

Disneyland in hong kong – good or bad? essay sample

[Environment](#), [Pollution](#)



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Disneyland in Hong Kong- Good or Bad? The aim of this essay is to discuss the advantages and disadvantages in having Disneyland coming into Hong Kong. Disneyland is a famous theme park, with outlets all around the world, including Japan, America and France. And now, Disney decided that the next theme park it is going to locate itself is Hong Kong- is how beneficial will it be to Hong Kong? The diagram on the left shows the proposed location of Disneyland in Hong Kong. It will be situated at the west of Hong Kong island, in Penny's Bay. Land reclamation will be used if extra land is needed for Disney to expand in the future.

Environmentalists and Economists alike have been arguing for and against the case of Disney, each proposing different ideas and points in whether Disney will benefit Hong Kong. After 9 months of detailed negotiations, which reflects the amount of thought put into Disney, the Chinese government, on 2nd of November 1999, announced that the final conclusion is that Disneyland will be coming to Hong Kong. Both sides agreed that the government held 57% of the shares of the company while the remaining 43% were left in the hands of the Disney Corporation.

To further analyze the advantages and disadvantages of Disneyland in Hong Kong, this essay will be separated into three parts: ? Social Benefits to Hong Kong ? Social Costs to Hong Kong ? Final conclusion We do not include the private costs and private benefits as we are naturally not interested in it- the main focus of this essay is the benefits and costs for Hong Kong, not Disney. Thus Disney's concerns will differ from ours.

Method Primary and Secondary data will be collected to fully analyze the pros and cons for Disneyland. Primary data will include questionnaires, interviews on people's opinions with the coming of Disneyland. These will give the public opinion about Disney. Secondary research will include things such as webpages, newspaper cuttings, videos of important spokesman, etc, which will provide the source of evidence. It is with these two data combined that there can be a final conclusion on the coming of Disney.

The Social Benefit of Disney- How will Hong Kong, as an economy, gain from Disney? Predictions have been made on what the exact value Disney will bring to Hong Kong. It is estimated that in the time of 40 years after its completion, the world-class theme park will have the potential to provide Hong Kong with a net economic benefit (in terms of additional value added or income over cost) of up to \$148 Billion. These benefits will come under two categories: ? Private benefits (benefits to individuals, firms, or organisations) ? External benefits (benefits to the general public) However, this expected value of \$148 Billion Hong Kong dollars is based upon many assumptions including that: ? Disney will be completed in 2005 ? The theme park is able to generate \$5. 2 million Hong Kong in its first year of opening. ? A total of \$10 million within 15 years.

Of course, these assumptions can go wrong- a delay in the completion, or the sudden unpopularity of Disney, will greatly effect Hong Kong. However, these disadvantages can also be neglected by the possibility that Disney can generate more than the predicted amount \$148 Billion Hong Kong. The Hong

Kong government is spending a total of \$22.45 billion to enable Hong Kong Disneyland to commence. The government putting in \$22.45 billion, and with a return of \$148 Billion, is surely a good deal (for the Hong Kong economy) indeed! External Benefits The major external benefit that Disneyland can bring to Hong Kong is the increased tourism that Hong Kong will experience after the initial opening of Disneyland. It is predicted that in the first year alone, a total of 3.4 million tourists will be coming to Hong Kong, and 1.4 million of them will be coming for Disney. It is also predicted that in the course of 15 years, a total of 7.3 million tourists will already have seen the new Disneyland in Hong Kong. Most of these tourists will come from mainland China, as well as other countries. In a recent survey² it showed that 93% of respondents in the mainland would visit Disneyland, 82% of Taiwanese, 87% of Singapore² and 50% Australians.

From these expected figures, it can be safe to say that Disneyland will attract a huge amount of visitors to see this new world-classed Disneyland in Hong Kong.

Another external benefit that this new theme park will bring to Hong Kong is fame. Disneyland will enhance Hong Kong's attractiveness as an international tourism destination, as well as attract tourists that do not normally come to see theme parks. For example, some tourists might come to Hong Kong because of its well known shopping prices, but with Disneyland in Hong Kong, it gives them one more reason to come to Hong Kong. Ocean Park also announced that Disneyland will be a compliment to

Ocean Park- tourists that come to see Disneyland would not want to miss out on Ocean Park, as well.

Money earned by tourism counts towards the Trade Balance, in the form of invisible exports. This invisible exports will account to a high percentage in the Hong Kong's Trade Balance, as Hong Kong experiences an increase in its trade surplus.

Other than Disney, the economy will grow due to the increased number of tourists. The local economy that thrive off Disney will certainly grow- like small food stands, Cafés, building companies etc, will all experience a higher number of customers. Other firms, such as Sogo, and other shopping related outlets will also experience the increased number of customers as these people wish to purchase souvenirs. In a recent prediction, an estimated amount of net tourist spending will add up to \$5.5-8.3 billion in the first year, to a total of \$8.7-16.8 within two decades. This extra flow of invisible exports will cause economic growth in Hong Kong, which in turn, provides better living conditions for Hong Kong citizens.

