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## **Networks, Overseas Chinese Capitalism, and the Development of Pacific Place in Vancouver<sup>1</sup>**

### **Zusammenfassung**

Der Beitrag untersucht die Ausbreitung chinesischer Wirtschaftsbeziehungen nach Vancouver, Kanada, und zeigt, wie soziale Prozesse eine transpazifische Besitztransaktion strukturieren. Dieser komplexe Gegenstand wird analysiert am Beispiel von „Pacific Place“, einem städtischen Mega-Projekt im Zentrum von Vancouver, das einen Investitionsumfang von drei Milliarden kanadischer Dollar umfaßt. Am Beispiel der aus Hongkong stammenden Li-Gruppe wird gezeigt, welche Schlüsselfaktoren bei der räumlichen Ausdehnung der Li-Gruppe unter den derzeitigen historischen Umständen eine Rolle spielten. Der Autor versucht in einem weiteren geopolitischen und geoökonomischen Kontext erstens die wirtschaftlichen und persönlichen Triebkräfte der Hauptakteure verständlich zu machen, die in solche globalen Kapitaltransaktionen eingebunden sind. Zweitens analysiert er, mit welchen Sinnelementen und Bedeutungshorizonten Vancouver selbst im Handeln der Akteure repräsentiert wird, insbesondere im Hinblick auf die Einwanderung in die Stadt. Drittens beschreibt er die Bedeutung und die Funktionen des Stadtentwicklungsprojekts für die Handelnden selbst.

### **Introduction**

In this paper, I examine the significance of social networks in the construction of overseas Chinese capitalism in Vancouver. These constantly evolving social networks cut through the “region”, they blend in with local social “formations”, and they facilitate the rapid restructuring of Vancouver’s downtown core into a hybrid of Hong Kong and West Coast Canadian urbanity.

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<sup>1</sup> Some of this article is extracted from an article by Nigel Thrift and Kris Olds (1996) *Refiguring the economic in economic geography*. In: *Progress in Human Geography*, 20 (3), pp. 311–337. A fuller version of the specific case study is available on the WWW at <<http://www.riim.metropolis.globalx.net/research-policy/research-policy2/paper/olds/pacprop.htm>>

The topological presupposition of the network is now in common usage in the social sciences as the emblem of an ambition to produce flatter, less hierarchical theories of the economy. From such a perspective the network acts as both a description of how economic forces are galvanised and as a description of how knowledge about these forces is gained.

Most simply social scientists use the idea network to describe the form of governance of a whole range of institutions, from firms to markets, within whose nodes and vertices information, capital, etc., flow. More specifically, researchers use network description to summarise modern economic institutions which have foresworn the corporate hierarchy for relational arrangements which are lighter on their feet. Thus: "network governance structures characterise the webs of interdependence found in industrial districts, and typify such practices as relational subcontracting, collaborative manufacturing, or, multistranded interfirm alliances. Some scholars even elevate networks to an ideal type that captures key features of an entire economy, arguing that certain national economies are constituted by a preponderance of long-term intercorporate relationships" (POWELL and SMITH-DOERR, 1994, p. 369).

