An Entrepreneurial City in Action: Hong Kong’s Emerging Strategies in and for (Inter)Urban Competition

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Summary. The paper applies a Schumpeterian analysis of entrepreneurial cities to Hong Kong. It argues that the concept of entrepreneurship can be applied to cities as strategic actors, identifies various objects of urban entrepreneurship, and refers to the important role of entrepreneurial discourses, narratives and self-images. Despite its laissez-faire reputation, Hong Kong has a long history of urban entrepreneurship, but its strategies have been adapted to changing circumstances—most recently with its key role in an emerging cross-border region (Greater China) and its favourable insertion into the global economy. This has prompted a debate over the most appropriate strategies for Hong Kong, notably regarding the respective futures of manufacturing, services and the virtual economy. The concept of ‘glurbanisation’ as one form of the more general phenomenon of ‘glocalisation’ is introduced to illuminate these issues. The paper concludes by noting the increased importance of ‘Siliconisation’ as an accumulation strategy in east Asia.

There is widespread interest among policymakers and observers alike in the entrepreneurial city. It is less obvious what exactly being an entrepreneurial city involves. To help resolve this conundrum, our paper first provides a Schumpeterian analysis of the entrepreneurial city and then illustrates it with the Hong Kong case. We first offer a three-part definition of the entrepreneurial city in capitalist societies. This relates urban entrepreneurship to changing forms of competitiveness, changing strategies to promote interurban competitiveness in both the economic and extra-economic fields and entrepreneurial discourses, narratives and self-images. Schumpeter identified five ways in which entrepreneurs innovate in normal economic activities; our analysis identifies parallels in urban entrepreneurialism. We then critically consider how far such an analysis is valid given the differences between the types of actor involved and the objects of their innovation—answering affirmatively in both respects and suggesting the conditions in which cities can be described as strategic actors with entrepreneurial ambitions. This theoretical analysis is further refined and justified from recent developments in Hong Kong and east Asia. Conventionally regarded as a paradigm case of laissez-faire and officially described in the decades before 1997 as practising ‘positive...

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non-intervention’, Hong Kong actually has a long history of urban entrepreneurship based on public–private partnerships. But its strategies have been modified as the economic and political environments have changed. Our contribution is particularly concerned with the recent period, when Hong Kong’s entrepreneurial city strategies have been developed against the background of an emerging cross-border regional space (Greater China) and its favourable insertion into the global circuits of capital. In this context we introduce the concept of ‘glurbanisation’ as one form of the more general phenomenon of ‘glocalisation’ and show how it can be used to illuminate current entrepreneurial city strategies in east Asia.

Thus the second part of the paper describes how, between the 1970s and the early 1990s, Hong Kong responded in two ways to the growing relocation of its local manufacturing activities to the mainland. It became the key node in co-ordinating ‘sub-contracting management’ for the ‘Greater China’ region; and, in addition, its increasingly internationalised financial and producer services sectors expanded to fill the gaps created by the ‘hollowing-out’ of Hong Kong’s local manufacturing base. Hong Kong’s continuing rise from the mid 1980s onwards as a regional financial centre provided ample funds for further expansion by local property capital. These structural shifts strengthened the position of finance and property capital in the local power bloc. As property became an increasingly important sphere of capital accumulation, industrial and commercial capitals worried about the lack of high-tech investment and the rising cost of all economic activities in Hong Kong. This was reflected in the development of two major alternative urban strategic orientations organised around the competing interests of industry and producer services and concerned in their different ways with problems of interscalar articulation and chronotopic governance. Mobilising support for, and pursuing, these strategies was complicated in the mid 1990s by the primacy of political calculations around the transition (on this period, see Sum, 1995). Moreover, shortly after the 1997 return of Hong Kong to the mainland, the outbreak of the Asian crisis initially dis-oriented and disrupted these strategies. When the crisis stabilised in early 1999, however, the competing visions took on a new life and generated even more explicit and reflexive urban entrepreneurialism. In particular, since urban economic growth is locked into a property-related path, the government is now seeking to build a new urban bloc. This would consolidate real estate, commercial and technological interests around new entrepreneurial projects such as a science park, cyberport and Chinese-medicine port. Such projects serve to unify different interests in Hong Kong and are also mediating the emergence of a global–regional–national bloc of economic actors involved in information and communication technologies and services—in the case of the cyberport, for example, these include Microsoft, Acer from Taiwan and IT firms from Hong Kong and China. These entrepreneurial projects are by no means unique to Hong Kong and, indeed, they are facing competition from similar projects in Singapore, Kuala Lumpur and Beijing.

1. What is an Entrepreneurial City?

It might be argued that entrepreneurial cities have existed for centuries, if not millennia and, in terms of institutional structures and strategies supporting economic innovation, this could well be true (see, for example, Hall, 1998; Braudel, 1984; Jacobs, 1984; Taylor, 1995). But this argument views cities as engines of wealth creation regardless of the specific form in which this occurs—and so fails to capture what is novel about the role of entrepreneurial cities in capital accumulation. (On the distinction between wealth and capital, see Postone, 1993). The literature on urban growth machines does combine a focus on wealth creation with interest in the dynamics of property capital and in this regard has some similarities with our own approach. But urban growth machine studies have been more concerned with local devel-
opamental strategies and the political alliances that support them than with issues of interscalar articulation and they have also examined a restricted range of the entrepreneurial strategies that we identify below. In addition, our own approach highlights the importance of entrepreneurial discourse and narratives and is concerned with the periodisation of strategies—something that is neglected in the urban growth machine literature (for commentaries on the latter, see Jonas and Wilson, 1999). In particular, we propose three defining features of entrepreneurial cities:

—An entrepreneurial city pursues innovative strategies intended to maintain or enhance its economic competitiveness vis-à-vis other cities and economic spaces.
—These strategies are real and reflexive. They are not ‘as if’ strategies, but are more or less explicitly formulated and pursued in an active, entrepreneurial fashion.
—The promoters of entrepreneurial cities adopt an entrepreneurial discourse, narrate their cities as entrepreneurial and market them as entrepreneurial.

The first and second criteria distinguish cities that happen for whatever reason(s) to perform well economically from those that are entrepreneurial. For not all cities that perform well are entrepreneurial; and not all entrepreneurial cities perform well. Adopting the second criterion directs attention to the conditions under which cities can be said to act in a relatively unified and strategic manner and/or in which specific social forces are able to define the interests of the city and be seen to act for and on behalf of the latter. Only where explicit strategies are pursued can we talk of an entrepreneurial city. The third criterion is useful in distinguishing the entrepreneurial city from non-entrepreneurial urban regimes. Urban regimes and urban blocs pursue many different kinds of economic, political and socio-cultural strategy—for example, religious centre, dream factory, imperial capital, modernist utopia, municipal socialism or tourist centre (Hall, 1998). Only some adopt an explicitly entrepreneurial self-identity as well as an entrepreneurial strategy.

Our approach to the first and second criteria for identifying entrepreneurial cities is influenced by Schumpeter, an emblematic thinker for contemporary capitalism, who defined entrepreneurship as the creation of opportunities for surplus profit through ‘new combinations’ or innovation (Schumpeter, 1934); and by Harvey, an arguably more controversial thinker on post-modern capitalism, who has presented some influential ideas on the shift from urban managerialism to urban entrepreneurialism (Harvey, 1989). Their work is very useful in defining the nature of entrepreneurial strategies oriented to enhancing the competitiveness of cities and regions.

Schumpeter listed several ways in which innovation can occur:

(1) The introduction of a new good—that is one with which consumers are not yet familiar—or a new quality of a good. (2) The introduction of a new method of production, that is one not yet tested by experience in the branch of manufacture concerned, which need by no means be founded upon a discovery scientifically new, and can also exist in a new way of handling a commodity commercially. (3) The opening of a new market, that is a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before. (4) The conquest of a new source of supply of raw materials or half-manufactured goods, again irrespective of whether this source already exists or whether it has first to be created. (5) The carrying out of the new organization of any industry, like the creation of a monopoly position (for example through trustification) or the breaking up of a monopoly position (Lim, 1990, p. 215; summarising Schumpeter, 1934, pp. 129–135).

Schumpeter was concerned with entrepreneurial innovation in the supply of commodities by firms as economic actors. One might ob-
ject that cities are not firms and do not produce commodities. But a Schumpeterian interpretation of cities focuses on cities’ overall capacities to promote innovation in urban form and also adopts a broader account of competition that includes extra-economic as well as economic factors. Thus cities can be entrepreneurial not only in regard to commodities and fictitious commodities, but also in regard to economically relevant factors that are not monetised and/or do not enter directly into exchange relations. The changing forms of competition are especially important here because extra-economic factors have become more central to economic competitiveness (see Veltz, 1996).

