



**Independent Non-political Non-profit Research Organization
HKGolden50**

**Hong Kong has an immensely fruitful
and outsized future, whether this can
be realized depends on our unity**

HONG KONG, 28 August 2014: Independent, non-political, non-profit research organization, HKGolden50, held a press conference with the theme “Golden 5 Years (2010-2014): Review and Forecast”.

At the press conference, HKGolden50 founder Mr. Franklin Lam reviewed the key socio-economic indicators, noting that the past few years were indeed Hong Kong’s Golden 5 years. Specifically, even in the midst of severe cyclical downturn in the global economy, the economic and social development in Hong Kong experienced accelerated growth: total employment, household income, and revenues all hit record highs; the number of CSSA recipients has been decreasing. This reflects that Hong Kong is enjoying growth opportunities of a structural rather than a cyclical nature; otherwise Hong Kong’s performance should have plunged when countries representing 60% of the global GDP entered into recession.

HKGolden50 believes that in the past three years our society had both beneficial and destructive developments that had substantial impact on our long term advancement. On the one hand, our society began actively participating in discussions about the future of Hong Kong, inducing strategic debates about the right policies to adopt, in issues as diverse as retirement security, population policy,

long term housing policy, the development of Lantau, public finance planning and constitutional reform.

On the other hand, for the first time in history, a closed-minded “lone island” mentality emerged in our society, treating new immigrants and visitors with discrimination; while seeking a solution to our social and economic problems, our society did not take full advantage of objective data; also worrisome is that public finance fell well short of responding to social and economic needs to increase investments in hardware and software and our persistent surpluses had gone against the requirement to strive for a balanced set of fiscal books.

Mr. Lam emphasized that Hong Kong development is still severely affected by the shortage of hardware (land supply) and software (labor shortage) and closed-minded “lone island” mentality. These three bottlenecks must be resolved otherwise Hong Kong will enter into Growth Recession with an ominous future. Therefore, the decision of our 7 million population will determine whether the future of Hong Kong is prosperous or perilous.

HKGolden50 also believes that our society must diligently and with urgency solve our problems because the global economic environment will change drastically in the next 20 years. Western developed economies are mostly poorly prepared for the ageing of their population: heavy government debt and social welfare will soar with a rapidly ageing population, high tax rates will continue or even increase; with private savings insufficient to cover retirement needs and high household debts, recovery in consumption and investment would be limited. Young people will likely face high unemployment for the long term and face a bleak future.

Furthermore, corporates, capital, the young and the talented will choose to pursue opportunities for growth and advancement elsewhere, moving away from places with high taxes and static

economies to places with expanding businesses and low taxes. As a result, the high-tax economy will be ageing faster, with slower economic growth, while the more energetic economies will take in new blood and post even healthier growth, forming a “winners take all” situation. Therefore, it is imperative to ensure Hong Kong takes full advantage of the structural growth opportunities, accelerate investment, develop our software and hardware, strengthen and maintain our economic vitality and competitiveness during this phase of rapid ageing in Hong Kong, and stay a winner, to the benefit of the three generations: elderly, middle-aged and young.

To ensure continuous success in Hong Kong, HKGolden50 proposes the following specific initiatives:

1. Implement the proposals from our third research report "How to Invest HK\$100 Billion for Our Future", diligently increase the capacity in our social and economic hardware and software, grow our pie, including the construction of new public hospitals to add 19,000 beds, training and recruiting of 8,000 new doctors, the development of Tung Chung and so on.
2. Hong Kong people's should try harder to understand, reflect on the facts and decide on the way forward for Hong Kong:
 - I. Understand that "service exports" is equal to "customer import." Hong Kong should continue to develop its strengths, high value-added "Hi-touch" services that focus on integrity, brand and intelligence , in the industry, such as finance, health care, education, art, food, retail, etc.;
 - II. Hong Kong people welcome Shanghai-Hong Kong Stock Connect, but oppose mainland visitors: There is no opposition against mainland investors propping up the stock market prices, but Hong Kong people are

asking to reduce the number of mainland visitors, reducing tourist consumption. Shanghai-Hong Kong Stock Connect runs on an electronic platform so there are no hardware needs. However, the mainland visitors require actual facilities. Thus, as long as we have enough hardware capacity, we welcome new customers the more the better. Knowing this, we should immediately increase our hardware, maintain hospitality and welcome more visitors;

- III. A civil society has one essential characteristic: the silent majority should not stay quiet but courageously express their demands and values. After the handover, new immigrants in Hong Kong reached nearly 1 million, one in every seven people is a new immigrant, they are located in every level of our society. Hong Kong is a civilized society with only first-class citizens! If your students, friends, customers, employees, relatives, or children are new arrivals and are criticised as “locusts”, how can you not speak out?
- IV. Middle-aged people should have the greatest empathy of our needs out of the three generations, and therefore have the responsibility to take up the most important role of a spokesperson and representative, speak out and act on behalf of their parents and children, promote health and retirement reforms, and help lay the economic foundation for the future of Hong Kong's prosperity, push for Hong Kong to win against its competitors;
- V. Introduce local history education in Hong Kong, so that the next generation can appreciate the historical heritage and core values of Hong Kong and bridge the experiences of the three generations to understand the idea that "if there is no sense of indebtedness, how would there be gratitude?"
- VI. Understand the diverse impacts of an ageing

population including its effect on individuals and society, and understand that the impact of an ageing population on young people may even be more far-reaching than on the elderly.

3. Using a holistic approach to replace the fix a bit here, fix a bit there type of tinkering, non-systematic thinking that has characterized much of policy decisions in the past. After Professor Nelson Chow's proposed retirement protection proposal, the public seems to associate old people's issues to only those of retirement income. But the issue should be what care should be given to our seniors which is holistic and covers much more than the retirement income aspect. Mr. Lam proposed that seizing the time to make substantial expansion and reform of the health care system will be more beneficial to the elderly. Mr. Lam commented, "Not every elderly necessarily need the government to support their retirement, but we can be certain that every elderly people will need medical care and services. If we continue to do nothing and let the medical needs of the elderly multiply and accumulate and become bottlenecks, our already overwhelmed public health system will collapse, pushing up health care costs and the costs of elderly care. Then, no matter how much the retirement payout is, the elderly will lose." A holistic approach should also come up with appropriate solutions that could protect young people's prospects for development as well as the sustainability of public finances.

HKGolden50 also elaborated on the latest forecast of the Golden 5 Years at the press conference. The organization believes that the golden years of prosperity will extend to 2016. From 2014 to 2016, the labour market is expected to remain tight, employment opportunities will continue to steadily increase and produce rising individual income. Public finances will therefore benefit from an

expected fiscal surplus of nearly 8% in next three years. However, due to exacerbated "double bottleneck" problems, inflation will still linger at about 4% high.

Mr. Lam concluded that "In front of the elderly, middle-aged and young generations is an immensely fruitful and outsized future. But to ensure this happy ending, Hong Kong people must promptly tackle long-term social and economic issues; understand that the landscape of Hong Kong is composed of many pixels, our society should not only focus on the political issues. We must rekindle our can-do spirit, aim for the stars and courageously overcome our immediate challenges."

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