce (CIBC) (Gutstein, 1990; Leslie, 1991). Li Ka-shing's firms have a market value estimated to be at least USD \$22 billion, 15 per cent of total stock market capitalization in Hong Kong (Kraar, 1992a, 1992b), while his personal wealth in 1994 is estimated by the Chinese-language edition of *Forbes* magazine to be USD \$6 billion (*Guardian*, 1994). Lee Shau Kee is worth approximately USD \$6 billion as well. Taken together, the three tycoons associated with Concord Pacific control five of Hong Kong's largest public firms (1994 capitalisation figures are presented in table 1), and many other public and private

firms. This simple indicator barely highlights the many other sources of public and private capital the tycoons can access.

Despite the scale of Pacific Place, it is far from the only example of massive trans-Pacific property investment in the Vancouver area market. To name only the largest initiatives: partnership in Coal Harbour, four malls in Richmond, and thousands of condominium units. Links between property ownership and immigration are rounded out by tens of thousands of single-family dwellings constructed for primarily Asian immigrants in the decade since Expo '86, a world's fair designed to project Vancouver onto global investment markets.

Rank	Company	Market Capitalisation (HK\$Mil)	% of Market Total
1	HSBC Holdings	222,684.53	10.68
2	Hong Kong Telecom	164,503.59	7.89
3	Hutchison Whampoa *	113,276.92	5.43
4	Sun Hung Kai Properties*	107,393.76	5.15
5	Hang Seng Bank	107,198.33	5.14
6	Swire Pacific*	70,229.17	3.37
7	Cheung Kong (Holdings)*	69,223.02	3.32
8	China Light	65,691.65	3.15
9	Henderson Land*	58,892.02	2.82
10	Wharf (Holdings)*	56,581.31	2.71
11	Hong Kong Electric	42,730.08	2.05
12	Hong Kong Land Holdings*	40,657.49	1.95
13	Jardine Matheson Holdings	40,158.67	1.93
14	CITIC Pacific	37,591.32	1.80
15	New World Development*	32,902.53	1.58
16	Cathay Pacific Airways	32,902.53	1.55
17	Hopewell Holdings*	27,934.54	1.34
18	Wheelock and Co*	25,935.24	1.24
19	Hong Kong China and Gas	25,867.43	1.24
20	Jardine Strategic Holdings	23,989.72	1.15
	Total	1,365,667.10	65.49
	Market Total	2,085,182.06	100.00

1) * Denotes property company (or very significant property dealing)

2) Bold emphasis denotes the companies controlled by the Li Ka-shing, Lee Shau Kee and Cheng Yu-Tung.

Table 1 -- The Twenty Leading Hong Kong Companies in Market Capitalisation as at December 1994. (Source: The Stock Exchange of Hong Kong, and Brooke Hillier Parker).

The economic growth of these overseas Chinese firms has been directly boosted by the growth of Hong Kong as an international financial centre, the associated

development of the colony's stock market (see tables 2 and 3), and the emergence of what are some of the most heavily capitalized property development firms in the world today.

Rank	Location	Market Value (US\$ billion)
1	New York	4,654.4
2	Tokyo	3,646.1
3	London	1,242.0
4	Germany	538.0
5	Paris	484.8
6	Toronto	332.5
7	Switzerland	324.2
8	Amsterdam	253.6
9	Hong Kong	252.0
10	Johannesburg	239.0
11	Australia	219.4
12	Taiwan	209.1
13	Kuala Lumpur	192.8
14	Korea	177.6
15	Italy	174.7
16	Madrid	166.8
17	Singapore	133.0
18	Thailand	124.8
19	Brussels	95.7
20	Mexico	90.1

Table 2 -- World Stock Market Capitalisation (April 1995). (Source: Nomura)

Year	No. of Listed Companies	No. of Listed Securities	Total Funds Raised* (HK\$Mil.)	Total Issued Capital (HK\$Mil.)	Market Capitalisation (HK\$Mil.)
1976	295	319	n.a.	23,257.50	56,674.94
1977	284	315	n.a.	23,427.13	51,277.87
1978	265	298	n.a.	24,915.61	65,938.58
1979	262	298	n.a.	26,853.48	112,809.31
1980	262	309	n.a.	33,080.48	209,752.50
1981	269	335	n.a.	59,273.61	232,331.28
1982	273	342	n.a.	63,560.69	131,639.82
1983	277	351	n.a.	67,940.79	142,093.77
1984	278	348	n.a.	69,944.56	184,641.57
1985	279	340	n.a.	72,234.65	269,511.35
1986	253	335	13,507.71	73,106.35	419,281.38
1987	276	412	48,939.23	90,712.97	419,612.06
1988	304	479	19,714.52	106,213.58	580,378.02
1989	298	479	22,035.13	103,403.60	605,010.44
1990	299	520	24,472.39	108,808.32	650,409.78
1991	357	597	45,172.86	117,546.65	949,171.62

1992	413	749	117,322.40	136,111.21	1,332,184.10
1993	477	891	288,232.40	164,061.59	2,975,379.30
1994	529	1006	345,887.64	177,567.72	2,085,182.06

Notes

- 1) n.a = Not Available
- 2) *Funds raised prior to 1990 do not include unit trusts/mutual funds, share option schemes and funds raised in the six months prior to a contingent listing.
- 3) US\$1=HK\$7.8

Table 3 -- Key Indicators of The Stock Exchange of Hong Kong. (Source: The Stock Exchange of Hong Kong, 1995)

Overseas Chinese family firms have both listed and unlisted arms. According to Gordon Redding, director of the University of Hong Kong Business School, the Hong Kong stock market is used (to employ a "crude analogy") by the listed firms as a gigantic vacuum cleaner, sucking up capital from around the world, for later use in the development initiatives of both listed and unlisted firms (interview, April 1994). The listed firms in the property sector, the largest sector of the Hong Kong stock market (see table 4), benefit from the flow of capital to Hong Kong from trust funds, pension funds, institutional and individual investors from around the world. Indirectly, the managers of these capital sources are providing assets for property development activities in both Hong Kong and abroad (e.g., Vancouver). Such fund managers prefer to play in property markets indirectly because investment in listed firms is a relatively liquid (ie. capital can be added or extracted from stock markets with quickly) option.

Classification	Turnover		Market Capitalisation		Listed Companies	
	HK\$Mil	% of Total	HK\$Mil	% of Total	Number	% of Total
Finance	175,057.43	17.97	452,383.11	21.70	60	11.34
Utilities	103,988.05	10.67	321,724.78	15.43	11	2.08
Properties	332,151.19	34.09	533,318.52	25.58	85	16.07
Consolidated Enterprises	249,729.72	25.63	581,369.61	27.88	167	31.57
Industrials	87,180.31	8.95	128,723.88	6.17	183	34.59
Hotels	22,194.58	2.28	59,058.19	2.83	14	2.65
Miscellaneous	4,064.31	0.42	9,095.53	0.14	9	1.70

Table 4 -- Turnover, Market Capitalisation and Number of Listed Companies by Industrial Classification on the Hong Kong Stock Market, 1994. (Source: The Stock Exchange of Hong Kong, 1995)

In terms of capitalization levels, property has remained quite steady at around 25 per cent of total stock market capitalization (between the late 1980s and 1994),

though turnover levels are very uneven. In table 4 above we can also see that the number of property companies listed on the Stock Exchange of Hong Kong is relatively low in comparison to property capitalization and annual turnover levels. This disproportion reflects the large size of Hong Kong-based property companies (such as the companies controlled by the property tycoons who are investing in Vancouver).