In these terms, we can identify five analytically distinct (but perhaps empirically overlapping) fields in which directly economic and/or economically relevant innovation can occur in relation to urban form and functions. These fields comprise:

1. The introduction of new types of urban place or space for producing, servicing, working, consuming, living, etc. Recent examples include technopoles, intelligent cities, cross-border cities, multicultural cities and cities organised around integrated transport and sustainable development.

2. New methods of space or place production to create location-specific advantages for producing goods/services or other urban activities. Recent examples include the installation of new physical, social and cybernetic infrastructures, the promotion of scale and agglomeration economies, regulatory undercutting or creating new forms of labour market relation.

3. Opening new markets—whether by place marketing specific cities in new areas and/or modifying the spatial division of consumption through enhancing the quality of life for residents, commuters or visitors (for example, culture, entertainment, spectacles, new cityscapes, gay quarters, gentrification).

4. Finding new sources of supply to enhance competitive advantages. Examples include new sources or patterns of immigration, changing the cultural mix of cities, finding new sources of funding from the central state (or, in the EU, European funds), attracting inward investment or reskilling the workforce.

5. Reconfiguring or redefining the urban hierarchy and/or altering the place of a given city within it. Examples include the development of a world or global city position, regional gateways, hubs, cross-border regions and ‘virtual regions’ based on interregional co-operation among non-contiguous spaces.

Each of these forms of activity can be seen as innovative or entrepreneurial in the Schumpeterian sense and each of their objects also provides a possible basis for explicit urban strategies. This does not mean, of course, that each and every new place or space, new method of space or place production, new market, new source of supply or new urban hierarchy results directly from successful realisation of explicit entrepreneurial strategies. This qualification is required not only because highly original innovations can soon become routinised through ‘swarming’ effects (for example, science parks, technopoles or waterfront regeneration re-development schemes) but also because new phenomena can emerge from the impersonal play of the market mechanism rather than explicitly formulated entrepreneurial or managerial strategies. Indeed, whilst first movers often introduce innovations in a more spontaneous, less reflective way, it is followers who tend to be more explicitly entrepreneurial. An interesting example relevant to our concerns below is the rise of Silicon Valley as an innovative milieu compared with attempts to replicate its success elsewhere.

Regarding the second criterion, cities can be defined as ‘entrepreneurial’ actors only if they are meaningful units of competition and able to pursue competitive strategies. Otherwise they could at best be said to be representing or marketing themselves as such
through entrepreneurial narratives and/or to be serving as sites more or less favourable to entrepreneurial initiatives emanating from elsewhere. Nonetheless, Cox and Mair suggest that

If people interpret localized social structures in explicitly territorial terms, come to view their interests and identities as ‘local’, and then act upon that view by mobilizing locally defined organizations to further their interests in a manner that would not be possible were they to act separately, then it seems eminently reasonable to talk about ‘locality as agent’ (Cox and Mair, 1991, p. 198).

These conditions would also apply (without being sufficient) to the mobilisation of diverse social forces and organisational capacities around common entrepreneurial projects. Key elements here would include: the discursive constitution of economic paradigms, identities and modes of calculation that justify claims about an ‘imagined community’ of entrepreneurial interest and its associated collective project, the nature and competencies of the actors (not necessarily local or locally dependent) who are mobilised behind the entrepreneurial strategy, the interpersonal, organisational and (inter)organisational mechanisms through which such forces are mobilised and given coherence, and the manner in which these mechanisms are embedded in broader social arrangements so that the capacities of the city (or localised social structure) are in some sense collective and thus irreducible to those of individual actors resident or active therein.

In considering how entrepreneurial cities can acquire coherence as collective social forces, we might start with political structures and city politicians. In this context, for example, Clarke and Gaile (1998, p. 13) note that entrepreneurial strategies are more likely in US cities with strong mayoral leadership (and, for similar arguments about Europe, see Harding, 1995; Parkinson and Harding, 1995; and Le Galès and Harding, 1998). The roles of the Tung Chee-Hwa, the Chief Executive of Hong Kong, or Goh Chok Tong, Prime Minister of Singapore, provide clear parallels to such mayoral leadership. New Labour’s promotion of city mayors in Britain, beginning in 2000 with London, also represents a move in the direction of creating conditions for more effective mobilisation behind urban entrepreneurial projects. But we must look beyond city dignitaries to a wider range of actors who might be mobilised behind a collective project and to the institutional factors that might help to consolidate their support. Such actors can include branches of the local, central and, where relevant, supranational state; quangos and hived-off state agencies; political parties; firms; consultancies; trade associations and chambers of commerce; employers’ organisations; business roundtables; trades unions; trades councils; citizens’ and community groups; voluntary-sector organisations; public–private partnerships; local educational and religious institutions; social movements; and diasporic communities. In this sense, the capacity to pursue entrepreneurial strategies and the sort of strategies that are likely to be pursued will clearly depend on state institutional and/or territorial structures as well as on broader economic, political and sociocultural factors. More specifically, the solidity of such projects will depend on their interpersonal, interorganisational and institutional embeddedness (hence the existence not only of partnerships but networks of partnerships structured both horizontally and vertically) as well as their feasibility in the light of existing structural constraints and horizons of action.

The ability to engage in collective action is linked to capacities for reflexion and self-observation and the transformation of what Lipietz calls ‘space-in-itself’ into ‘space-for-itself’. This occurs through the development of a ‘regional armature’ (or regional state apparatus) organised around an urban or regional bloc (Lipietz, 1985/1994). Indeed, reflexivity has become more important in tandem with the emergence of new forms of uncertainty and risk as market forces and the extra-economic environment of economic action become more turbulent, more influenced
by the strategic calculation of other actors and more open to influence on a wide range of spatial scales. These changes privilege forms of urban organisation that enable economic actors to share risks and cope with uncertainty through dense social and institutional networks (Storper, 1997; Veltz, 1996). This is why a well-established regional armature is useful. Moreover, because the dynamic competitive advantages that derive from innovation are likely to be competed away as other economic actors adopt them, it is essential to sustain the economic and extra-economic capacities for ‘permanent innovation’. This typically requires a degree of (self-)reflexivity that is absent in weakly competitive entrepreneurial cities and/or those that merely engage in boosterism or city marketing.

The third criterion appears more straightforward. For it requires that the promoters of entrepreneurial cities adopt an entrepreneurial discourse, narrate their cities as entrepreneurial and market them as entrepreneurial. This involves the articulation of diverse economic, political and sociocultural narratives and complementary non-narrative discourses to contextualise and reinforce calls for entrepreneurial action. These narratives often seek to give meaning to current problems by construing them in terms of past failures and future possibilities. In the case of entrepreneurial cities, such narratives typically refer to (actual or potential) losses of competitiveness and the imperatives and opportunities to restore it in one way or another. This is typically deemed to require decisive changes in the purposes, organisation and delivery of economic strategies that are focused on the local, urban or regional levels and infused with some kind of entrepreneurial spirit. Such calls involve the portrayal of the local, urban or regional economy as a distinctive object (of analysis, regulation, governance, conquest and/or other practices) with definite boundaries,\(^1\) economic and extra-economic conditions of existence, typical economic agents and extra-economic stakeholders, and an overall dynamic (see Barnes and Ledubur, 1991; Daly, 1993). And they also seek to get social forces on various scales (not just local actors) to identify their interests with the promotion of this (imagined) local, urban or regional economy and the economic and extra-economic conditions presented as necessary to its future success. Where this strategy involves explicit reference to entrepreneurial narratives, strategies and self-identities, then the third criterion for an entrepreneurial city is also satisfied.

It is worth noting here that the scope for urban entrepreneurialism has grown in tandem with the expansion of discourses about competitiveness and potential means of enhancing it. In particular, there has been a shift from simple Ricardian concepts of competitiveness, based on the relative abundance and relative cost of different factors of production, to a concern with complex forms of structural or systemic competitiveness. These involve not only socially embedded economic relations (as well as disembodied factors of production), but also extra-economic phenomena, such as education, public–private partnerships, industry–finance relations, state forms, intellectual property regimes, enterprise culture and so on (on structural competitiveness, see Chesnais, 1986; on systemic competitiveness, Messner, 1996). We will illustrate these arguments below (see also Jessop, 1997 and 1999).

2. Interscalar Strategies

Cities engage in different kinds of interscalar strategy. Even if they do not act directly as economic entrepreneurs producing commodities (for example, as sponsors of property-led development, tourist spectacles, etc.), cities may still promote an entrepreneurial environment on a range of scales that might help to sustain local growth and make the best use of any opportunities to promote entrepreneurship and/or market their places/spaces. In this regard, several strategies can be identified. These differ in at least three respects: their respective concepts and discourses of competitiveness, the spatial and scalar horizons over which they are meant to operate and
their association with different local contexts and positions in prevailing urban hierarchies. What they share is an important role for urban or metropolitan authorities in their overall framing and promulgation. In this sense, for all the talk of the crisis of the state (at whatever level), public authorities still appear to have a major role in organising entrepreneurial policies for the city (including inner cities and metropolitan regions), reflecting on them and narrating such policies in entrepreneurial terms.