Hong Kong's invisible imports will also decrease, due to the coming of Disney. Tourists in Hong Kong will find that they do not need to travel to Japan, France, or America to see Disneyland- they have one right on their doorstep. And because of the fact that the money they spend on Disney will be spending within the country, no money will be loss to other countries, thus no leakages out of the circular flow of income.

The circular flow of income gives us an image of how the money transfers between companies and consumers. The companies are represented by the ? firms? which take in money from the goods that they sell, and the consumers are represented by the ? households? who give money in return for the goods and services. However, during the flow of money between households and firms, there can be injections and leakages, which either increase or decrease the amount of money in the flow. Examples of injections are government spending, exports, investments- these all serve to increase the flow of income. On the other hand, taxes, savings and imports all try to reduce the flow of income. With the coming of Disney, we should experience a significant boost in the circular flow of income within Hong Kong.

Now, to relate facts into the model. A report from the government shows that building the theme park and the resort will cost up to \$14. 1 billion, some of this is from the government, and some of this as investments by entrepreneurs. From the diagram above, we can see that, government and investments both serve to increase the circular flow of income. However, once the theme park is built, as the report informs, that ? Attendance of over 5 million is expected? and Additional spending by tourists should amount to some \$8. 3 billion in the first year, rising to \$16. 8 billion?. This involves the circular flow by increasing the flow- the increased number of tourists will result more money spent in Hong Kong, which is an injection as tourism is an invisible export.

The multiplier effect is the effect of a higher demand or lower demand of a product. Because Disney will cause people to come to Hong Kong more, thus demanding the entertainment that will bring, more and more companies will be providing services and goods to satisfy the consumer. For example, if people wanted more cars, then the supply of cars will increase, thus more people will be hired to make cars. However, more people would be needed to be hired to make wheels, because more cars need more wheels. And more people would need wind screens, car doors, etc, and all the components for the cars. So in fact, what started as a small demand of increase for cars, ended up a larger decrease in unemployment. This effects Disney as well.

Another advantage that Hong Kong will gain from Disney is the added employment that Disney will bring. Disney is expected to provide 18400 jobs on opening and up to 35, 800 new jobs over 20 years. This will certainly Hong Kong to keep the unemployment down.

In addition to the helpful economy boost that Disney will make, it will also increase the value of the Hong Kong dollar. Because tourists will want to spend money in Hong Kong, more dollars will be demanded. This will cause the demand curve to push upwards, and because the supply stays the same, the price of the dollar will increase.

Due to the more expensive dollar, imports will be relatively cheaper.

Social costs: How is Disney going to affect Hong Kong in a negative way?

Disney seems to be the perfect park for Hong Kong- good for recreational and entertainment for those bored with Ocean Park, and good for

educational such as students for work experience as well as a boost for the Hong Kong economy. Everything seems perfect, except that Disney comes with a price tag- and one that is not cheap.

The initial starting cost for Disney is \$27. 7 billion. The breakdown of this incredible cost: ? Infrastructure- \$2. 7 billion ? Transport links- \$2. 2 billion ? Theme park- \$6. 6b ? Support facilities- \$7. 5 ? Land- \$8. 7 billion The government, out of the \$27. 7 billion, pays an incredible amount of 22. 45 billion.

It is also said that the government will get back \$4 billion in shares for the Phase 1 land costs. This makes the price tag of Disney considerably cheaper. Another additional point is that the government will be spending this money in stabilizing the area to prepare it as a site for tourism and recreation development, even if no plans for Disney were to be built. Obviously, this is the economical cost of having Disney in Hong Kong. The single fact is that the government is paying much more than Disney, about 10 times more, means that it is a heavy cost for Hong Kong.

The building of Disney includes many problems, not just for the environment, but also for the economy. The social costs will also be split up in 3 sections to identify the problems and try to find a solution to it. These three sections include the building of Disney, pollution, and competition.

Land Disney Phase 1 will occupy 126 hectares at Penny's Bay. There is also a plan to expand another 180 hectares at a further date. Everything together, this would include 306 hectares of habitat loss to Disney. Some of these

hectares of land are claimed from the sea, which is also devastating to the environment. The procedures and machinery required to claim land from the sea will cause noise and dirt pollution. And of course, with the new theme park in the place of natural habitat, the view of the land is spoilt.

Some rare and endangered species that thrives off the environment near the location of Disneyland will find that they are threatened. These such species include the Chinese White Dolphins, Romers tree frog and Pitchers Pine.