As global capital flows of a private nature surge through Hong Kong, speculative bubbles are created in territorial property and stock markets (*The Economist*, 28 January, 1995: 92). This condition is exasperated in entrepôt city-states like Hong Kong where the state tightly controls land supply to raise indirect tax revenue (Yeh, 1992); developable land mass is limited; a small number of powerful property development companies control large proportions of annual property supply; FDI flows from China are directed into Hong Kong's property market;⁷ the economy is rapidly expanding; the population is steadily increasing; and local and foreign credit for local property acquisition is quite easily available. Figure 4 highlights the rapid growth (on average) of residential property prices in Hong Kong -- a development trend which fuels the capital accounts of the overseas Chinese firms who are now playing in Vancouver's property market.

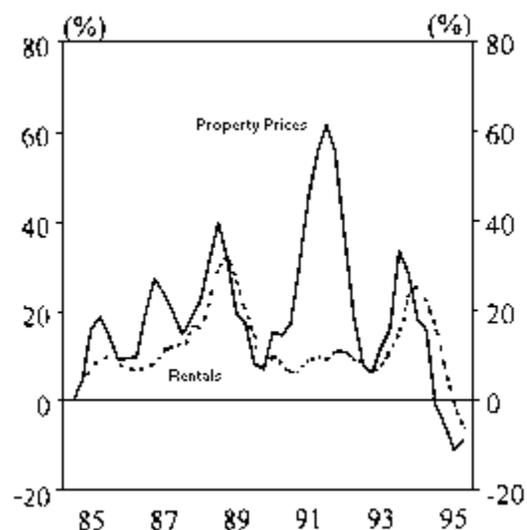


Figure 4 -- Hong Kong Residential Property Prices and Rentals (all classes).
(Source: Hang Seng Bank, 1996)

⁷ Hong Kong's property market has been flooded with capital from China. In 1992, the Bank for International Settlements (BIS) estimated that US\$10 billion of Chinese capital was invested in Hong Kong, mainly in the service sector (i.e. property) (Bank for International Settlements, 1992: 92). By 1994, the figure had reached \$25 billion (Bank for International Settlements, 1995: 67).

All of the tycoons who invested in Vancouver acquired the majority of their wealth via residential property development projects in Hong Kong (though they also develop commercial and industrial property). Inevitably starting off with individual properties, they benefited from a good sense of timing, in relation to all of the factors that I outlined above. Of course they had to be skilled in playing this market to their advantage. Their firm's main strategy is to control significant proportions of the Hong Kong property market by maintaining their development portfolios, and focus on a high cash flow via strong degrees of "recurrent" income by using the pre-sale method (Holberton, 1993; Salomon Brothers, 1993). This approach substantially lowers risk level (for the firms), and enables them to embark upon a constant stream of new projects.

With property income as a foundation, further growth is supported through: continuous take-overs (including a *hong* (Hutchison Whampoa) in 1979 by Li); investment in other firms; horizontal extension (ports, consumer goods, infrastructure, energy, and telecommunications) (Kraar, 1992a; Taylor, 1992); and, geographical extension (North America, Europe and Asia). All of these ventures are built upon the formation of flexible social networks with senior decision-makers in relevant institutions.

What I will do now is shift focus, and try to explain how this "economic" process -- the acquisition and subsequent development of an urban mega-project by global developers -- is a social and cultural construct, reflective of the nature of Hong Kong-based overseas Chinese capitalism, and of the dynamics associated with the Li family in particular. I will also attempt to highlight the fundamental role of the Hong Kong to Canada immigration process in underlying the capital investment process.

3.2 Expanding the Network: Pacific Place and the Redevelopment of the North Shore of False Creek

Today we live in a small world. Vancouver and Hong Kong or Singapore and Ontario is only a call away. People believe in the same things. National boundaries and cultural barriers are breaking down very quickly because of telecommunications and ease of travel. Money knows no boundaries.

Victor Tzar-kuoi Li (quoted in Ouston, 1989: 26)

I know a lot of friends, together with our group, that have absolutely pulled out, deliberately pulled out of that country [Australia] because of the white policy there.

Victor Tzar-kuoi Li (quoted in Campbell, 1989: 27)

If I can't live there, my money cannot live there either.

Victor Tzar-kuoi Li (quoted in Stoffman, 1989: 124)

The acquisition of the North Shore of False Creek is the result of the decision of Li Ka-shing, Hong Kong's richest, most powerful and well-connected property tycoon to deepen his family's linkages with Vancouver. A formal decision to move ahead with a bid for the site was taken during the summer of 1987 when Li Ka-shing, his son Victor, and their Hong Kong-based advisors (primarily George Magnus), were satisfied that the bid process was had not been predetermined by the provincial government (the Premier in particular).

The rationale behind the decision of the Li family to deepen linkages with Vancouver has deep roots in both Hong Kong and Vancouver. The capital flows that connect Vancouver to Hong Kong are interwoven with overseas Chinese immigrant flows, and the division between the two flows is inseparable. Further, it is impossible to speak of a "command and control" situation, where the global city of Hong Kong was simply used as a base to direct capital flows to Vancouver in a straightforward economic sense.⁸ Rather, the development of Pacific Place is the result of a more diffuse network connecting actors who are situated both within and outside the formal firms controlled by the Li family. The tangible construction of buildings on the site is the result of the mobilization of a variety of resources (including knowledge, skills and connections) to achieve a myriad of constantly changing goals; goals which reflect (for the most part) the aims of the Li family at a particular stage in the family's development.

The following section examines one key phase and event in the development of Pacific Place in order to highlight the socially constructed nature of the property investment and development process -- *the decision to invest: who decides, and why invest now*. While some effort is made to follow a chronological pattern, the need for brevity precludes much discussion of the actual development process (and in particular the role of City of Vancouver politicians and planners in this process).

Li Ka-shing has two sons -- Victor Tzar-kuoi Li (born in 1965), and Richard Tzar Kai Li (born in 1967). Like many of Hong Kong's overseas Chinese business families,

⁸ See Sassen's work (1991, 1994, 1995) on the global city as "command point" in the organization of the world economy. In contrast, Thrift (1993: 232) writes: "it is at least debatable whether the world financial system in particular is 'commanded' or 'controlled' in any strong sense at all! More to the point, the new economic sociology has shown, rather convincingly, that command and control are concepts that need unpacking and that once that process begins then the meaning of these concepts begins to slip away, like sand, through the fingers."

the sons were groomed from an early age to take part in their family's firms, and it is impossible to separate "work life" from "home life"-- the two are intertwined:

Says Li: "If my boys can learn from me, they will have more assets."