A common neo-liberal strategy is concerned to attract inward investment and/or to retain extant investment through a Ricardian cost-cutting and deregulatory strategy (Leicht and Jenkins, 1994). This is associated with a static comparative advantage approach to competitiveness, an indifference to scalar articulation and a weak rank in urban hierarchies. A broadly similar but more neo-statist strategy occurs where urban authorities seek resources from higher tiers of government and, perhaps, deploy these to lever additional private investment. Overall, these strategies involve weak forms of competition that are unlikely to be sustainable in the long term and they also pose an awkward dilemma over the trade-off between maintaining local autonomy and accepting resources that come with restrictive strings attached.

Another broad set of strategies, linked to neo-corporatist and neo-statist as well as neo-liberal approaches, involves pursuing some form of structured coherence across scales by building favourable linkages to the wider economy. Such strategies are usually based on a dynamic comparative advantage approach to competitiveness—often linked in turn to notions of structural and/or systemic competitiveness (see above)—and a strong concern with interscalar articulation. Moreover, depending on cities’ position in various urban hierarchies or networks, they can create weaker or stronger forms of competition. In this regard, there are three possible strategies (by no means mutually exclusive, let alone exhaustive) that are linked to differences in the preferred form of scalar articulation. The first option is to build horizontal linkages on the same scale (for example, cross-border regions, translocal alliances and ‘virtual regions’ linking non-contiguous locales with shared or complementary interests—such as the European ‘Four Motors’ regions). These horizontal strategies often build on common territorial interests and identities and exploit complementary or joint resources and capacities. Bodies on higher tiers or scales may also promote them—witness the case of the European Union. The second option is to pursue structured complementarities based on a scalar division of labour in an integrated, vertically nested set of scales. This strategy typically involves promoting economic development (on whatever scale) by exploiting growth dynamics at progressively ascending spatial scales from the local through the regional and the national to the supranational or global. This strategy may be promoted from above and/or may emerge from below. It is reflected discursively in attempts “to position places centrally on ‘stages’ of various spatial scales: regional, national, international, global” (Hall and Hubbard, 1996, pp. 163–164). The third option involves building what one might call ‘transversal’ linkages—i.e. bypassing one or more immediately neighbouring scale(s) to seek closer integration with processes on various other scales. This can occur in cases such as export-processing zones, free ports or regional gateways where the links to an immediate hinterland or even the national economy are less important than the connection between local and supranational scales.

One relatively novel form of interurban competition is ‘glurbanisation’. We have coined this term to distinguish urban from firm-level strategies within the broader concept of ‘glocalisation’, which has lost its original precision as it has become the vogue word for all kinds of multiscalar strategies with at least some global aspect. As such it clearly differs from the initial usage of glocalisation to distinguish the strategy of global localisation pursued by Japanese firms from the strategy of globalisation favoured by
many US multinationals. In this context, whereas globalisation is oriented to building a worldwide intrafirm division of labour with production oriented to world markets and standard tastes, glocalisation is concerned with establishing a geographically concentrated intrafirm division of labour in the three major trading blocs (Ruigrok and van Tulder, 1996, p. 180). These two contrasting globally oriented strategies can be distinguished from export-oriented domestic production with decentralised marketing; multidomestic production based on establishing foreign production on a country-by-country basis; screwdriver assembly in one or more domestic economies based on imported components; macroregional divisions of labour within triads; and diadic division of labour strategies oriented to relatively autonomous operations in two macroregions (Ruigrok and van Tulder, 1996, pp. 181–182). No doubt further strategies could be added that are oriented to plurispatial and multiscalar operations across different national economies. But the common feature of all these strategies is that they are the strategies of potentially mobile firms and thus distinct from the multiscalar strategies of cities or other immobile economic units. This suggests that glocalisation will have very different meanings for mobile and immobile economic units—let alone for political as opposed to economic units.

‘Glocalisation’ has also been used to describe deterritorialisation and reterritorialisation strategies by political units (see initially the work of Swyngedouw, 1997, later Brenner, 1997–99). But this is the other side of the contradiction of mobility–immobility in capital accumulation and has a very different dynamic. We suggest that it is more sensible to differentiate strategies on the immobile territorial side as well as on the mobile deterritorialising or even aterritorial (i.e. cyber-) side of the accumulation of capital. Failure to do so leads to the conceptual morass of a ‘glocalisation’ concept that simply refers to any and all forms of global–local interaction. The problems involved here are well-illustrated in Brenner’s otherwise excellent work on ‘glocal’ states and ‘glocal’ cities.

Brenner relates his work to Lefebvre’s notion of trial by space. This implies that the viability of all strategies of capital accumulation, modes of state regulation and forms of socio-political mobilization has come to depend crucially upon the ability to produce, appropriate, organise, restructure and control social space (Brenner, 1997a, p. 1).

In this context, Brenner uses ‘glocal’ and its cognates, ‘glocally oriented’ and ‘glocalisation’, to refer to at least four different phenomena:

1. The impact of the after-Fordist global–local restructuring or rescaling of the national territorial state so that it becomes a ‘glocal’ state—i.e. a polymorphic, hollowed-out, denationalised, multitiered or multiscalar form of state territorial organisation that is the national equivalent to the urban ‘exopolis’ as an expression of post-Fordist capital accumulation.

2. The ‘glocally oriented’ rescaling strategies of national states to enhance the locational advantages and productive capacities of cities and regions in their territorial jurisdictions as maximally competitive nodes in the global economy and/or to enforce the devalorisation and revalorisation of capital within declining cities and regions.

3. Changes in cities themselves as they become massive, polycentric urban regions, megalopolises or exopolises that are turned ‘outside in’ and ‘inside out’ due to new global–local scale geometries, which entail an increasingly dense ‘superimposition and interpenetration’ of multiple, overlapping sub-state and suprastate scales.

4. The internationalisation of policy regimes through the roles of supranational agencies such as the EU, the IMF and the World Bank in regulating and restructuring the internal territorial spaces of national states (Brenner, 1997a, 1997b, 1998, 1999a, 1999b).
In using this term, Brenner sometimes focuses on the ‘global–local’ couplet and sometimes stresses the multiplicity of the scales of territorial organisation that are involved in glocalisation. Nowhere does he refer to functional scales or to the impact of cyberspace. In some contexts, he also explains the emergence of global–local state rescaling as a major strategic response to the political and administrative crises as well as to the economic crisis of after-Fordism. And, in the latter regard, he notes the specifically capitalist dialectic that fluctuates around the contradiction between capital’s constant striving to enhance its spatial mobility by diminishing its place-dependency and states’ attempts to fix capital within their territories through the provision of immobile, place-specific externalities than either cannot be found elsewhere or cannot be abandoned without considerable devalorisation costs to capital.

To avoid these problems, we propose the term ‘glurbanisation’ strategies to refer to entrepreneurial strategies that are concerned to secure the most advantageous insertion of a given city into the changing interscalar division of labour in the world economy. For, whilst glocalisation is a strategy pursued by global firms that seek to exploit local differences to enhance their global operations, glurbanisation is pursued by cities to enhance their place-based dynamic competitive advantages to capture certain types of mobile capital and/or to fix local capital in place. More recently, of course, glocalisation has been used to refer to a wide range of strategies associated with an equally diverse range of actors that involve multiscalar strategies, jumping scales between local and global or, as noted above, transversal strategies.

The key analytical (and empirical) differences between glurbanisation and glocalisation as we propose them within the broader framework of concerns with global–local (or, better, multiscalar) articulation are summarised in Table 1. This table is not intended to present a complete typology of multiscalar strategies, but aims simply to highlight some differences important for the ensuing discussion.
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ful for exploring the emerging strategies of contemporary entrepreneurial cities. For it complements the concept of glocalisation and thereby provides a means of exploring the articulation between firm-level, city-level and state-level strategies in the current period of globalisation. It also highlights the contrasting moments of ‘glocalisation’ in its broadest sense—i.e. the tendential deterritorialising mobility of flows in space versus reterritorialising attempts to fix capital in place. It is also highly relevant to the pursuit of dynamic competitive advantage in so far as ‘entrepreneurial cities’ must position themselves not only in the economic sphere, but also in the many extra-economic spheres that are so important nowadays to effective structural or systemic competition. In doing so, they continue to reproduce local differences that enable transnational firms to pursue their own ‘glocalisation’ strategies.

