

## [Hong Kong is losing its lustre](#) [1]

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Here in Hong Kong, I'm concerned at the way it's going. Every time I come here, it seems to get more 'welfarist'. Once the most deregulated, free-market place in the world, now it's got the minimum wage, and people are talking about a universal (government run) pension system. As elections loom, and the transition to full enfranchisement advances, politicians are keener and keener to promise bread and circuses. And one thing leads to another: the minimum wage is one thing, but when it comes with new regulations on maximum working hours and minimum holiday entitlements, it suddenly starts to get a lot more expensive than was originally advertised. Inflation is noticeable in Hong Kong, and a large part of it is due to the minimum wage effect. Apartment owners are already complaining at the effect it is having on their management charges.

It would be less worrying if all this were coming from China, as observers expected it might at the time of the handover in 1997. But some of the politicians in Hong Kong seem to be redder than those in Beijing. True, there was something of a movement to shift the place leftwards because everyone wanted to get on the right side of the new bosses. But Beijing these days does not seem too bothered about how Hong Kong runs itself; it is the Hong Kong politicians themselves that are leading things.

Hong Kong still features high, or top, of those indexed of economic freedom, with an enviably low ratio of government expenditure to GDP in the twenties. Well yes, if you exclude things like the Jockey Club, which is a sort of institutional welfare system, or the public monopolies and the revenues that they generate, and other things that are really government but don't appear on the books. It seems almost certain that mainland China's government expenditure is, proportionately, quite a bit less. And, of course, it is half that of the home of liberalism, the UK. Makes you wonder who the communists are, really.

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