The lessons started early. Richard recalls that he and his brother "had little chairs in the corner of the board meetings since we were 8 or 9 years old." Victor describes his dad as "the best business professor," especially for teaching how *not* to make money. Explains Victor: "The most important thing I learned from him is how to be honorable and how to treat partners right." Richard interprets the lesson this way: "If a 10% share is reasonable and you can get 11%, take 9% because then a hundred more deals will come to you." Another bit of wisdom that Richard says comes from his father: "Use the expertise of others, whether your staff, your partner, or the government." (Kraar, 1992b: 108)

In 1981, Victor left Hong Kong to attend Stanford University where he enrolled in the civil engineering program. An overseas education at a respected institution is an increasingly common affair in Hong Kong; indeed there are "strong links between prospective real estate investment and the location of family and friends, and where children and grandchildren were attending university" (Edgington and Goldberg, 1992: 7-9). As Goldberg (1985) and Mitchell (1993) highlight, the education of children is a critically important factor in overseas Chinese culture, and it reflects the fundamental role of the family in society.

Two years later (1983), when he was 18 years old, Victor became a naturalized Canadian citizen. That Canada was selected as the safe option for Victor's "second home" is related to a number of factors:

- the variety of property investments Li-Ka-shing has accumulated in Canadian cities (including Vancouver) since the late 1960s (Gutstein, 1988: 132);
- the holiday house the Li family vacationed at since the early 1970s on a street in Oakridge (a Vancouver neighbourhood) "where many friends already lived" (Tierney, 1989);
- long-term linkages Li Ka-shing has formed with Canadian financial institutions in 1974 (especially CIBC);
- the accessible nature of Canada's immigration system; and,
- the social and political climate of the country.

As Victor himself stated:

One of the best things about Canada is the way it treats new people. The cultural diversity makes the investor feel comfortable. There's also political stability. Canada is one of the most comfortable places to do business compared to a lot of Western countries. (quoted in "An 'inside' Asian investor's view of Canada, 1989, p. 8)

Similarly,

As a Chinese it is not easy living in a Western country. Sometimes we feel certain discrimination and, other times, are forced to give up our customs and our culture and join the melting pot.

Here in Canada, I feel very much at home. I can participate in the local community and at the same time feel proud of being a Chinese-Canadian. Canadians, by accepting people of different backgrounds, have created a cultural mosaic. (Li, 1992: 3)

By 1985, Victor had graduated from Stanford with a undergraduate degree in civil engineering, and a master's degree in structural engineering. He briefly worked for an architectural firm in Hong Kong before crossing the Pacific once again to set up a base in Vancouver at the age of 21. This move to Canada was sanctioned by his father; it was a chance for Victor, as one of Li's "boys," to "prove himself" by gaining maturity and new experiences (Kraar, 1992a: 108; Kraar, 1992b: 62).⁹

⁹ Richard Li was also permitted to "prove himself" in Canada, though in Toronto where the two young brothers would have enough space to express themselves. Richard attended high school in Hong Kong until the age of 14 (1982). He then moved to California where he completed high school, and then studied computer engineering and economics at Stanford University (the same university Victor attended). After graduating from Stanford, "brief stints" were completed at Harvard University and London Business School before he moved to Toronto in 1986 (about the same time Victor had moved to Vancouver). Connections enabled him to land a job as an investment banker for Gordon Investment Corp. (where his father holds approximately 5 per cent ownership). At Gordon Investment he became "the youngest ever executive director and then the youngest partner of any investment bank in Toronto" (Kraar, 1992b: 64; Matas, 1989c). Richard was pulled back to Hong Kong (at his father's request) in 1990, and he has worked at Hutchison Whampoa ever since. Richard became Executive Director in 1992 (at 25 years of age) and Deputy Chairman in 1993. He is also Chief Executive for the Pacific Century Group, a services sector investment firm which was capitalised with US\$400 million of profit from the \$525 million sale of a 64 per cent stake in StarTV to Rupert Murdoch's News Corp in 1993. The sale was related to Li Ka-shing's growing concerns that his "association" with satellite-TV might create problems in Beijing (where he has connections to Li Peng and Deng Xiaping, and over \$5 billion in investments) (*The Economist*, 31 July 1993: 59; Nisse and Poole, 1993). Richard's handling of the StarTV sale, which also resulted in the Li family gaining 2.7 per cent of News Corp, was his first highly visible step towards gaining "credibility" with Hong Kong's elite business circle (*Far Eastern Economic Review*, 19 May 1994, p. 62). Richard also has good connections with property and political elites in Vancouver and Toronto (Andrea Eng, a former student of Michael Goldberg's, is now a senior property investor for the Pacific Century Group; on Eng see McLaughlin (1993) and van Halm (1988)). Richard is on Concord Pacific's board of directors.

As I noted above, Vancouver was chosen as a suitable location for Victor's "second home" (Kraar, 1992b: 63). Even though the city (and province) was experiencing an economic recession, steady immigrant flows from Hong Kong (see figures 5 and 6 below) and other Asian countries had created a diverse ethno-cultural mix in the city (while also creating related *market* opportunities). These points were reinforced several years later when Victor suggested to a friend ("Mr. Wong") that Vancouver was a good place to do business:

Partly because of Canada's immigration policy, the city has experienced profound changes in recent years, becoming more active, international and, in particular, more oriented to the Pacific Rim. A population growth of three per cent annually -- more than double Hong Kong's -- means increasing demand for various services. And because certain industries are slow in responding to sudden change in demand and taste, there's a great opportunity for those who can fill the vacuum. (Li, 1992: 1)

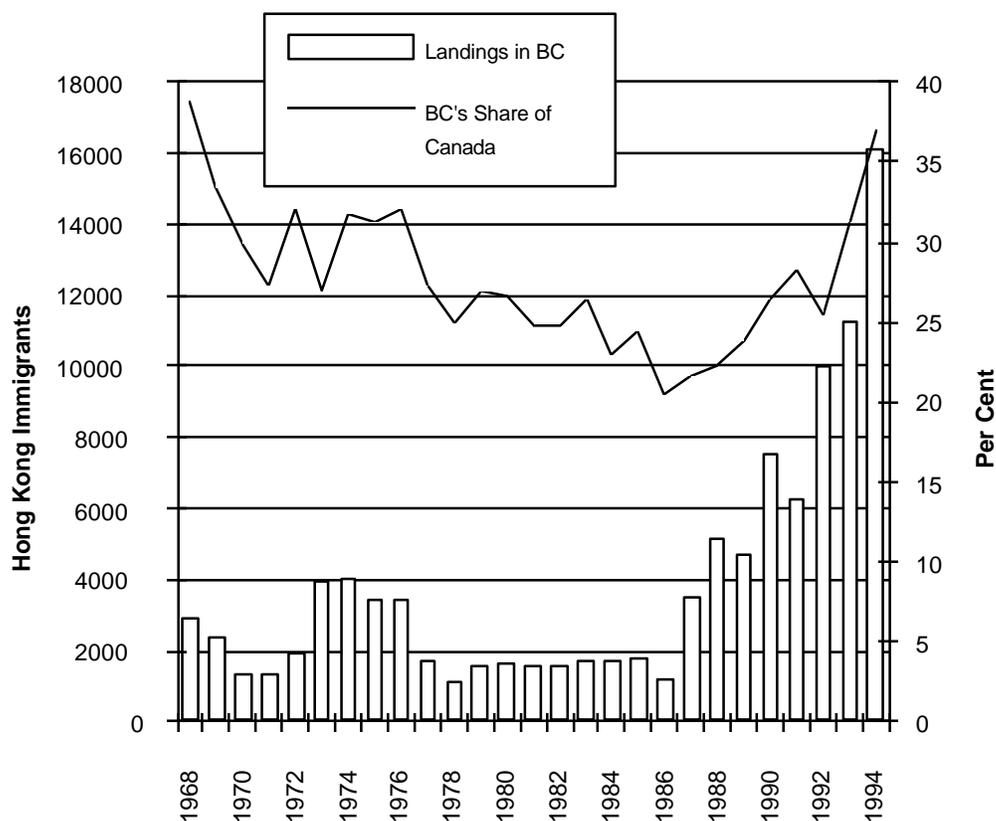


Figure 5 -- Immigration to British Columbia from Hong Kong, 1968-1994. (Source: BC STATS, Ministry of Government Services, Government of British Columbia)