3. An Entrepreneurial City in Action: The Case of Hong Kong

Hong Kong has a long history of urban entrepreneurialism, with different strategies being pursued as its economic and political environments changed. Our paper focuses on the period since 1979—i.e. from the year that China first opened its doors to foreign investment through to Hong Kong’s current efforts to reposition itself in the light of the Asian crisis. At stake here is a complex and still evolving dialectic between glocalisation and glurbanisation strategies in the broad sense in which these terms have just been defined. The opening of China provided opportunities for Hong Kong firms to adopt glocalisation strategies to enhance their competitive advantage in the export market. This was partly facilitated by the corresponding glurbanisation strategies of different provinces, cities and townships in southern China. This resulted in the so-called hollowing-out of Hong Kong as a manufacturing centre. The gap has been filled by Hong Kong’s emergence as a services centre for local, regional and international companies. In response to these changes, governmental and quasi-governmental as well as private economic actors proposed their own (competing) glurbanisation strategies for Hong Kong—some more favourable to a reinvigorated manufacturing strategy, some more favourable to the development of a producer service role within a changing regional–global economy. These ‘glurbanisation’ responses in Hong Kong took a new turn with the outbreak of the Asian crisis and its impact on interurban, interregional and international competition in east Asia and more widely. We develop these ideas in the remainder of this paper.

3.1 ‘Glocalisation’ Strategies: From Industry to Services

China’s declaration of its open door policy was followed five years later by the signing of the Sino–British Joint Declaration in 1984. This promised that Hong Kong’s capitalist way of life would not be changed for 50 years after its return to the mainland in 1997. This provided a temporary calming effect on Hong Kong society and thereby encouraged manufacturers to look for short- to medium-term opportunities in the immediate region. In particular, taking advantage of the low land and labour costs, manufacturing firms relocated their activities to southern China. By the mid 1990s, almost 25 000 Hong Kong factories, mostly in textiles and clothing, toys and consumer electronics, moved there to exploit low labour and rent costs. They then employed directly about 3 million workers—i.e. three times the total manufacturing labour force left in Hong Kong.

The shifting of manufacturing northwards was the result of the coalescence of glocalisation/glurbanisation strategies pursued by various actors—private and public, economic and political—in Hong Kong and the region. More specifically, the Hong Kong government, with its commercial and industrial bases of support, continued with the so-called positive non-intervention strategy to enhance Hong Kong’s core commercial competitive advantages. This is reflected in increased emphasis on the provision of the physical, organisational and informational
infrastructure for a developing gateway role; a continuing commitment to low and simple taxation; regulation of finance and commerce; and the maintenance of Hong Kong’s free port and free trade status. There is also an interesting complementarity here between the Hong Kong government’s strategy and the PRC’s desire to attract FDI and experiment with its growth-inducing potential. The resulting decentralisation strategy allowed Guangdong and Fujian to adopt preferential treatments for Hong Kong and Taiwanese investment in their development of a ‘glurbanisation’ strategy (Nee, 1992; Sum, 1996, pp. 60–62).

In response to these changes, Taiwanese and commercial capital also became more interested in establishing commercial links with the mainland through Hong Kong. Moreover, following the depreciation of Taiwanese currency from 1986 onwards, the rising cost of land and the high standards set by the Taiwanese government’s 1984 Basic Labour Law, firms also became more interested in China as an industrial base. This reorientation has since been promoted by the KMT government itself on condition that trade and the movement of factors of production pass through Hong Kong (with Macau playing a secondary role). As a result, Hong Kong and Taiwan are the two biggest investors in Guangdong and Fujian provinces with Hong Kong alone supplying 80 per cent of all FDI. The region became a major production base for its more labour-intensive products aimed at the global market.

This regional production space is also co-ordinated by private actors who are pursuing various glocalisation strategies to rearticulate time and space across borders. This is reflected in the increasing importance attached in Hong Kong at all levels of action to the time–space dimensions of competition. Thus, industrial and commercial capitals from Hong Kong (and Taiwan) draw on their linguistic affinities and kinship ties to build socioeconomic connections in the region. They also enter strategic networks with various local Chinese public, quasi-public and private agencies in the region and consolidate them through the socio-cultural practices of guanxi (relationship). These cultural time–space aspects of ‘Greater China’ help to consolidate a coalition of local party/administrative officials, their affiliates and Hong Kong (and Taiwanese) capital. They form the social bases of support for a transborder division of labour as Hong Kong shifts labour-intensive manufacturing to southern China.

This process not only deepens Hong Kong’s entrepôt role, but also enhances its capacity as a global-regional gateway city to co-ordinate investment, trade and services in and beyond the ‘Greater China’ region. Basing themselves in Hong Kong as a gateway city, the glocalisation strategies of capital involve a rearticulation of the chronotopic dimensions of production, trade and finance. More specifically, Hong Kong’s industrial, commercial and financial capital innovate new organisational practices that can be usefully described as ‘sub-contracting management’ which involves sourcing, production, authority and distribution management. In response to the demand for global outsourcing, industrial and commercial capital locate Chinese partners through formal contact and informal kinship and communal ties. This intensification of the social space through guanxi helps to speed up the border-crossing time across the private–public divide as well as the rural–urban; and also to build the mutual relations needed to establish sub-contracting partnerships and joint ventures. After establishing these sourcing networks, Hong Kong capital then engages in production management across time and space. The production process involves the co-ordination and supervision of time-bound projects dispersed across various sites with the more skill-intensive sub-processes in Hong Kong and the more labour-intensive ones in southern China. Production managers, quality controllers, line managers and so forth from Hong Kong are at the forefront here in rearticulating spatial scales and temporal horizons to realise time-constrained projects. This often involves further in-
tensification of production practices, such as finer differentiation of pre-production planning and greater intensification of production schedules and monitoring. Such practices build the capacity to co-ordinate transborder production processes so that goods reach the global market just-in-time.

Also essential to this chronotopic governance network is the building of good relations with local/central officials and cadre entrepreneurs in China. After all, these authorities still control enormous resources, such as land, labour, capital and regulations. In addition to production and authority management, finished goods in the 'supply pipeline' need to be exported/distributed to the global market. Distribution management, then, involves the rearticulation of factory time and global lead-time through the activities of service-based firms in the region as well as trading and customs authorities. This transborder private–public network is co-ordinated in the ‘electronic’ and ‘social’ spaces that synchronise transport schedules, export procedures of import/export licensing, customs liaison, international payments, insurance, packaging and logistic management, etc., so that goods can be delivered just-in-time and ‘right-in-place’ for the global–regional buyers. Practices such as these help to speed up the transit- and pipeline-time crucial to time-bound projects (Sum, 1999, pp. 139–142).

The sub-contracting management practices that are developed and co-ordinated across the border by these various political and economic actors are a form of process innovation. The role of these actors and practices in consolidating a cross-border ‘structured coherence’ between mode of growth and modes of regulation-governance lie at the heart of urban entrepreneurialism in Hong Kong. In this regard, Hong Kong’s competitive advantages (for example, quick response and lead-times for product procurement and sub-contracting, great flexibility in ordering and product manufacturing, the ease of international sourcing, the proximity and ease of access to the PRC, the availability of trade finance) are embedded in these networks and their co-ordination of the industrial, commercial, financial and cultural forms of chronotopic governance. These advantages were created primarily by local firms and networks. This ensures the most favourable insertion of Hong Kong as a city into the emerging local–regional–global division of labour and makes it attractive enough to capture and fix the global–regional ‘space of flows’ in Hong Kong. In this regard, Hong Kong’s emerging position as a global-gateway city enables it to stay at the leading edge of the ‘fast world’ (Knox and Taylor, 1995) in an era of increasing ‘time-based’ competition.

3.2 The ‘Hollowing Out’/’Filling In’ of Hong Kong

This combination of ‘glocalisation strategies’ pursued by Hong Kong firms and a ‘glurbanisation’ strategy pursued by provincial, urban and township authorities in southern China contributed to Hong Kong’s transformation from an industrial centre to a global-gateway city. But it also prompted the so-called hollowing-out process in its status as a manufacturing centre. The resulting gap has been filled by the growing importance of producer services such as retail and import/export trades, financial services, insurance, real estate and business services as well as ownership of premises (see Table 2). Hong Kong’s development as a service-based economy can be analysed on the material and discursive levels.

