

Conflicts in measuring income disparity in hong kong argumentative essay

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Conflicts in measuring income disparity in Hong Kong

In terms of comparison between the west and east, parallels are often drawn between the two cities of New York and Hong Kong. They are both relative in terms of population, square foot area, lifestyles and even constructions and economy. However, unlike New York, Hong Kong's rise to power in the global economic scene started only in mid 90's and had shown exponential results —its gross GDP growing a whopping 180 times in the period between 1961 and 1997. The city had been popularly described as “ World's greatest experiment in laissez-faire capitalism” by Milton Friedman.

In fact, there were so many great things that are constantly being said about Hong Kong, from its economy, culture and architecture to transport and hygiene that it is not often one notices the depths of poverty that coexists with the ultimate riches of the city. An article in Asia Sentinel throws flak on Friedman himself, saying, “[Friedman's] much quoted praise for Hong Kong was based on brief visits and a tendency, the norm among economists as most other humans, to see only what he wanted to see.” The article goes on to explain that Friedman found Hong Kong's characteristics like little to no government intervention in industry, low taxes or tariffs, foreign exchange controls, etc. bringing a quality to the Hong Kong government that was in sharp contrast with Britain, the sovereign power at that time. Friedman saw Hong Kong as a “ free” economy while Britain was highly socialist and that was what he proclaimed almost until the time of his death.

The forced and sometimes unnecessary comparison with developed western cities has led to Hong Kong to be the victim of several developmental

loopholes. For example, until July 2010, the city did not have a minimum-wage law in place. The economy is so ruthlessly capitalist that governmental interference that just began in business and industrial policy, expansion of public services, etc. is actually considered novel. From 1995 to 2005, there had been a 3% rise in the poverty rate and no, recession was not the cause of it as much as an old steadfast trend was. One can understand this by taking one look at the income disparity figures. According to the figures of 1981, the lowest income group shared 1.4% percent of the total monthly household income while the highest income group enjoyed a good 35.2% of it. Today, the figures stand at 0.9% and 41.2% (World Development Report 2004).

A large chunk of Hong Kong's economy is driven by 're-exporting', the city acting as a mere interface between mainland China and the west and so far, China had been a brilliant support. But it is not hard to see how this could change and change did gradually come in, as we saw with the minimum wage law. Hong Kong's 'free trade' era also seems to be coming to a close, as another new legislature requires labelling of all the products in the market, which means that low quality downmarket goods from China will now start to see a hard time infiltrating global markets. And interestingly, the highly capitalist city has also introduced a new monopoly law which intervenes with the reigning monopolies ("End of an Experiment", 2010). If Hong Kong was an experiment, the experiment was always bound to end. We can only hope that the results would bridge the gap between rich and

poor so the city's spectacular story could break the age old adage of " The rich get richer and poor get poorer."

References

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