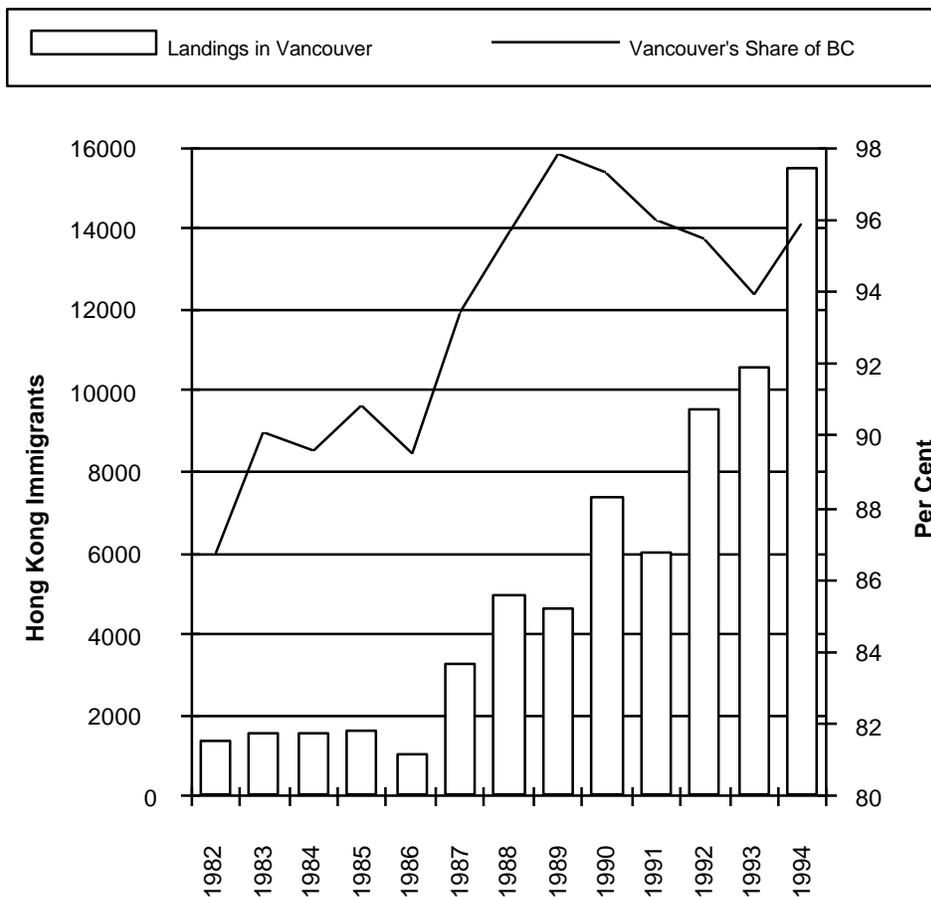


Figure 6 -- Immigration to Vancouver from Hong Kong, 1982-1994. (Source: data supplied by Central Statistics Branch, Treasury Board Secretariat, Ministry of Finance and Corporate Relations, Government of British Columbia)

Victor's comments above, and his subsequent action in Vancouver highlight the important role of "destination" socio-cultural factors in underlying the ultimate decision making process of Hong Kong-based overseas Chinese investors. Decisions over large scale property development projects are taken (with professional assistance) by core family members, with the patriarch ultimately responsible (Redding, 1990, 1995).¹⁰ In this case both the son and the father had to

¹⁰ This is not to say Overseas Chinese capitalists like Li only invest in locations where there are Overseas Chinese people. Capital is more likely to be directed to locations where there are few Overseas Chinese people (and associated connections) if it is investment property (as opposed to development property), if they take part in a consortium of investors where other actors with better local connections take the lead, or if the sector (e.g., the Port of Felixtowe in England) is either already operating, or else requires relatively little effort (at the political level) to get the initiative up and running.

feel comfortable with the socio-cultural "atmosphere" in the location where the prospective property investment would be made. This factor helps explain why significant capital flows are directed to cities such as Shanghai, Singapore, Toronto, Vancouver, and Sydney -- all cities where extended social relations are built upon a social formation with a relatively large proportion and number of overseas Chinese people. The importance of a supportive socio-cultural atmosphere in making overseas Chinese investors feel comfortable also helps explain why the public and private sector in Vancouver has made such an effort during the 1980s and 1990s to build connections across the Pacific, and transform Vancouver into Canada's "gateway" to the Pacific Rim. The elites who fashion public policy, and those who hold sway over private institutions such as the media, understand the critical role of extended social relations in guiding large-scale guide capital flows from Hong Kong (see, for example, Goldberg, 1985). These social relations are best nourished in cosmopolitan locales, where racial tensions are resolved and/or repressed from the public sphere (see Mitchell, 1993, on the instrumental use of "multi-culturalism" to enhance capital accumulation in Vancouver). Of course there are many other factors which "pull" overseas Chinese investors over, but this factor is a relatively tangible one that local institutions could (and did) work at enhancing in the late 1980s and early 1990s.

Just prior to Victor's move to Canada, Terry Hui arrived in Vancouver from Berkeley. Terry, who was 21 at the time, had just graduated from Santa Clara University in California with a MSc in electrical engineering (his BSc was in physics from the University of California at Berkeley). Born in Hong Kong, though now a Canadian citizen, Terry came to join his father (Kau Mo Hui), a wealthy Hong Kong-based property developer who was working in Vancouver.¹¹ He quickly became his "own general contractor" on his father's property development project in Vancouver (Fairview Heights). Says Terry,

I was lucky to be here in 1986, just before the big housing boom ... when I could just accumulate so much experience in such a short time. I had to write all the contracts, even though I had no background in construction, but I came in on budget and I had lots of fun. (quoted in Newman, 1993: 40)

With this base of experience, Terry set up a registered Canadian property development company with his friend, Victor Li, who had recently arrived in Vancouver. Victor and Terry knew each other through Tim Kwok, Terry's best friend (Kwok and Li were college roommates at Stanford University, a few hours drive south of Berkeley). This company, which initially operated out of a 65 sq. m. office, grew quickly as the partners developed condominiums in Vancouver

¹¹ Kao Mo Hui was chairman of Grand Adex Developments and Wing Hong Contractors in the late 1980s and early 1990s.

suburbs such as Richmond (where large numbers of Hong Kong immigrants were moving) (Kraar, 1992b: 63). By the time the company, known as Grand Adex, had grown into a mid-sized firm, the pair were responsible for the construction of approximately 1,000 condominium units in metropolitan Vancouver. This modest experience gave the two young men an insight into the planning process associated with residential development projects in Vancouver, the potential market demand of new Hong Kong immigrants, and key design features which would make the residential projects and units more attractive to the immigrants. However, for Victor, the first heir to Hong Kong's largest corporate empire, this type of work was not of sufficient importance and scale to endow him with a local, let alone national or international reputation.

