

**THE TUNG CHEE HWA POLICY ADDRESS 1999:  
PLEASE, SIR: MAY I HAVE SOME RICE ?**

What the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) requires, at this crucial point in her history, may be summed up in 3 points:

1. Relief for the 6.10 percent unemployed workforce;
2. Methods to execute, rapidly, economic recovery; and,
3. Steps to reform the HKSAR economy where it is deemed necessary.

What Chief Executive Tung Chee Hwa proposed, in his 142-minute Policy Address 1999, was the spending, over a period of a decade, of about \$HK30 billion in order to improve the quality of air and water in the HKSAR.

That took up most of his talk.

And, meanwhile, the HKSAR economy braces itself for a record Budget deficit of between \$HK34 billion and \$HK40 billion.

Nothing in the Chief Executive's speech suggested methods to assist the record levels of unemployment.

Nothing in the Chief Executive's speech suggested concrete steps to economic recovery.

Nothing in the Chief Executive's speech suggested a package of reforms so that the HKSAR would, never again, see its economy shifted into a 14-year reverse mode.

It would appear to TARGET that concentration should be given to political programmes and economic policies, both aimed at promoting economic recovery.

When the fervent missionaries from the United States and Europe, back in the 1930s, decided '*to invade*' China with Evangelical concepts, which had been sweeping the backwaters of the US where widespread unemployment had led to soup kitchens and breadlines, the Evangelists quickly learned that converting the '*heathens*' was easier when the *heathens* had full bellies.

When the British ruled the Hongkong roost, the Hongkong Administration was armed with talented economic and financial planners, who, since the end of World War II, managed to steer the Hongkong economic '*ship*' through very stormy seas.

These '*seas*' included the aftermath of the PRC's 1966 - 1969 Great Proletarian Cultural Revolution, which spilled over into Hongkong, resulting in riots and the run on Hongkong banks, which followed these riots.

The British Administration of those hairy days, in order to protect the economy of Hongkong, imposed daily withdrawal restrictions of \$HK200 on all bank accounts, and flew in planeloads of pound notes in order to give reassurance to the population that the British would not desert the Hongkong '*ship*'.

In spite of the criticism, levelled against the successive British Administrations, leading up to the assumption of sovereignty by the Government of the PRC in 1997, one cannot help but admire the Governmental infrastructure, which the British put in place in the HKSAR, allowing the, mainly, Chinese inhabitants -- there were only ever about 20,000 British, living in Hongkong, during the time that Britain administered the territory -- to enjoy a standard of living, which was, and still is, the envy of nearly all other Asian nations.

Faced with the difficult task of trying to seek solutions to the problems, confronting the HKSAR economy, Chief Executive Tung Chee Hwa has talked about a decade-long programme, which will not put rice in anybody's bowl.

To the hungry man, the merest tidbit may be a feast, but the Chief Executive has offered not even a tidbit.

### **A Potential Solution:**

The HKSAR Government has, already, locked in about \$HK200 billion, by trying to prop up the HKSAR stock market when it went into full reverse.

For what reason, therefore, does not the Administration go one step further and establish a new Government corporation, which is dedicated to the financial reconstruction of certain aspects of the economy.

This '*Financial Reconstruction Corporation*' -- TARGET's name -- could focus on 3 targets, initially:

1. To provide emergency funding for qualified financial institutions;
2. To provide emergency funding for commerce and industry; and,
3. To provide a method whereby the Corporation could purchase, on the open HKSAR markets, Common Shares, Preferred Shares, Debentures, etc,

The people of the HKSAR need to know, and need to be assured and reassured, that their Government is doing all it can to assist in the reconstruction of the economy; and, by trying to put the 6.10 percent of the labour force, which is unemployed, back into jobs.

Nothing can be perceived as being worse than for the fit and reasonable man to feel that he has lost his function as a man, the paterfamilias, as well as his dignity as the head of the family due to his inability to support his family, financially, and to be looked upon by his family and friends as being unemployed, and, perhaps, unemployable -- for any reason.

The devil's work, it is said, is the result of idle hands.

The Government of Mr Tung Chee Hwa could provide, without any hardship, at all, temporary work, even if that work is just cleaning up the roads and parks, planting flora and fauna, clearing the many slums, assisting in the construction of public buildings (removing such work from the private sector) monitoring activities in places of public enjoyment and in open markets, and painting the walls of public housing estates, many of which bear the scars of instant slums due to a lack of sensitivity by those who designed the '*human filing cabinets*'.

In order to finance this new economic incentive, increased taxes could be levied on the very wealthy, and offshore profits could be taxed, for the first time in the history of these 416 square miles.

While one of the many strengths of the HKSAR economy has, always, been its low, corporate tax base with no tax on income -- which should remain -- there is no reason that the profits, derived by the many HKSAR moguls from their offshore investments, profits which are repatriated to the HKSAR, should not be taxed at the same levels as profits, earned in the HKSAR, proper.

There could, also, be an argument for imposing heavier taxes on people whose net income is greater than, say, \$HK50 million, annually.

Such a move would put on the brakes for directors of companies, who demand higher remuneration packages from the companies, in which they work and, more often than not, control.

TARGET is not suggesting any form of socialism, but, in the present economic situation of the HKSAR, something must be done.

And something is much better than what the Chief Executive is suggesting -- which is nothing.

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