THE HONG KONG ECONOMY
Recovery and Restructuring

By Kui-Wai Li

The prolonged post-Asian Financial Crisis economic recession in Hong Kong requires a new analysis. By looking at the economic performance since the 1980s, this book focuses on analysing the macroeconomic intricacies facing the Hong Kong economy. The economic boom in the pre-Asian Financial Crisis years has also given rise to various structural imbalances that could not sustain the economy after the burst of the bubble. The large non-tradable services sector could arguably be the basis of imbalance. The short-term investment behaviour exhibited in the pre-1997 years has not fully adjusted. Demand-driven solutions can provide short-term rescue and recovery, while economic restructuring requires supply-driven solutions. There is still room for economic expansion in Hong Kong; the focus should return to the basics of economic growth and trade rather than rely on redistributive instruments and heavy government expenditures. Economic integration with the Mainland economy produces both complements and competition; strategies adopted should enable Hong Kong investors to make use of the growing economic pie in Mainland China. By considering the various macroeconomic issues, the book provides useful analysis for readers to arrive at their own economic decisions.

Dr Kui-Wai Li advocates economism that paraphrases relative rather than absolute outcomes in societal activities. His research specializes in the areas of economic and financial development, industry and trade, and focuses on China and other Asian economies. His refereed articles have appeared in journals published in the US, the UK, Italy, Japan, Korea and Mainland China. He is the author of Capitalist Development and Economism in East Asia: The Rise of Hong Kong, Singapore, Taiwan and South Korea (2002), and Financial Repression and Economic Reform in China (1994). He is also the editor for Financing China Trade and Investment (1997). Dr Li has worked as a consultant to international institutions, foreign governments and businesses, and is regularly interviewed by the local and foreign press, radio and television on Hong Kong, Mainland China and foreign issues.

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