Victor was 21 years of age when Expo '86 was held. While Expo '86 was underway, there had been some public discussion about the future of the site following the Fair's closure. During the course of Expo '86, Premier Bennett organized a dinner party. One of the attendees was George Magnus, a close associate of Li Ka-shing.¹² Magnus is one of Li Ka-shing's key "interlockers" -- a western manager with the responsibility for forming the interface between the Chinese and the Western management cultures of Li's firms, as well as handling negotiations with western businesses and governments. Magnus also owns a 31 acre island in BC, 20 minutes by float plane from Vancouver, where he enjoys a "recreation home, tennis court and heated saltwater pool" (Gutstein, 1990: 193-194).

After the Bennett dinner ended, Magnus had a brief conversation with the Premier about the future development of the BC Place site following Expo's closure. It was during this time that Magnus first registered his interest (on behalf of Victor Li and Li Ka-shing) in acquiring the site (G. Magnus, interview, April 1994). Victor himself suggested that he "had decided that, even before the fair had closed, that he wanted to buy the site" (Matas, 1989a). This expression of interest, which I believe is sincere, was a sign of larger plans which the Expo site and Vancouver as a whole fit into.

As I noted above, it took over half a year before the provincial government, controlled by ideologues on a privatization drive, finally decided to sell the site (in the spring of 1987). The process for the sale of the site involved the submission of "expressions of interest" by 15 October 1987, and a final proposal by 15 February 1988 (Matas, 1989a). This lengthy process was punctuated by much political bickering at the provincial level (see Leslie, 1991; Mason and Baldrey, 1989; Persky,

¹² George Magnus's titles include deputy chairman of Cheung Kong (Holdings) Ltd., chairman of Hong Kong Electric Hldgs., and CEF Holdings Ltd., and executive director of Hutchison Whampoa Ltd., and Green Island Cement (Hldgs.). Magnus is British, and would have been in his late 50s when he was negotiating for the Li family in Vancouver.

1989), and subsequent debate over the role of government ministers (Grace McCarthy in particular) in enticing Li Ka-shing to acquire the site (Gutstein, 1990).

However, from the perspective of the eventual developer, the site was much more than a devalued piece of property -- a blank landing strip for over accumulated capital that was rapidly piling up in Hong Kong. This large piece of land offered the Li family the perfect opportunity to accomplish a number of interrelated goals (apart from making profit) during the first five years of the project's development phase. It is also important to note that these goals have changed over time, as befits Li Ka-shing's agile approach to strategy.¹³

First, the development of the Pacific Place project enabled the 23 year old (in 1988) Victor to "prove" himself to his father, and to build up his *reputation* in both Vancouver (the city which effectively became the Li family's North American base) and Hong Kong.¹⁴ The Grand Adex experience was the first level of an incremental climb upwards in the management of more difficult projects, while Pacific Place was widely perceived in Hong Kong to be Victor's "first major business duty" ("Tycoon Li grooms Victor as successor," *South China Morning Post*, 14 January 1994). This larger responsibility would have been expected by his father for it permitted Victor to gain business confidence, and ensure that his reputation was deserved (in the view of elite overseas Chinese and non-overseas Chinese Hong Kongers), and not merely related to his family name. On this point, it was important that the experience be related to a high-profile, large-scale project. An urban mega-project, on the former Expo '86 site, in Vancouver, Canada (a city and country increasingly connected to Hong Kong) was the ideal type of project and location for "Victor's baby" (as Magnus termed it). Vancouver's social and geographic proximity to Hong Kong enabled information on Victor's achievements to be circulated across the Pacific on a continual basis. However, it is also worth noting that Vancouver was also the perfect place *outside* Hong Kong for this type of learning exercise to take place. Vancouver was viewed to be distant enough for any potential problems to be quickly resolved and/or covered up before damaging gossip spread back to key people and institutions in Hong Kong.

¹³ It is important to recognize that goals for investment projects are constantly being reevaluated in the light of new information. Often these changing goals are reflected in the changing proportion of shares in a joint venture firm.

¹⁴ Victor's age was widely reported to be 25 or 26 in the Canadian media in 1988 when he acquired the site. However, non-Canadian media sources (e.g., Kraar, 1992a, 1992b) note that Victor was 27 in 1992 and the 1994 Hutchison Whampoa annual report (which was produced in March 1995) notes that he is 30. Given the frequency of the error, I can only speculate that Concord's public relations handlers did not want the Vancouver public to feel their destiny was being affected in such a large manner by a 23 year old.

Second, it was preferable that Victor's reputation and business experience be enhanced through the vehicle of a *large-scale residential* property development project (recall that Concord originally proposed a project of 10,000 dwelling units).¹⁵ As noted above, Li-controlled firms such as Cheung Kong and Hutchison Whampoa are still viewed as "traditional family-run" businesses by both the Li family, and the international financial firms which closely monitor their activities (see, for example, UBS Global Research, 1994: 4). Therefore, Victor, as the eldest son, had to have the knowledge base and reputation to feasibly take over from his aging father (who was 60 years old in 1988) in the control of Cheung Kong. Cheung Kong is the Li family's "flagship" firm, and it is also one of Hong Kong's largest property development firms. Cheung Kong has renowned experience and skill in developing mega-projects of a residential nature (Baring Securities, 1995). While the transition from one generation to the next is gradual in overseas Chinese firms, and stability within Cheung Kong is maintained by a "low turnover of senior staff" (UBS Global Research, 1994: 4), the opportunity for Victor to learn through the development of Pacific Place was ideal timing. The subsequent move of Victor back to Hong Kong to take-up an appointment as managing director of Cheung Kong in January 1993, and as deputy chairman for the same firm in January 1994 (a position he shares with George Magnus), clearly highlights the plans which were in place for Victor *before* the Expo site was acquired.

Third, the development of Pacific Place was used by Victor to "build a strong base in Canada" ... "both personally and financially" (Li, 1992). As I noted above, Li Ka-shing has made substantial investments in Canada since the late 1960s, and he also has major connections with Canadian financial institutions in Hong Kong. Victor also has a Canadian passport which guarantees him a safe base should Hong Kong's transition to Chinese control ever go awry. In effect, Canada now acts as the Li family's North American base. However, prior to the Pacific Place project, Victor was little known in Vancouver or Toronto, and he had few direct connections to Canadian elites. Pacific Place is a large urban redevelopment project by Canadian (and even North American) standards. The developers knew that acquiring a prominent mega-project site would guarantee them a high profile in business, political and social circles in both Vancouver, and Canada as a whole. A prominent profile (in association with an astute reputation) is important, for the Li family are treated as virtual royalty in Hong Kong, a status which brings with it access to timely and relevant information about the processes which may effect the health of the Li family empire. The long-term creation of a Vancouver base therefore demanded a suitable method to insert Victor (and therefore his core family