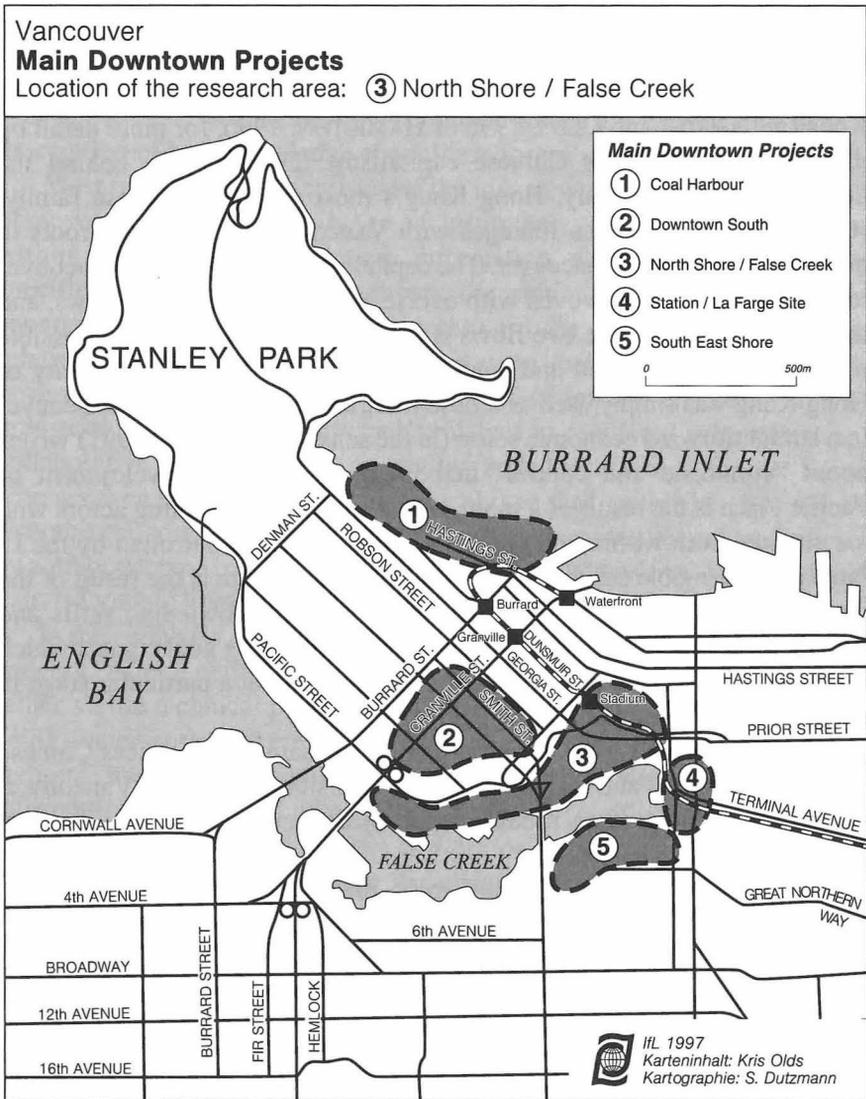
In their analysis of social networks, social scientists also use the idea of network. After a period in which the analysis of social networks became a rather sterile technical pursuit, the importance of these networks is again being underscored. There is, to begin with, a vast amount of work on "ethnic" business as consisting of intimate social webs which provide information, capital, and other forms of support (see the review by LIGHT and KARAGEORGIS, 1994). There is work on markets as social networks (SWEDBERG, 1994), especially financial markets (where access to information and exclusion from it is clearly a function of membership of particular social networks), but also labour markets as well (where a host of studies have shown the importance of social networks in gaining access to certain kinds of jobs at all levels in the economy). Then, there is the work on social cliques in institutions which supplement or even supplant formal channels of organisation. Using qualitative methods like ethnography, the influence of these 'core sets' becomes clear. Yet other examples of this form of network description might be given – for example, most recently work on collective learning has spread to the analysis of successful and unsuccessful regions, using the network as an enabling motif (eg. MORGAN, 1995).

In the following paragraphs, I want to trace this network metaphor further through an actual example which is intended to show the metaphor in use.

“Pacific Place” on the North Shore of False Creek in Vancouver 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 (see THRIFT and OLDS, 1996 or HAMILTON, 1996, for more detail on the nature of Overseas Chinese capitalism). The rationale behind the decision of the Li family, Hong Kong’s most powerful Chinese family, (CHAN, 1996), to deepen linkages with Vancouver has complex 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 (in the sense that SASSEN (1991) writes about “command and control” activities). 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.

More specifically, the socially constructed nature of overseas Chinese capitalism as noted above, has shaped the decision to invest in Vancouver, and in the vehicle of an urban-mega project (see Figure below), in the following ways.

First, the development of the Pacific Place project enabled Victor Li, the 23 year old (in 1988) son of property tycoon Li Ka-shing, 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. Pacific Place was widely perceived in Hong Kong to be Victor’s first major business duty. 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 nonoverseas 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 a senior Cheung Kong executive put it to us. 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.

Second, it was preferable that Victor's reputation and business experience be enhanced through the vehicle of a large-scale residential property development project. 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. 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 – a prominent mega-project developer in Hong Kong and China.

Third, the development of Pacific Place was used by Victor to “build a strong base in Canada” ... “both personally and financially” (LI, 1992). In effect, Canada now acts as the Li family’s North American base. However, prior to the Pacific Place project, Victor (who holds a Canadian passport) was little known in Vancouver or Toronto, and he had few direct connections to Canadian elites. 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. The long-term creation of a Vancouver base therefore demanded a suitable method to insert Victor (and therefore his core family 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. Such a maneuver was possible because Vancouver has a “very thin layer of Anglo political control” (SEAGRAVE, 1995, p. 259).

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. 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 (OLDS, 1995).

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, 1996) 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. Put simply, money cannot be deployed without information and obtaining this information requires social networks which rely, to a greater or lesser extent, on trust.

Ultimately, Canada's relatively open immigration policies laid the foundation for the formation of these critical social networks, and largest restructuring process ever experienced in Vancouver's history. This city, like most cities in the world, is experiencing the ever shifting forces of globalization, while also facilitating the construction of global flows. In a globalizing context, making sense of the reshaping of the city (or of the region) requires one to be aware of nature of the relations which exist between places, as much as it is important to embed oneself within the specific place of study.

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