ones. The new tax could raise €5bn a year.

France under President Emmanuel Macron has pushed hardest for the plan. But it hardly signals "the right environment for modern business" that Mr Moscovici brags about. Tax on revenues could backfire—it is unclear what a loss-making firm with whopping turnover is supposed to do, for example. Nor will the proposal easily become reality: tax changes in the EU require unanimity. France, Britain, Germany, Italy and Spain welcomed the plans. But they will have to strong-arm smaller, low-tax countries, which have most to lose. America, unsurprisingly, is also opposed. Steve Mnuchin, its treasury secretary, told the *New York Times* this week that gross taxes on internet companies are "not fair".

Why push a reform that might hobble the sort of digital economy European officials call the future? Enter Hobson: doing so makes another proposal, announced by Mr Moscovici on the same day, look more appealing. His preferred outcome is for firms to pay taxes locally on a share of their digital profits, not revenues. To make that possible he says countries should pass laws to identify companies' "digital presence". This would be defined as having online revenues worth €7m or more, 100,000 customers or more than 3,000 business contracts in any given country. The EU is fuzzier on how to determine what share of profits derives from these revenues.

That may be fleshed out by various obscurely named efforts to draw up global standards for taxing profits. The EU has an existing proposal, called CCCTB (don't ask), for common rules for calculating firms' taxable profits across Europe. However, such plans progress agonisingly slowly, perhaps because digital firms (and their army of lobbyists) prefer the lucrative status quo. The real gain from threatening a turnover tax might therefore be to speed up plans to tax profits better. ■

Li Ka-shing

Plastic flower of the flock

HONG KONG

The city's most successful tycoon cedes a sprawling empire to his son

"TOO long" was how Li Ka-shing, known fondly by locals as *chiu yan* (Superman) for his business nous, described his working life when he announced on March 16th that he would be retiring in May. Asia's pre-eminent dealmaker has been around for longer than his fictional namesake, scoring and selling assets in ports, telecoms, retail and property to amass a fortune estimated at $36bn.

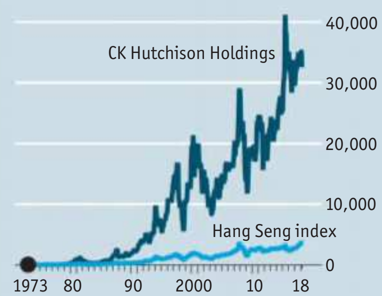
Few expect Mr Li, who will turn 90 this summer, to hang up his cape for good. He says he will stay on to advise his eldest son, Victor Li, who will inherit his two main businesses. The first is CK Hutchison, a conglomerate with interests in power plants, perfume and much in between. It runs 52 ports and owns 14,000 high-street stores, including Watsons at home and Superdrug in Britain. The second is CK Asset, one of Hong Kong's biggest property developers. Combined they are worth $79.7bn.

At the press conference the younger Mr Li made all the right noises. "When I return to work tomorrow, it will be the same," he told investors. They took it well—shares in the two CK businesses dipped only modestly at the news. His father's willingness to cut him off and answer reporters' questions himself may have reassured them that he really will stick around.

Succession is a delicate matter. Joseph Fan of the Chinese University of Hong Kong has found that family-run firms in Hong Kong, Singapore and Taiwan lose 60% of their value on average in the years before and after a change. Many a tycoon has proved hopeless at planning for his departure. Discussing death is regarded as unlucky. Most cling on past their prime.

Pot of gold

Share prices, January 1st 1973=100, HK$ terms



Source: Thomson Reuters

Not so the meticulous Mr Li. As early as 2000 it became clear that Victor would inherit his empire, after his second son, Richard, stepped down as deputy chairman of Hutchison Whampoa (now CK Hutchison) and went his own way. In 2012 Mr Li made this line of succession official.

According to Oliver Rui of the China Europe International Business School in Shanghai, Mr Li also simplified a complex holding structure in 2015 with the handover in mind. He split property holdings from other assets, boosting both firms' valuations and making it easier for his son to sell off bits of the empire in future.

Mr Li has also been reinvesting his fortune in stable, cash-generating assets in Europe. These now account for close to two-thirds of CK Hutchison's operating profit, compared with just 16% from Hong Kong and mainland China. In November he sold a 73-storey skyscraper on Hong Kong island for $5.2bn, and since 2013 has parted with $3bn-worth of commercial properties in Beijing, Shanghai and Guangzhou.

Although both father and son speak of continuity, many in Hong Kong see Li senior's exit as the end of an era—and not just for his empire. Mr Li came to Hong Kong as a wartime refugee, fleeing Guangdong with his family in 1940 at the age of 12. His father died soon afterwards, and he was taken out of school and put to work. In 1950 he was among the first in the British colony to get into the plastics business. His plastic flowers were a hit. (His future wife came from a well-off industrial family, helping with credit and connections.) When property prices slumped during riots in 1967 he pounced, setting up his first property company in 1971. The timing was propitious; Hong Kong's economy grew by 9% a year on average in that decade.

He went on to operate container ports, and belonged to the first wave of outsiders to invest in China when it opened up in the late 1970s. In Hong Kong he bought into everything from groceries to pharmacies, and supplied swathes of the city with electricity. Through Hutchison, an old British trading house that he bought in 1979 (the first time a Chinese took control of a British firm), he expanded abroad in a way no other local tycoon has. Unusually for a head of a family firm, he sought out professional managers, many of them foreign.

The incoming boss has worked with some of them for decades. Victor is credited with CK Hutchison's push into overseas utilities, including three big recent investments in energy infrastructure in Australia, Canada and Germany. Still, if he has his own vision for the business, it may not become apparent for two to three years, says Mr Rui.

It could use fresh thinking. Two decades ago, Mr Li's stocks were among the ten most actively traded on Hong Kong's exchange, according to Bloomberg, a data provider. Now they are outside the top 30. A foray into biotech has been ho-hum.

As for Hong Kong, it is less fertile ground for would-be tycoons than before. Oligopolies are entrenched locally. Mainland China, meanwhile, produces a dollar billionaire every five days. Pony Ma and Jack Ma, (unrelated) founders of Tencent and Alibaba, two tech giants, are richer than Mr Li. A new Li Ka-shing is more likely to rise in next-door Shenzhen than in Hong Kong. ■