Pollution With the coming of Disney, many different types of pollution will effect Hong Kong. These include- Noise pollution, dust pollution, sea pollution, air pollution.

Noise pollution derives from the heavy use of traffic- to move raw materials needed to build the Theme park. In addition, after the completion of the Theme Park, more cars will be traveling early in the morning to Disney, and leaving late at night. This could effect the surrounding villages and towns which could also lead to stress.

Another form of pollution is dust pollution. This is also mainly caused from the big lorries taking raw materials to the theme park, and picking up debris and other unneeded things away from the construction site. Big lorries can pick up dust whilst travelling to and from the construction site, thus causing dust pollution. This form of pollution is regulated by the construction company, but who knows what accidents might come from it? Sea pollution is a type of pollution similar to dust. This type of pollution is mainly from building up Disney- Disney requires many claimed hectares of land. By

reclaiming land from the sea, the habitat of many famous marine animals will be lost. And it will be hard to recover, as well.

Air pollution has its similarities with dust pollution, but is not just from the construction of Disney- pollution from the cars that would be going to and from Disney once is built. Because of this pollution, it can cause many illnesses such as cancer and respiratory diseases.

The main point is that these externalities involve costs- costs for monitoring the amount of air pollution there is, costs for monitoring the amount of dusts. And what? s more, is that this will continue to go on after Disney is built- and so the government will need to be putting more money in the environment, other than other categories such as social security, etc. Some of the damage caused by building Disney cannot be repaired, or bought with money.

Competition Competition itself can be split into two sections, one including the famous Ocean Park at Hong Kong, and the Japanese competition.

Ocean Park is another theme park dedicated to providing Hong Kong with entertainment and education by showing the various rare and endangered marine life in the park. It has attracted many visitors and is well known in Hong Kong. With the coming of Disney, many people are worried that Disney will take the consumers away from Ocean Park and into Disney. However, the board of directors from Ocean Park announced that Disney will not be substitute for Ocean Park, but in actual fact, a compliment. They announced that people wishing to go to Hong Kong to see Disney will not want to miss out Ocean Park. It is very unlikely that tourists will want to go to Hong Kong

just to see Ocean Park, but very likely to come to Hong Kong to see Disney, and afterwards go see Ocean Park.

However, who can be sure of the tourists? final decision? This graph shows the effects of a substitute on the product, which many people anticipate would happen to Ocean Park.

However, as Ocean Park said, it would actually be a compliment.

Japan's world class Disney land can also effect the competition in Hong Kong. With another Disney land within Asia, many of the tourists that are closer to Japan, but not to Hong Kong, may find themselves in Japan's world class Disney instead. There is not much point in travelling further to go to Disney Land, and Japan is also well known for tourism.

Since 1997, Hong Kong was under British control. Because of this, British cultures, lifestyles, and arts have effected the Chinese citizens. It can also be suggested, that with the coming of Disney, more and more people will follow American's way of life style, thus causing ancient customs and traditions to decay. These decaying cultures are important, as it is also a social cost that we must pay, and is part of the price tag that comes with Disney. There was a proposal by the Chinese government to change the Disney land in Hong Kong to be more Chinese but Disney does not wish to do so.

Although Disney will provide much more jobs once it is built and during the making, most of these jobs are undesirable ones. These jobs are ones such as toilet cleaner, shop keepers, waiters, and these jobs are usually low paid

with not many perks. The jobs that offers the most income and perks will be the managerial ones, and Disney is taking people from American to come work for Disney in Hong Kong. And so unemployment not such a good benefit for Hong Kong.

There are also great opportunity costs for the Disney project. An opportunity cost is also counted as a social cost, as what is given up in order for Disney to come. The main opportunity cost is the money involved- the government is spending \$22. 85 billion in Disney. The government could have spent the same amount on social security, health care, education? the list goes on. There was also as plan to use Penny? s bay as a container storage for imports. Another suitable site must be found now, since Disney is taking its place.

Public Opinion I have taken surveys on some of my classmates and did an interview with my dad. From the interviews, I have come to a conclusion, that more or less, people think Disney as half good, half bad. There are some people who totally love Disney, and some that strongly disagree with them. There is no sure answer.

Final Conclusion- Is Disney situation itself in Hong Kong a good idea? There has been considerable debate ever since Disney decided to locate itself here. The economy boost from Disney will not come unwelcome, whilst the disadvantages of increased air pollution and more land reclamation will be sneered at by environmentalists. I myself think that Disney will not be helpful, just by looking at the figures. How can the Hong Kong government

pay 10 times the amount compared to Disney to get Disney working? And there are many assumptions, such as the amount of tourists, the amount of money generated, and if these assumptions turn out to be wrong, Hong Kong may be risking too much money. It seems like that Disney is trying to take advantage of Hong Kong more than trying to help Hong Kong.