The emergence of finance and real estate sectors. On the material level, the northward march of Hong Kong’s manufacturing turned it into a (sub-contracting) management hub. This new ‘temporal–spatial fix’ for the industrial and trade circuits has been coupled with developments on the financial front, for, since the early 1980s, Hong Kong has become a regional financial centre. Among contributory factors here are: Hong Kong’s market-friendly environment; the opening of China for inward and outward investment;
the growing economic importance of the Asia-Pacific region; global financial liberalisation and development of international banking and financial markets; and, developments in information technology and telecommunications. Local, regional and multinational banks/financial institutions came to specialise in on-shore and off-shore activities—for example, syndicated loans for the south-east Asian region and acting as a financial entrepôt for ‘Greater China’. As a regional financial centre, Hong Kong became a net recipient of overseas funds, which amounted to about HK$138 billion in 1988. About half of these funds came from Chinese banks (Taylor, 1991, p. 48). In addition, financial deregulation in Japan and tougher competition among Japanese banks meant that Hong Kong became one of their destinations for off-shore activities. Thus, by the end of 1989, Japanese institutions came to dominate Hong Kong’s foreign-currency loan market and accounted for 66 per cent of Hong Kong’s total foreign currency assets (Goldstein, 1990, p. 71).

This ample supply of funds was not easily absorbed by Hong Kong’s immature debt market. Thus excess capital was hunting for a new field of capital accumulation. From 1984 to 1997, it was property that provided this field. This was facilitated by the following structural and conjunctural contexts:

(1) the Hong Kong government’s historical dependency upon land and property-related activities for 40 per cent of its revenue;
(2) the pegged exchange rate between the Hong Kong and the US dollars, which meant that local interest rates were lower than the rate of inflation;
(3) the low real interest rates, which made property purchases attractive;
(4) the signing of the Sino–British Joint Declaration in 1984, which allowed the extension of land leases up to 2047;
(5) the accumulated hard currency from mainland China searching for investment outlets in Hong Kong;
(6) the growth in population during 1991–93, due to an increase in the numbers of returning emigrants, imported workers and expatriates working in Hong Kong;
(7) the growth in GDP per capita income at 4.4 per cent per year between 1985 and 1997; and
(8) the desire of the new middle classes for property, which was seen both as a sym-

| Table 2. Selected GDP at current prices by economic activity (unit percentage) |
|------------------|-----|-----|-----|-----|
| **Industry**     | 29.8 | 25.3 | 16.6 | 14.7 |
| Manufacturing    | 21.9 | 17.6 | 8.3  | 6.5  |
| Construction     | 5.0  | 5.4  | 5.4  | 5.8  |
| Others           | 2.9  | 2.3  | 2.9  | 2.4  |
| **Services**     | 74.5 | 80.3 | 83.8 | 85.2 |
| Wholesale/retail, import/export trades, restaurants and hotels | 21.8 | 24.3 | 26.6 | 26.1 |
| Transport, storage and communication | 8.1  | 9.4  | 10.1 | 9.3  |
| Financing, insurance, real estate and business services | 16.3 | 20.8 | 24.4 | 26.5 |
| Community, social and personal services | 17.3 | 15.0 | 17.3 | 17.4 |
| Ownership of premises | 11.0 | 10.8 | 13.3 | 13.0 |

*Sources: Hong Kong Annual Report, Hong Kong SAR Government (various years).*
bol of better lifestyle and as a rational hedge against 8 per cent annual inflation. Together, these factors made property investment and speculation a way of life and not just a form of business. Between 1985 and 1997, property estate investment and speculation pushed real estate prices up eight-fold.

The emergence of property as an object of capital accumulation has consolidated a close relationship between finance and property capital. This can be seen in three key phenomena: loan exposure of financial institutions to construction and real estate in Hong Kong averaged 40 per cent during 1983–97; more than half of the Hang Seng Index is made up of property and property-related shares; and, well-developed interlocking directorships exist between banks and real estate/infrastructural development companies (for example, Li Ka-Shing was a deputy chairman of Hong Kong Bank as well as the Chairman of Cheung Kong). This property-finance relationship formed only part of a broader cross-border urban bloc that comprised not only multinational/local banks (in the form of project finance/mortgages) and construction companies (in the form of land/property assets) but also legal/property professionals (in the form of services), the government (in the form of land and revenues), the middle classes (in the form of newly acquired wealth and investment) and cross-border capital from China (in the form of legal and clandestine capital).

Competing discourses on Hong Kong’s glurbanisation strategies: service versus industry/Harvard versus MIT. This ‘filling in’ of Hong Kong has given rise to continuing reflexive discussions about Hong Kong’s economic future. First, worries about the decline of industry and the lack of high-tech investment were voiced by industrial fractions, especially the larger manufacturers (for example, the Federation of Hong Kong Industries). Secondly, rising residential and office rental costs were rendering the service sector vulnerable and this fraction was wondering how best to enhance its service-based competitive advantages (for example, the Hong Kong Chamber of Commerce and the Hong Kong Coalition of Service Industries). Such issues frequently triggered public debates in the Legislative Councils, professional meetings and the mass media. Around 1996, these concerns were reflected in the concurrent commissioning of two consultancy reports that were sponsored and/or supported by different fractions of capital, public organisations (for example, the Trade Development Council and the Hong Kong Productivity Centre) and government departments (for example, the Trade and Industry Departments). The two reports were published in 1997 and represented alternative glurbanisation strategies, each of which sought to envision and promote new scalar and temporal horizons for a capitalist restructuring of the city. They thereby reflect public debates on what constitutes the most advantageous mode of inserting Hong Kong into the changing multiscalar and multitemporal division of labour. In turn, this involves redefining the objects of Hong Kong’s entrepreneurialism, its forms of competitiveness and the ‘new combinations’ involved in creating and sustaining its structural and systemic competitiveness. Constructions of this kind are always contested and different fractions of capital and their associated interests/networks are deeply involved in redefining the changing geography of Hong Kong’s competitiveness. In so far as a wide range of economic, political and social forces come to share one of these competing visions and mobilise behind it, Hong Kong can be seen as a reflexive city committed to changing its insertion into the changing global (dis)order. The following accounts of two recent consultancy reports on Hong Kong aim to demonstrate the contested nature of ‘glurbanisation’ strategies of Hong Kong as an ‘entrepreneurial city’.

The first study is a Harvard Business School consultancy report entitled The Hong Kong Advantage (Enright et al., 1997). This report was sponsored by the Vision 2047 Foundation, which groups together commercial and financial capital interests. This group
promotes a revisioning of Hong Kong’s future time and space favouring its own interests. The report notes Hong Kong’s manufacturing decline and the challenge of interurban competition from Shanghai, Singapore, Taipei and Sydney. It promotes a vision of the city’s new identity as a ‘business/service/financial centre’ with ‘hub’ functions (see Table 3). In Schumpeterian terms, it portrays Hong Kong as a new type of urban economic space that will manage ever-expanding global–regional–local flows of production and exchange. In this regard, its entrepreneurial ambition is to establish a ‘beyond-the-gateway’ image, or, more specifically, to offer a ‘new combination’ of ‘hub’ functions around a ‘knowledge-information-based’ economy with access to mainland China, Asia and the Asian-Pacific region (Enright et al., 1997, pp. 25 and 167–187).

This urban entrepreneurialism remaps not only Hong Kong’s spatial horizons, but also its temporal horizons of action. Thus, as a key global–regional ‘hub’, it will capture and manage ‘flows’ rather than continue to serve as an export platform. The aim is to rearticulate relations among global, regional and local traders/investors by organising internationally located systems of production, combining inputs from a diversity of sources in many different countries, managing a diversity of supply outlets, furnishing the required capital, technical support (design, construction, engineering, legal, financial) and infrastructural provisions (particularly real and virtual port and transport facilities in southern China and Asia). This central logistic role would enable Hong Kong to co-ordinate new temporal horizons that would re-link: factory and pipeline time crucial to time-bound and compressed-time projects; and, electronic time to tame the flow of financial, logistic information and service-based knowledge across borders as well as across the private–public divide.

These new spatio-temporal horizons of action should, the report continues, be facilitated and mediated by new urban-based institutional arrangements and practices. Thus it refers to certain features of Hong Kong’s entrepreneurial and/or governance capacities that are socially embedded on the interpersonal, institutional and societal levels. On an interpersonal level, the “hustle and commitment strategies” [sic] of Hong Kong’s “merchant manufacturers” should be combined with the embedded institutions of “government as referee” and with the activities of “entrepreneurial and managerial firms” from Hong Kong and abroad (Enright et al., 1997, pp. 45–46, 127, and 34–40). These networks would be supported by an existing societal ethos of “hard-working people” but this entrepreneurial culture must nonetheless be helped to win greater competitiveness. This is to be achieved through the provision of “inputs to industry” (p. 85) and by promoting strategic clusters of industries such as property, construction, infrastructure, business and financial services, transport and logistics, light manufacturing and trading, and tourism. Such clusters and their linkages enable them to “draw upon common skill bases or inputs, and reinforce each other’s competitive positions through dynamic interaction” (Enright et al., 1997, p. 95). In short, this Porterian construction of Hong Kong’s structural competitiveness promotes a space-based and interscalar ‘glurbanisation’ strategy to reinsert Hong Kong favourably into changing flows produced by regional and global restructuring.