¹⁵ What we have here is a case of the confluence of the goals of the Li family (who wanted a high density residential project for Victor's experience, and the enhanced financial returns), and the goals of the City of Vancouver (who wanted higher densities than those on South Shore of False Creek as the development was taking place in the context of a growing jobs-housing imbalance at the metropolitan scale, and the push for more ecologically-friendly, higher density housing).

members) into relevant networks; networks which were identified by contacts and advisors. Pacific Place then, was effectively used as a vehicle to parachute Victor into the top of Vancouver's social, political and business hierarchy. He (and his associates) were able to become "players within the mainstream immediately" according to one Hong Kong Bank of Canada executive I interviewed in 1994. Such a maneuver was possible because Vancouver has a "very thin layer of Anglo political control" (Seagrave, 1995: 259): the city's power hierarchy is relatively malleable in comparison to established old money, "old boys" network cities such as Toronto or New York -- cities where the young, modest and soft-spoken Victor would have a tougher time fitting in. Here we see money being used as a medium of "emotional expression" as well as a "medium of economic exchange"; a practice associated with the Hong Kong Chinese in which "instrumental and expressive considerations are intermingled and undifferentiated" (Wong, 1991: 21). I should also add that Vancouver's public and private institutions were reframing Vancouver's dominant development discourse towards that with a "Pacific Rim" tenor in the late 1980s and early 1990s (Mitchell, 1993, 1995; also see Dirlik, 1993 on the "Pacific Rim" concept more generally). The Li family was perceived by Vancouver-based actors in an instrumental manner because they were viewed as facilitators of the thickening of linkages between Vancouver and Asia-Pacific region. The aura associated with an emerging Pacific Rim hegemony in Vancouver was viewed favourably by the Li family for it provided an expanding base of support for their activities in the city.

The *fourth* main rationale is the diversification of the three tycoon's property portfolios. The "fortunes and prospects" of the various firms controlled by Li, Cheng Yu-Tung and Lee Shau Kee are "inextricably linked" to Hong Kong's future prospects and success (UBS Global Research, 1994: 2). For example, Cheung Kong, Hutchison Whampoa, and Henderson Land respectively generated 98 per cent, 88 per cent and 95 per cent of their 1993 earnings in Hong Kong (Alexander, 1994). Overall, 80 per cent of Li's corporate assets were in Hong Kong in 1992 (Kraar, 1992a: 107). Investing in Vancouver at a more substantial scale (even if it is personal capital) allows the tycoons to diversify their portfolio in a geographic sense, and "cushion" their holdings in Hong Kong and China in the context of political and economic uncertainties. While Canada "does not offer a very high immediate return, it's an essential part of a healthy, balanced portfolio, providing good mid- to long-term asset growth" (Li, 1992: 3).¹⁶ This is particularly the case given that the land could be acquired so cheaply. In a related sense, Pacific Place also acts as a pilot project for the backers of Concord Pacific (and therefore their

¹⁶ The gradual diversification of Li's corporate assets continue to the present day. Moreover, in June 1995, Li raised considerable speculation about Hong Kong's future by placing his 34.95 per cent controlling interest in Cheung Kong in a Cayman Islands trust. While his rationale was that he sought to avoid inheritance tax (for his sons' sake), the action was seen as embarrassing for Li given his excellent connections in Beijing (Holberton, 1993, 1995).

Hong Kong firms) in developing additional large-scale (in North American terms) property projects. It is worth noting that Cheng Yu-Tung recently became a financial backer of Donald Trump's 56 acre (US\$2.5 billion) Riverside South project (also known as "Trump City") on Manhattan's West Side in New York (Hutchinson, 1994).

The actual decision to consider a serious bid for the site was made by Li Ka-shing and his son Victor. The decision-making process was facilitated by their ability to draw upon Victor's experience with Grand Adex, and a web of well-placed social networks in Vancouver and Victoria (where the provincial government is based) -- networks which broadened in scope and depth during the course of dealing with this specific issue.¹⁷ This network incorporated overseas Chinese and non-overseas Chinese contacts including senior property agents who had been handling Hong Kong investment flows into Vancouver's property market during the 1980s, powerful politicians (such as Grace McCarthy), powerful provincial officials (such as Kevin Murphy and Stanley Kwok), and financial institutions (such as CIBC and the Hong Kong Bank of Canada). These contacts, in association with the human resources of Li's firms in Hong Kong, enabled Li Ka-shing and Victor to access relevant, accurate and timely information regarding issues such as: the City of Vancouver's expectations for the site; the future nature of the City of Vancouver's planning process for the site, and the broader downtown core; the history of the BC Place development proposals (including North Park); the political nature of key City politicians; the nature of the institutional milieu they would have to operate within; potential community resistance to the project; prospective demand in local and Hong Kong residential markets; the likely net worth of the land; the possibilities of their bid achieving success in an uncertain political context (i.e. the erratic nature of Premier Vander Zalm); and the best approach to preparing a bid. Jon Markoulis was added to the team from Houston where he lived and managed the Li's North American real estate holdings.¹⁸ Markoulis used his analytical skills to perform a market analysis of the site in relation to expected development densities and various market trends (J. Markoulis, interview, March 1994).

¹⁷ This is an obvious yet important issue regarding the formation of networks of social relations. *Specific events* enable these networks to be constructed, expanded, and imbued with trust. Highly active and respected people like Li Ka-shing are well positioned to form networks of social relations for they have access to the resources to initiate action. Moreover, Li is so well-known and capitalized now, that his firms receive thousands of offers to become involved in joint ventures around the world. These offers enable Li to participate in "quality" joint ventures of his choice (often with low levels of capital input on his part), while also building up trusting relations for subsequent ventures in the short- and long-term.

¹⁸ According to Hamilton (1988) Li's US property portfolio only totalled up to C\$25 million in 1988 when the Expo site was purchased.

The collection of all of this information highlights the power of networks harnessed and structured in a specific way by key overseas Chinese actors. The global flows of capital and property development methods that the Li family directed to Vancouver were the end result of a process in which relevant economic, political and social information of both a local and trans-Pacific nature was accumulated (Mitchell, 1995). The power of the Li family to "externalize meaning" (Hannerz, 1992) through activating flows of capital and property development methods (in a successful manner from their perspective) was increased substantially by their access to, and skill in using and developing, networks of social relations built upon a foundation of trust (Mitchell, 1995). This process was clearly enhanced by having access to key actors who were deeply embedded in the Vancouver context, though who also understood the investor's logic. Conversely, this process was also enhanced by having key actors who were deeply embedded in the Hong Kong context, though who also understood the Vancouver context. Taken together, the investor was in an ideal position to make a decision about proceeding with a bid for the site. As noted elsewhere (Thrift and Olds, 1996, forthcoming) "money cannot be deployed without information and obtaining this information requires social networks which rely, to a greater or lesser extent, on trust."

4 Conclusions

In conclusion, this paper has attempted to highlight some of the implications of contemporary globalization processes for the city of Vancouver, the specific role of global cultures (the overseas Chinese diaspora in this case) in the social and cultural construction of the trans-Pacific property market, and the fundamental role of immigration processes in underlying the capital investment process.

For the Hong Kong-based overseas Chinese developers who acquired the 80 hectare Expo '86 site in 1988, Vancouver was increasingly becoming an "in" city. The flows of immigrants, capital and images which link up both sides of the Pacific had transformed Vancouver's social structure by the late 1980s, and turned it into a relatively welcoming and "open" Western city for Asian investors. An open social structure was important, for it enabled the overseas Chinese developers to become respected players within the business mainstream immediately. The basic point here is that global cultures such as the elite overseas Chinese thrive in cosmopolitan settings, cities open to global flows.

