

Budget that enriches financial elite sparks protest in Hong Kong

Jean Shaoul
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About 10,000 mainly young protestors took to the streets in downtown Hong Kong on March 6 to oppose the government's budget, which will further enrich the financial elite in one of the most unequal societies in East Asia. The demonstration was called by the region's opposition parties.

Protestors criticised the government for not doing enough to help the poor and called for John Tsang Chun-wah, Hong Kong's unelected financial secretary, to resign. The police intervened, leading to scuffles that resulted in several people being injured. They used pepper spray to disperse demonstrators, hurting an eight-year-old boy, and arrested 113 protestors, including two boys aged 12 and 13.

A government spokesman said in a statement that Hong Kong authorities would "listen to and carefully consider the views expressed by the public with an open mind".

The protest took place following a wave of criticism over the government's failure to initiate long term measures to help the poor, sick and elderly. The government had been forced to revise its budget and grant HK\$6,000 (US\$771) to each Hong Kong permanent resident to help people cope with inflation, which is expected to hit 4.5 percent this year. But this derisory measure has done little to assuage public discontent, particularly among the many migrant workers who do the worst and lowest paid jobs.

The government has a record HK\$580 billion budget surplus, following seven years of budget surpluses. Hong Kong now has fiscal reserves of nearly HK\$600 billion, even after spending more than HK\$87.6 billion since 2008 to counter the global financial crisis. The reserves are expected to rise every year from 2012 to 2016 by HK\$50 billion to HK\$70 billion. But despite this, the unelected ruling clique has refused to

implement measures to address Hong Kong's high and growing levels of inequality.

Instead, Tsang has continued Hong Kong's long established policy of supporting property developers and handing out money and tax breaks to the rich, in order to allow the region to maintain its position as the most important financial centre in Asia. Even the few derisory relief measures that he did offer will benefit the financial elite.

The government will waive HK\$9.9 billion in private property taxes, driving up housing prices and pushing up rents, while Hong Kong's poorest will get a two-month rent holiday at a cost of HK\$1.9 billion if they are in public housing. HK\$58 billion is to be spent on infrastructure, with the old airport at Kai Tak to be redeveloped into offices, in a move that will funnel more money into the hands of real estate moguls. HK\$10 billion of inflation-proof bonds are to be issued to give investors a better return for their money.

While the government announced that it would sell land for the building of 30,000 to 40,000 new flats, its record suggests that no more than 12,000 to 16,000 will actually be constructed this year. This is nowhere near enough to meet the region's vast housing shortage, replace the dreadful housing in which hundreds of thousands are forced to live, or prevent the cost of housing from rising further.

There will be HK\$4.7 billion in subsidies to help households pay their electricity bills. Individuals over the age of 70 are to be given vouchers worth HK\$500 a year for visits to the doctor. At a cost of HK\$1 billion, the measure aimed at keeping them out of public hospitals.

The government is to give HK\$200 million for the provision of 1,300 residential and 1,700 nursing homes for the elderly. But this sum pales in significance when

one considers that one in four elderly people die waiting for such places.

There will be an extra HK\$328 million in social security payments to 55,000 disabled people and an increase of HK\$590 million for services to the severely disabled. However, as Christine Fang Meng-sang, the chief executive of the Hong Kong Council of Service pointed out in an article in the *South China Morning Post*, there are 10,000 people with disabilities who are registered as needing “day training, vocational rehabilitation and residential care services”. It would cost an additional HK\$1 billion a year to provide 10,000 places, a sum that is less than two percent of the annual budget surplus, and cut the waiting time for services in half.

Tsang announced measures to extend the new travel subsidy for low-income households to an additional 106,000 people, bringing the total number of eligible households to 436,000, at a cost of HK\$4.8 billion over three years. But eligibility for the Work Incentive Transport Subsidy will depend upon an intrusive method of means-testing.

In Hong Kong there is no state pension for the elderly, many of whom live in extreme poverty, just an expensive and hated compulsory retirement savings scheme known as the Mandatory Provident Fund (MPF).

Only 2.5 million of Hong Kong’s 4 million workers have MPF accounts. The MPF does not cover housewives and low-income workers. Invested in stock market funds, the MPF is eaten up by high management fees, estimated to cost about two percent, and inflation, leaving workers with a pittance upon retirement. Over the 10 years that the MPF has existed, administration costs have already totalled HK\$33.3 billion, or HK\$13,300 from each account. Despite this, the government has refused to review the MPF or provide a universal pension system.

The government had proposed putting HK\$6,000 into every worker’s MPF, a measure it was forced to abandon in the face of widespread opposition, since the proposed MPF handouts would simply have been eaten up in management fees by the fund companies, long before the payout upon retirement.



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