The MIT report, entitled Made by Hong Kong (Berger and Lester, 1997), offers a more place-based account of Hong Kong’s entrepreneurial future (see Table 3). This report is sponsored by industrial capital with the support of certain parts of the bureaucracy (most notably the Hong Kong Government Industry Department and the Hong Kong Productivity Council). It portrays Hong Kong as locked into a ‘made by Hong Kong’ manufacturing trajectory—i.e. as organising the low-cost manufacture of ‘Hong Kong’ goods in offshore locations such as southern China and other parts of Asia. The report argues that this trajectory will prove “unsustainable” due to rising labour and land costs in Guangdong province, to the “craze
Table 3. Two competing glurbanisation strategies for Hong Kong as an ‘entrepreneurial city’ in 1997

<table>
<thead>
<tr>
<th>Object(s) of entrepreneurial intervention</th>
<th>The Hong Kong Advantage</th>
<th>Made by Hong Kong</th>
</tr>
</thead>
<tbody>
<tr>
<td>City identity</td>
<td>Decline of manufacturing Promote trade, finance and high-tech industry</td>
<td>From ‘Made by Hong Kong’ to ‘Made in Hong Kong’</td>
</tr>
<tr>
<td>Innovative practices</td>
<td></td>
<td>Hi-tech manufacturing centre</td>
</tr>
<tr>
<td>Purpose</td>
<td>Manage the flows</td>
<td>• Brand-name production</td>
</tr>
<tr>
<td>New scales of activities</td>
<td>Global–regional–local (re)articulation</td>
<td>• Original design manufacturing</td>
</tr>
<tr>
<td>New temporal horizons</td>
<td>Rearticulating transit/pipeline time Importance of electronic time</td>
<td>Regional–local technology diffusion (with hints of global)</td>
</tr>
<tr>
<td>New governance capacities</td>
<td>Dynamic clusters and linkages Property, construction Input to all industries • Location (proximity to China) • Infrastructure (airport, port, telecom) • Capital and finance • Capital goods and components</td>
<td>Research and training time for higher-value products Development of electronic time R&amp;D base</td>
</tr>
<tr>
<td>Form of competitiveness</td>
<td>Space-based and interscalar competitiveness</td>
<td>Input to technology</td>
</tr>
<tr>
<td>Fraction(s) of capital</td>
<td>Commercial and financial capital (and its associated networks)</td>
<td>• Governmentodings</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Private R&amp;D investment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Incentives for research</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Information services and technologies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Human resources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Regional and international specialists</td>
</tr>
</tbody>
</table>

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for property” in the region and to the competitive challenge coming from Japan’s successful organisation of its own regional networks in the area (Berger and Lester, 1997, pp. 52–57).

The best response to such uncertainties for Hong Kong is said to be ‘climb the technology ladder’ by producing higher-value-added goods in Hong Kong itself. The report deploys the symbols of ‘Made in Hong Kong’ and Hong Kong as a ‘high-tech manufacturing centre’ to reorient its future competitiveness and urban character. Seen in Schumpeterian terms, this reconstruction seeks to narrate Hong Kong in terms of a new type of urban economic space that seeks to ‘refix’ its role as a base for production. The invocation of ‘technology’ is the key symbol here in building ‘Hong Kong’s new engine for growth’. And this will involve a different chronotopic fix from that involved in the previous ‘made by Hong Kong’ mode of growth. It involves new methods of producing and organising socio-economic space and will require the support of government.

Spatially, the team envisions a global–regional–local diffusion of technology that could launch Hong Kong on the path to its own brand-name production and original design manufacturing. This place-based competitiveness involves intensifying (including compressing) research and training time as well as exploiting possibilities in electronic time. This remixing of time–space horizons requires flows of information conducive to the development of an R&D base crucial to Hong Kong’s competitiveness. This in turn requires new urban-based institutional arrangements and practices. Accordingly, the report concentrates on institutional changes required to boost the entrepreneurial and self-governance capacities of Hong Kong’s technological base. These include:

1. acquiring technical knowledge from the PRC, diasporic Chinese, international experts and multinational corporations;
2. promoting R&D agglomeration economies based on universities, technology-based enterprises, education institutes, (virtual) science parks and private firms;
3. acquiring new inputs such as government fundings, human resources and information technology; and
4. strengthening the technological capabilities of government by injecting more technical expertise and raising the profile of technology-related policies; etc.

In short, we can argue that this construction of Hong Kong’s structural competitiveness is based on a place-based notion.

4. The Asian Crisis and Hong Kong’s New Urban Identities

These competing ‘glurbanisation’ visions reveal the contested nature of Hong Kong’s urban restructuring and its embedded social and economic relations. This debate was, however, interrupted by Hong Kong’s transition from a British colony to a Special Administrative Region in 1997; and, more importantly and unexpectedly, by the Asian crisis as it unfolded in 1997–99.

4.1 The Asian Crisis

On February 1997, speculators first attacked the Thai bhat and the Bank of Thailand allowed the bhat to float on 2 July 1997. This triggered a financial contagion that quickly spread from Thailand to Indonesia, Malaysia, South Korea, the Philippines, and then Hong Kong (Sum, 1999). In Hong Kong, the dollar came under speculative pressure on several occasions in July, August and October 1997. These currency attacks put the government on short-term crisis management. It intervened in the money market initially by pushing up interest rates in the interbanking sector and later by imposing penalty interest on borrowing of the Hong Kong dollar. The government was able to maintain the pegged exchange rate under conditions of high interest rates, capital flight from the Hong Kong dollar and reduced external demand. These pushed the local stock index and residential
property prices down by over 50 per cent between October 1997 and June 1998. This asset depreciation, especially in the property sector, cut at the heart of Hong Kong’s internal ‘growth’ dynamics, since this had developed since the opening of China. This bursting of the ‘property bubble’ has given rise to fear among this property-related bloc about further asset depreciation. In order to prevent the asset from further depreciating, the government’s short-term strategies were: to freeze land sales (until April 1999); to allocate HK$1390 million for home-buyer loans; and, to grant tax rebates to property owners.

The Hong Kong dollar came under further attack in August 1998 when the yen depreciated against the dollar, with hedge funds selling the Hong Kong stock market short in the expectation that the index would fall as interest rates rose. Speculative attacks propelled significant amounts of capital outflow as some people believed that this might also force a yuan devaluation. This time, the government reacted with more short-term measures which included: drawing on its reserves to buy US$ 15 billion worth of selected Hong Kong shares (60 per cent of these were property related—higher than this sector’s weight in the stock market); and, introducing a package of technical measures to strengthen the transparency and operation of the linked exchange rate system (for example, a rediscount facility to reduce interest rate volatility). The pegged system was once again maintained, but at the expense of high interest rates, weak domestic demand and rising unemployment. Hong Kong’s GDP fell 5 per cent and the unemployment rate had reached 6 per cent at the beginning of 1999. However, wages and rents are still high. In April 1999, the government resumed land sales—an action that was seen as a continuing of its support for the property sector. These are short-term tactics that seek to maintain the confidence of the property-related urban bloc. However, the debate over what constitutes Hong Kong’s ‘glurbanisation strategy’ and new urban identity is far from being over.

4.2 A New Urban Identity for a Crisis-ridden Hong Kong

The service versus industry (or Harvard versus MIT) debate took a new turn when the crisis began to stabilise in early 1999. The Asian crisis has disarticulated the previous structured coherence of Hong Kong’s political economy and has exposed it to several challenges:

1. the decline in Hong Kong’s role as agent for China’s exports;
2. over-dependence on property sector;
3. the vulnerability of financial and other services;
4. the effects of recession (see, for example, negative growth rate, fall in asset values 6 per cent unemployment rate);
5. competition from other regional cities, such as Shanghai and Singapore; and
6. the rising ‘tide of the information revolution’.

Given that Hong Kong has become a global–regional–gateway city dependent on the local real estate sector as well as cross-border manufacturing, innovative attempts to recast Hong Kong’s competitiveness cannot be entirely divorced from this historical growth path. Up to the time of writing, private and public actors alike are urgently seeking to construct new objects and projects of urban governance that might help to rebuild the crisis-ridden economy. One high-profile object-project is the ‘Cyberport’ (see Table 4) that was originally the ‘brain child’ of ‘Hong Kong’s Bill Gates’ (Richard Li) and his Singapore-based corporation called Pacific Century. Li’s (and Pacific Century’s) idea was to create a comprehensive facility designed to foster the development of Hong Kong’s information services sector and to enhance Hong Kong’s position as the premier information and telecommunications hub in Asia (Hong Kong Cyberport, 1999, p. 1).