Simple material goals also inspired the overseas Chinese developers to extend their reach over space. The Pacific Place project enabled the developers to diversify their property portfolio, while enjoying steady (if unspectacular by Asian standards) returns. The low cost of the land was an incentive to deepen links with Vancouver, but a stronger aim was to establish a long-term North American base for future development initiatives.

And finally, the Pacific Place project represented opportunities to further "internal" goals related to the Li family at a particular stage in the family's development. Pacific Place was used as an educational tool to enhance Victor Li's skills, reputation and confidence in the large-scale property development industry. The acquisition of this high profile site enabled Victor to be "groomed" in a strategic non-Hong Kong locale for his eventual (1993) appointment as a high profile Cheung Kong executive.

Over the course of this multi-locale research project it has become increasingly clear that immigration flows from Hong Kong to Vancouver play a fundamental role in underlying the urban (re)development process. In short, immigrant flows from Asia to Vancouver:

- enabled key Hong Kong actors (such as Victor Li, Terry Hui) to establish some form of semi-permanent links to Canada. These links, in the context of a *perceived* policy of multiculturalism (the "cultural mosaic"), enhanced the actors' commitment to investing short and long term resources in Vancouver.
- created the demand from other Asian immigrants for services which these highly educated and well-connected property developers quickly learned how to supply. The increasing demand for housing by Asian immigrants also took place *in the context of* rising migrant flows to Vancouver from the rest of Canada; demographic shifts in greater Vancouver which supported the condominium market; urban restructuring processes which opened up large tracts of central city land for condominium development; and, state support for the development of denser residential districts in the downtown core.
- enabled trusted social networks to be formed; social networks which were (and are) used to guide information flows on all sorts of issues, including the "when, where, why and how" of investing property capital. Social relations were also formed with the local elites and institutions who have been attempting to reframe Vancouver's dominant development discourse toward that with a strong "Pacific Rim" tenor.

In the Pacific Place case, flows of capital from Hong Kong were channeled along networks of social relations which revolved around the Li family. These flows were guided by a myriad of trusted relations with people living and working in Vancouver (including Victor Li). These networks of social relations enabled the family to acquire relevant and timely information on the potential investment decision, while also identifying a team of "expert systems" to implement the family's goals. This decision-making "infrastructure" has a relatively deep historical

base which bound up with the the social and financial relations Li Ka-shing has formed with CIBC.

What these findings highlight is the need to work with theoretical frameworks which address the subject of the globalization of property markets in a more flexible manner that can take into account the fundamental role of actors, their discourses, their diverse objectives, and their knowledge systems in formulating, funneling and skimming global flows. The main methodological implications of such an approach is the need for an increased focus on elites within their broader relational systems. Practically, this will require multi-locale empirical field work in long-term research projects designed to further a number of goals including the formation of trust with the researcher. Unless the researcher becomes entangled within these networks, "stretched out" social relations -- the nexus of the "global" and the "local" -- will remain out of reach from academic discourses on the global, and we shall degenerate further into the "global babble" that Janet Abu-Lughod (1991) rightly worries about.

Acknowledgments

This paper is primarily derived from my doctoral dissertation (University of Bristol, 1996), currently being revised into a book titled *Globalization and Urban Change: Capital, Culture and Pacific Rim Mega Projects* (Oxford University Press, forthcoming, 1997). The research is being extended in my capacity as a postdoctoral fellow and member of the Metropolis Project at the University of British Columbia. Funding or other significant assistance for the dissertation research was kindly provided by institutions including: The Association of Commonwealth Universities; The Social Sciences and Humanities Research Council of Canada; the University of Bristol; the University of British Columbia; the Chinese University of Hong Kong (Hong Kong Institute of Asia-Pacific Studies); and also the Government of Canada through the Vancouver Centre for the Study of Immigration and the Metropolis. Thanks also go to Keith Bassett, Don DeVoretz, David Ley, and Nigel Thrift for comments on all or portions of this text. Of course none of the above institutions or individuals should be in any way held responsible for the opinions expressed in this paper.

References

- Abu-Lughod, J. (1991) "Going beyond global babble," in A. King (ed.) *Culture, Globalization and the World System*, London: MacMillan, pp. 131-138.
- Alexander, J. (1994) "HK top 10 urged to expand their horizons," *Eastern Express*, 5 April, p. 21.

Allen, J. (1995) "Global worlds," in J. Allen and D. Massey (eds) *Geographical Worlds*, Oxford: Open University and Oxford University Press, pp. 105-142.

Amin, A. and Thrift N. (1992) "Neo-Marshallian Nodes in Global Networks," *International Journal of Urban and Regional Research*, 16(4): 571-587.

Amin, A. and Thrift, N. (eds) (1994) *Globalization, Institutions, and Regional Development in Europe*, Oxford: Oxford University Press.

"An 'inside' Asian investor's view of Canada," *Invest Canada*, November 1989, pp. 8-9.

Appadurai, A. (1990) "Disjuncture and difference in the global cultural economy," *Public Culture*, 2(2): 1-24.

Bank for International Settlements (1992) *62nd Annual Report*, Basel: BIS.

Bank for International Settlements (1995) *65th Annual Report*, Basel: BIS.

Baring Securities (1995) *Stock Market Review: Interest Rates: The Spark*, Hong Kong: Baring Securities.

Block, F. (1990) *Postindustrial Possibilities: A Critique of Economic Discourse*, Berkeley: University of California Press.

Campbell, M. (1989) "Prosperity in the balance," *Equity*, June, pp. 27-32.

Castells, M. (1989) *The Informational City*, Oxford: Blackwell.

Dicken, P. and Thrift, N. (1992) "The organization of production and the production of organization: why business enterprises matter in the study of geographical industrialization," *Transactions of the Institute of British Geographers*, 17: 279-291.

Dirlik, A. (ed) (1993) *What is in a Rim?: Critical Perspectives on the Pacific Region Idea*, Boulder: Westview Press.

Economist (1993) "Television's final frontier," 31 July, p. 59.

Fainstein S. (1994) *The City Builders*, Oxford: Blackwell.

Gereffi, G. and Hamilton, G. (1991) "Modes of incorporation in an industrial world: the social economy of global capitalism," Working Paper No. 34, Program in East Asian Business and Development, Institute of Governmental Affairs, University of California at Davis.

Goldberg, M. (1985) *The Chinese Connection: Getting Plugged In To Pacific Rim Real Estate, Trade and Capital Markets*, Vancouver: University of British Columbia Press.

Grabher, G. (ed.) (1993) *The Embedded Firm: On the Socioeconomics of Industrial Networks*, London: Routledge.

Guardian 1994, "Top tycoon", 31 May, page 10.

Gutstein, D. (1990) *The New Landlords: Asian Investment in Canadian Real Estate*, Victoria, BC: Press Porcépic Limited.

Hamnett, C. (1995) "Controlling space: global cities," in J. Allen and C. Hamnett (eds) *A Shrinking World? Global Unevenness and Inequality*, Oxford: Oxford University Press and the Open University, pp. 103-142.

