

**EMPLOYMENT, UNEMPLOYMENT AND UNDEREMPLOYMENT:
CAN ONE RELY ON HONGKONG GOVERNMENT STATISTICS?**

Employers, around the world, would prefer to encourage their existing workforces to add to the number of hours that they are currently working as an alternative to hiring additional staff.

It is self-evident as to the reason for the above truism, but when Hongkong employers do take the trouble to encourage workers to take **OT (overtime)**, even though the OT hourly rate is considerably higher than those of the 45 to 48 hour, per-weekly rate, it has to have a knock-on effect.

For many governments of the world, their statistics with regard to the levels of employment, unemployment and underemployment become distorted unless they are able to factor into the equation that which is required in order to take into account the matter of how OT encouragement by employers has the ability of altering the length of the employment-playing field.

As Hongkong workers' minimum hourly wage levels rise, due to the above, it does not follow that unemployment levels in the territory will decrease – because, in fact, the opposite is true.

From employers' point of view, better the devil that one knows than the devil that one does not know.

Thus, logic determines that, for the vast majority of employers, it is better to pay staff more money by including (and encouraging) OT than to employ new staff which may not be as good as the existing staff levels whose productivity is well known.

Thus, it follows that excess capacity in the labour market is rarely (if ever) captured in Hongkong Government statistics.

In effect, therefore, the unemployment levels of Hongkong cannot be considered anywhere near sufficiently comprehensive, but these statistics are those upon which academia and economists rely as being an accurate gauge of the situation in the territory in respect of employment, unemployment and underemployment.

Higher hourly wage levels, therefore, may be considered, in some – or many – instances, as being counterproductive as far as bringing down the level of unemployment in Hongkong.

Further, it has been proved that employees who request, and are given, OT, are, more often than not, happier than those workers who are constrained from working longer hours, more than the usual 45-48 hours per week, that is.

If well-being in the workplace is considered an important aspect in retaining staff, keeping them satisfied and productive, then, it follows that encouraging existing staff to take OT rather than hire new staff is, surely, relevant.

The United States's Conundrum

As President Barack Hussein Obama has publicly proclaimed, on numerous occasions, putting US workers back to work is vitally important to the largest, single economy of the world.

(Also, it is adding to political capital in a country where, unlike in the Hongkong Special Administrative

Region (HKSAR) of the People's Republic of China (PRC), how the person, who sleeps in Government House, in the case of the HKSAR Chief Executive, or in The House White, in the case of the US President, is viewed by the majority of the population as testament to his Administration.)

But despite all efforts, the US unemployment level tends to decline very slowly and, presently, it seems determined not to drop below the seven-percent level.

This is despite a growth in the employment level of the country.

It has been seen that those unemployed workers who, for one reason or another, no longer are included in the US Government statistics as being unemployed, are entering the workforce, once again, and are taking up positions.

This phenomenon is, probably, not captured by the US Government's pencil pushers at The Bureau of Labour Statistics, a division of The Labour Department – because they have no way of confirming such occurrences.

Because the US Government has found it exceedingly difficult for the unemployment rate to decline sufficiently quickly so as to proclaim a victory for the Obama Administration, then, demands by labour for higher hourly wage levels as the minimum rate are few and far between.

Should labour have its way and obtain too high a rise in the minimum hourly rate, it seems likely that the unemployment level might rise to higher levels.

The Federal Reserve, the de facto Central Bank of the US, seeing that the official statistics in respect of the labour situation in the US are, still, above the seven-percent level, will have to think long and hard before relaxing its tight grip on interest rates and/or scaling down quantitative easing.

The Fed has a mandate that its prime criterion for slowing down asset purchases – quantitative easing – in order to continue to stimulate the economy is to maintain the status quo, and, following on from this, when the economy is on a strong footing, once again, it will promote higher interest rates.

At this juncture, therefore, it appears that The Fed would not want to upset the US 'applecart'.

The US has The Federal Reserve System, popularly known as The Fed. It was created at law on December 23, 1913, with the enactment of the [Federal Reserve Act](#). It was deemed necessary in response to a series of financial failures in the country, resulting in investors, being left in a position of utter panic.

The HKSAR has nothing, remotely approaching The Fed – because the three Chief Executives of the territory, dating back to 1997, never considered such an office as being essential, necessary or even financially advantageous to the well-being of these 416 square miles.

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