In addition, the Cyber-port is meant to attract, nurture
Table 4. A new economic object of urban governance: Cyberport

<table>
<thead>
<tr>
<th>Cost</th>
<th>HK$13 billion (US$1.68 billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>64 acres (25.6 hectares)</td>
</tr>
<tr>
<td>Location</td>
<td>Telegraph Bay, Pokfulam</td>
</tr>
<tr>
<td>Aims</td>
<td>“To create a world class location for the conduct of a variety of activities which through the use of information technologies, can leverage Hong Kong existing strengths in the service sector (e.g., financial, media, retail, transportation, education, and tourism services)” (Hong Kong Cyberport, 1999, p. 1).</td>
</tr>
<tr>
<td>Built Environment I</td>
<td><strong>Cyber facilities (2/3 of the site)</strong></td>
</tr>
<tr>
<td></td>
<td>Fibre-optic wiring</td>
</tr>
<tr>
<td></td>
<td>Satellite signal senders</td>
</tr>
<tr>
<td></td>
<td>Built-in high-speed modems</td>
</tr>
<tr>
<td></td>
<td>Cyberlibrary</td>
</tr>
<tr>
<td></td>
<td>Media laboratories and studio facilities</td>
</tr>
<tr>
<td>Built Environment II</td>
<td><strong>Real estate (1/3 of the site)</strong></td>
</tr>
<tr>
<td></td>
<td>Houses and apartments</td>
</tr>
<tr>
<td></td>
<td>Hotels</td>
</tr>
<tr>
<td></td>
<td>Retail</td>
</tr>
<tr>
<td>Completion date</td>
<td>2007 (commencing from 2002)</td>
</tr>
<tr>
<td>Job creation</td>
<td>4,000 during construction</td>
</tr>
<tr>
<td></td>
<td>12,000 professional jobs on completion (10 per cent from outside Hong Kong)</td>
</tr>
<tr>
<td>Partners</td>
<td>Pacific Century CyberWorks (HK$7 billion equity capital)</td>
</tr>
<tr>
<td></td>
<td>Government (land worth HK$6 billion)</td>
</tr>
<tr>
<td>Cluster of tenants</td>
<td>Multinational corporations (Microsoft, IBM, Oracle, HP, Softbank, Yahoo!, Hua Wei, Sybase)</td>
</tr>
<tr>
<td></td>
<td>Local tenants of small to medium-sized information-technology companies</td>
</tr>
<tr>
<td>Metaphors/images used</td>
<td>‘Silicon Valley’ and ‘catching up’</td>
</tr>
</tbody>
</table>

and retain the relevant innovative talent necessary to build a cyber-culture critical mass in Hong Kong (Hong Kong Cyberport, 1999, p. 1).

In this regard, Li’s (and Pacific Century’s) vision is interesting in two aspects. First, it can be seen as a reflexive reinvention of the Harvard report. It adopts the idea of a service-based cluster; but one that narrates it in terms of the metaphor ‘Silicon Valley’ and suggests that the Cyberport could help Hong Kong to ‘catch up’ with the ‘information revolution’. In other words, the creation of the Cyberport as an economic object can rearticulate Hong Kong’s imagined time and space not only to global-regional ‘trade and financial flows’ but also to global ‘information flows’.

More specifically, this project aims to redefine Hong Kong’s competitive advantages and chronotopic governance by: capturing global ‘information flows’ and managing them within the service-space of Hong Kong and its broader region (for example, as an e-commerce hub); connecting Hong Kong’s services to fast cybertime and the knowledge-based economy; and, consolidating a social space in which to build a ‘cyber culture critical mass’ that links the global, regional and local. This time-space reimagination can be seen as an innovative
entrepreneurial city vision to create a new techno-urban identity.

Secondly, given that the Cyberport is an imagined service cluster that will be built to capture the information-technology flows, this new object can symbolically (and, perhaps, materially) bridge the traditional service-technology-property divide in the cityspace of Hong Kong. It highlights the role of (information) technology in expanding the activities of traditional service clusters—a critical mass can be (partly) nurtured by the physical form of the built environment that is modelled on the ‘Silicon Valley’. The transversal potential of this construction has not gone unnoticed by the government and its advisory agency (the Commission for Innovation and Technology). In fact, the idea was selected and (partly) appropriated by the government when the Financial Secretary unveiled it in the 1999 Budget.

After the official announcement, this new object of urban governance seems to have resonated within a global–regional–local epistemic community comprising local capital (for example, Richard Li and the Pacific Century), the government (for example, the Chief Executive, the Financial Secretary, the Commission on Innovation and Technology, the Secretary for Information and Broadcasting), quasi-governmental organisations (for example, Hong Kong Industrial Technology Centre) and global–regional capitals (for example, Microsoft’s Bill Gates, Yahoo!’s Jerry Yeung and IBM’s Craig Barrett). The latter group of ‘cyber-gods’ flew to Hong Kong, publicly endorsed the idea and even highlighted their own roles therein. A technocultural regime of truth is beginning to emerge in this network of ‘infopreneurs’, which cuts across the private–public as well as global–regional–local spheres.

But this emerging regime of truth has also encountered resistance. Some market analysts (for example, Webb) criticise the Cyberport idea as comprising little more than “Cyber villas by sea” (i.e. a real estate project as opposed to a high-tech project) and claim there “is no ‘Silicon Valley’” (Webb, 1999). Being left out of an important strategic project, 10 real estate developers jointly denounced the government’s decision-making process as being ‘not open for bidding’ and declared that the government is using residential land to subsidise the Cyberport project. The Democratic Party, for different reasons, challenged the government for lack of transparency, creating ‘favouritism/cronyism’ and departing from its ‘laissez-faire’ policy.

Despite these challenges, the emerging techno-urban discourse/identity continues to resonate and has gathered some strength in reorganising and regularising economic practices. Notable examples include new consortia of property developers proposing new innovative projects. Large developers such as Sun Hung Kai Properties (SHKP) and Hutchison Whampoa have reinvented themselves as Internet companies. SHKP created its own Internet arm (SunEvision) and, together with the Hong Kong Industrial Technology Centre (HKITC), launched the Cyberincubator project in August 1999. Under this latter scheme, developers would provide rent-free space for new ‘infopreneurs’ for 3 years in return for 10 per cent stakes in their businesses. Other developers such as Cheung Kong (Holdings), Henderson Land Development, New World Development and Sino Land are planning to participate in similar rent-for-equity programmes. The Chief Executive, Tung Chee-Hwa, visited Silicon Valley in July 1999 to build new linkages with the local Internet communities. The Hong Kong-Silicon Valley Association, which is mediated by a Chinese diaspora network, was set up to enhance possible global–local flows of knowledge, expertise and manpower. Some investors even switched from blue chips to Internet and technology and Internet-related stocks—the share price of Pacific Century CyberWorks rose 1280 per cent when it first came onto the market in May 1999. In this regard, it can be argued that the technocultural imagination has created a post-crisis euphoria that may be conducive towards the rebuilding of a new form of urban governance that cuts across the global–regional–local scales as well as across
different fractions of commercial, financial, property and technological capital. In addition to its potential to re-ally different capitals (and their organisational and interorganisational setups) for new strategic projects, it is also facilitating the rebuilding of cross-border private–public alliance based on the politics of (Internet) optimism.

Riding on this politics of (Internet) optimism, the Cyberport imagination was further reinforced and broadened in the Second and Final Report of the Commission of Innovation and Technology published in June 1999. Acknowledging the importance of Internet-based services linked to the Cyberport project, the Commission reintroduces some place-based manufacturing recommendations—some of which resonate with the MIT report (for example, institutional/organisational changes such as institutional arrangements, building up human capital, fostering innovation and technology culture, and creating an enabling business environment). However, it is also reflexively seeking new niches that would go beyond the MIT suggestions. More specifically, one such niche recommended by the Commission is the building of a ‘Silicon Harbour’. This was planned to comprise a semi-conductor manufacturing project that would allegedly be able to ‘leapfrog’ existing microchip fabrication facilities. This state-of-the-art factory would cost US$1.2 billion and comprise 4 factories built in phases, along with infrastructure and supporting facilities, on over 200 hectares and would eventually accommodate 200–300 companies. Its main aim was to by-pass the PC age and enter directly into the ASICs (application-specific integrated circuits) era by 2003.9 This reintroduction of high-tech manufacturing strategy back to Hong Kong is not without sceptics, who see the chip-manufacturing venture as going in the opposite direction from a service-based e-commerce and information highway. Indeed, at the time of writing, it seems unlikely that the Silicon Harbour project will be realised.