Hang Seng Bank (1996) "Outlook for the Residential Property Market," *Hang Seng Economic Monthly*, March.

Hannerz, U. (1992) *Cultural Complexity: Studies in the Social Organization of Meaning*. New York: Columbia University Press.

Holberton, S. (1993) "HK's superman finds warmer winds from China," *Financial Times*, 23 June, p. 30.

Holberton, S. (1995) "Mr. Li sets Hong Kong a puzzle," *Financial Times*, 6 June, p. 26.

KPMG Peat Marwick Stevenson & Kellog/Peat Marwick Thorne (1992) "British Columbia financial review: The issue of disposal and valuation of assets," report to the Province of British Columbia, 5 March.

Kraar, L. (1992a) "A billionaires global strategy," *Fortune*, 13 July, pp. 106-109.

Kraar, L. (1992b) "The legend of Li Ka Shing," *Asiaweek*, July 17, pp. 56-67.

Lash, S. and Urry, J. (1994) *Economies of Signs and Space*, London: Sage.

Li, V.T.K. (1992) "Why we invest in Canada," *Dialogue* [Asia Pacific Foundation of Canada], 6(1), February, pp. 3,8.

Leslie, G. (1991) *Breach of Promise: Scored Ethics Under Vander Zalm*, Madeira Park, BC: Harbour Publishing.

- Ley, D. (1995) "Between Europe and Asia: the case of the missing Sequoias," *Ecumene*, 2(2): 185-210.
- Massey, D. (1993) "Power-geometry and a progressive sense of place," in J. Bird, B. Curtis, T. Putnam, G. Robertson and L. Tickner (eds) *Mapping the Futures: Local Cultures, Global Change*, London: Routledge, pp. 59-69.
- Mason, G. and Baldrey, K. (1989) *Fantasyland: Inside the Reign of Bill Vander Zalm*, Toronto: McGraw-Hill Ryerson.
- Matas, R. (1989a) "Mystery, unanswered questions remain about B.C.'s land deal of the century," *The Globe and Mail*, 17 June, pp. A1, A7.
- Matas, R. (1989b) "BC government lost millions in rush to sell waterfront land," *The Globe and Mail*, 20 June, pp. A1, A8.
- Matas, R. (1989c) "Unidentified partners joined billionaires in buying Expo lands," *The Globe and Mail*, 21 June
- Matas, R. and York, G. (1989) "Expo site project rolling on fast track," *The Globe and Mail*, 19 June, pp. A1, A8.
- McLaughlin, G. (1993) "The broker to billionaires," *The Financial Post Magazine*, June, pp. 16-24.
- Mitchell, K. (1993) "Multi-culturalism, or the united colors of capitalism," *Antipode* 25(4): 263-294
- Mitchell, K. (1995) "Flexible circulation in the Pacific Rim: capitalisms in cultural context," *Economic Geography*, 71(4): 364-382.
- Newman, P (1993) "The master builder," *Vancouver Magazine*, September, pp. 34-42.
- Nisse, J. and Poole, T. (1993) "When the stardust finally settled," *The Independent on Sunday*, 1 August 1993, pp. 6-7.
- Ouston, R. (1989) "An exclusive interview with Victor Li," *Equity*, June, pp. 25-26.
- Persky, S. (1989) *Fantasy Government: Bill Vander Zalm and the Future of Social Credit*, Vancouver: New Star Books.
- Pred, A. and Watts, M. (1992) *Reworking Modernity: Capitalisms and Symbolic Discontent*, New Brunswick, NJ: Rutgers University Press.

- Redding G. (1990) *The Spirit of Chinese Capitalism*, Berlin: Walter de Gruyter.
- Redding, G. (1995) "Overseas Chinese networks: understanding the enigma," *Long Range Planning*, 28(1): 61-69.
- Robins, K. (1991) "Prisoners of the city: whatever could a postmodern city be?," *New Formations*, 15, Winter: 1-22.
- Saloman Brothers (1993) "Residential property," Hong Kong Equity Research Report, September.
- Sassen, S. (1991) *The Global City*, Princeton, Princeton University Press.
- Sassen, S. (1994) *Cities in a World Economy*, Thousand Oaks: Pine Forge Press.
- Sassen, S. (1995) "Urban impacts of economic globalisation," in J. Brotchie, M. Batty, E. Blakely, P. Hall, and P. Newton (eds) *Cities in Competition: Productive and Sustainable Cities for the 21st Century*, Melbourne: Longman Australia, pp. 36-57.
- Seagrave, S. (1995) *Lords of the Rim: The Invisible Empire of the Overseas Chinese*, London: Bantam Press.
- Smelser N.J. and R. Swedberg (1994) "The sociological perspective on the economy," in N.J. Smelser and R. Swedberg (eds) *The Handbook of Economic Sociology*, Princeton and New York: Princeton University Press and Russell Sage Foundation, pp. 3-26.
- Smith, A. (1990) "Towards a global culture?," in M. Featherstone (ed.) *Global Culture: Nationalism, Globalization and Modernity*, London: Sage, pp. 171-192.
- Stoffman, D. (1989) "Asia comes to lotusland," *The Globe and Mail Report on Business Magazine*, November: 123-137.
- Taylor, M. (1992) "Have cash, will travel," *Far Eastern Economic Review*, 5 March, pp. 56-60.
- Tierney, B. (1989) "Li Ka-shing," *The Vancouver Sun*, October, np..
- Thrift, N. (1993) "An urban impasse?," *Theory, Culture and Society*, 10: 229-238.
- Thrift, N. (1996) *Spatial Formations*, London: Sage.
- Thrift, N. and Olds, K. (1996, forthcoming) "Refiguring the economic in economic geography," *Progress in Human Geography*.

"Tycoon Li grooms Victor as successor," *South China Morning Post*, 14 January 1994.

UBS Global Research (1994) "Cheung Kong (Holdings) Ltd. -- a big gun loaded with firepower," Hong Kong Equities research report, April.

van Halm, R. (1988) "Catching the Pacific wave," *BC Business*, 16(3): 22-27.

Wong, S. L. (1991) "Chinese entrepreneurs and business trust," in G. Hamilton (ed.) *Business Networks and Economic Development in East and Southeast Asia*, Hong Kong: Centre of Asian Studies, University of Hong Kong, pp. 13-29.

Zukin, S. and P. DiMaggio (1990) *Structures of Capital: The Social Organization of the Economy*, Cambridge: Cambridge University Press.

RIIM

Research on Immigration and Integration in the Metropolis

The Vancouver Centre is funded by grants from the Social Sciences and Humanities Research Council of Canada, Citizenship & Immigration Canada, Simon Fraser University, the University of British Columbia and the University of Victoria. We also wish to acknowledge the financial support of the Metropolis partner agencies:

- Health Canada
- Human Resources Development Canada
- Department of Canadian Heritage
- Department of the Solicitor General of Canada
- Status of Women Canada
- Canada Mortgage and Housing Corporation
- Correctional Service of Canada
- Immigration & Refugee Board

Views expressed in this manuscript are those of the author(s) alone. For more information contact the Co-Directors of the Centre, Dr. Don DeVoretz, Department of Economics, SFU (e-mail: devoretz@sfu.ca) or Dr. David Ley, Department of Geography, UBC (e-mail: davidley@unixg.ubc.ca).