More recently (February 2000), the Commission on Strategic Development, with the approval of the Chief Executive, has reinforced the importance of the financial and business services sector. This is illustrated by an official blueprint for transforming Hong Kong into Asia’s ‘world city’ that would rival the positions of London and New York in Europe and North America respectively. This would involve strengthening Hong Kong’s links with the Pearl River delta and other mainland regions (such as the Yangtze delta and basin and key central and western regions) as well as enhancing its ability to exploit China’s imminent entry into the World Trade Organisation and position itself as a ‘knowledge-based economy’. This blueprint envisages a complex array of private–public partnerships and networks co-operating under Hong Kong’s leadership to promote the overall competitiveness of an emerging multicentred city-region, not only in economic terms but also in cultural and community matters. This long-term development plan is explicitly phrased in entrepreneurial terms, emphasises the importance of marketing Hong Kong as a world-class city and is strongly committed to promoting a wide range of innovative, high-tech financial and business services to secure its position within an evolving interscalar division of labour (Commission on Strategic Development, 2000).

5. Hong Kong and its New Interurban Competition: The Siliconisation of Asia

Hong Kong is not the only city that has imagined an information-technology future—whether service- or manufacturing-based. Inspired and worried by the hi-tech boom in the US, other major cities in east Asia are caught in this technology race. Governments and different fractions/scales of capital—for example, venture capital funds, investment banks, real-estate companies, Internet (mega-)corporations—in different urban centres co-ordinate and market themselves by offering different ‘temporal–spatial’ fixes that are related to some form of hi-tech settlement such as Singapore’s ‘Intel-
Table 5. Hi-tech clusters in Singapore and Malaysia

<table>
<thead>
<tr>
<th></th>
<th>Singapore’s Science Hub</th>
<th>Malaysia’s Multi-media Supercorridor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project cost</td>
<td>US$20 billion</td>
<td>US$2.9 billion</td>
</tr>
<tr>
<td>Size</td>
<td>434 acres</td>
<td>750 sq km</td>
</tr>
<tr>
<td>Major tenants</td>
<td>Dell National University of Singapore Singapore Polytechnic</td>
<td>Microsoft Intel Nippon Telegraph and Telephone</td>
</tr>
<tr>
<td>Completion date</td>
<td>Before 2013 (first phase in 2002)</td>
<td>2020</td>
</tr>
<tr>
<td>Niches</td>
<td>R&amp;D development</td>
<td>Software Multimedia products</td>
</tr>
</tbody>
</table>

*The Supercorridor connects Kuala Lumpur and its airport.

In 1996, Malaysia’s Prime Minister, Mahathir Mohamad, launched the idea of a ‘Multimedia Supercorridor’ (MSC) as the country’s new ‘thrust area for sustainable growth’ (see Table 5). It covers 750 sq km stretching south from the federal capital to the new Kuala Lumpur International Airport and also encompasses Putrajaya, the government’s new administrative centre. Its aim is to become a test-bed for IT and multimedia solutions. In July 1999, the first township, Cyberjaya, was launched claiming to be a ‘Far East version of Silicon Valley’ which is ‘intelligent, hi-tech, low-density and environmentally friendly’. It would also be the MSC’s ‘nerve centre’ housing hi-tech companies, research centres and a multimedia university (Agence France Presse, 1999). It has already attracted 21 companies to form the core and is offering tax breaks and fast communication links to attract the regional headquarters of existing multinational companies as well as new communication and multimedia firms.

Scattered around Asia, there are other planned information technology clusters—for example, Beijing’s Zhongguancun area. They are at some stage of high-profile development, each one a self-proclaimed ‘next Silicon Valley’ with a ‘Silicon Valley state of mind’. This process of siliconisation in east/south-east Asia marks one of the ways these cities aim to compete. Each is launching an aggressive public-relations campaign both locally and internationally to market a niche that goes beyond its (current or future diminishing capacity to provide) cheap land and labour. At the time of writing, the Singapore ONE is feeling the pinch from the fast-track approach of Hong Kong’s Cyberport and Malaysia’s Multimedia Supercorridor.
Thus Singapore ONE is now seeking to regain the initiative by boosting its usage and consolidating additional global–local partnerships that might wish to use Singapore as a springboard to other broadband cities in Asia (James, 1999).

6. Conclusions

The analysis presented above is still preliminary for two reasons. It is based on an emerging approach to entrepreneurial cities that needs further theoretical development and refinement; and it is illustrated from case studies that are still at the early stages of design and implementation. Nonetheless we believe that four themes are worth restating as key elements in an emerging research agenda on interurban competition in the current period of capitalist restructuring.

First, we believe that the crisis of the national framework of the ‘spatio–temporal fix’ and compromise that helped to sustain post-war growth during the period of Atlantic Fordism and the emergence of national security and/or developmental states in east Asia has contributed to a ‘relativisation of scale’. This phenomenon refers to the fact that no new scale has emerged to replace the primacy of the national level in the organisation and regularisation of the global economy. This is associated with the search for new forms of chronotopic (time–space) governance as well as new forms of material and immaterial economic, political and social organisation. Indeed, we find competing spatial and scalar strategies on many different levels, pursued by a wide range of actors; but these have not yet evolved into an overall pattern of structural coherence analogous to the post-war period with its primacy of the national.

Secondly, in exploring the changing role of cities in this regard, we believe that it is useful to develop a Schumpeterian analysis of the entrepreneurial city. We believe that it is justified to treat cities as actors under certain conditions and that these are closely bound up with capacities to realise particular discursive-material accumulation strategies and hegemonic projects. Even if this is rejected, it is certainly the case that urban blocs claiming to speak for and on behalf of cities or regions as ‘spaces for themselves’ (Lipietz, 1985/1994) have become more explicitly entrepreneurial on all three criteria introduced above.

Thirdly, in this context we believe it is worth distinguishing between ‘glocalisation’ and ‘glurbanisation’ in terms of whether it is a firm-level or city-level strategy that is at stake. We concede that both terms are misleading in so far as they seem to operate with a simple global–local or a simple global–urban dichotomy, which thereby fails to grasp the real complexity and perplexity of the proliferation of increasingly tangled places, spaces and scales which can no longer be treated as if they were ‘nested’ like so many Russian dolls. But it is this very complexity, perplexity, proliferation and tangledness that poses uncertainties and risks demanding new entrepreneurial orientations. The concept of ‘glurbanisation’ represents a first attempt to address some of these problems from the viewpoint of the city as actor rather than from the viewpoint of the firm. As we have also noted elsewhere, however, ‘glurbanisation’ can also be seen as a state-level response in so far as cities are coming to replace firms as ‘national champions’ in international competition (Jessop, 1998; Jessop and Sum, 1998).

Fourthly, we also relate these changes to shifts in the modalities of competition in an increasingly ‘globally integrated’ but still multiscalar, unevenly developing and tangled economy, because these shifts have modified the nature of interurban as well as international competition. Indeed, with the increasing interest in dynamic competitive advantages and the bases of structural and/or systemic competitiveness, the extra-economic dimensions of cities have gained as much significance as what used to be seen as their economic dimensions. So-called natural economic factor endowments have become far less important (despite the continuing path-dependent aspects of the positioning of places in urban hierarchies); and
socially constructed, socially regularised and socially embedded factors have become more important for interurban competitiveness. This is why urban entrepreneurialism comes to be so significant in shaping the forms of urban hierarchies (especially in their middle ranks) and the character of global city networks. Certainly the capacity to remain at the top of the hierarchy or to move up it depends on cities’ capacities and strategies for acquiring complex strategic activities and/or promoting innovation in the areas we have sketched (see Krätke, 1995, pp. 136–142).

Notes
1. On earlier power blocs and fractions of capital, see Sum (1995).
2. On the now superseded proposal for a science park, see Wong (1998). Another project is the Disneyland Temepark which is being promoted in Hong Kong in rivalry with Shanghai.
3. For a rational choice approach to entrepreneurial cities that does make these (unrealistic) assumptions, see Peterson (1981).
4. These boundaries are not necessarily singular or coincident; they can be eccentric and involve linkages with an eccentric hierarchy of other scales.
6. Glocalisation has also been used to refer to a company’s attempt to become accepted as a ‘local citizen’ in a different trade bloc, while transferring as little control as possible over its areas of strategic concern’ (Ruigrok and van Tulder, 1996, p. 179).
7. These recommendations could also be fruitfully applied to glocalisation.
8. CyberWorks was formerly known as Tricom Holdings. It is an arm of the Pacific Century and is responsible for the Cyberport project. It has since been listed on the Hong Kong Stock Exchange as Pacific Century CyberWorks.
9. ASICs are used to produce mobile phones, handheld computers, smart blender and intelligent microwave ovens and are expected to replace PCs as the chief growth engine.

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