

A buoyant economy the best medicine

MONEY does not solve all problems but it can do enough to please nearly everyone, including scrooges. Today the Hongkong Treasury coffers, like our refugee camps, are set to spill over as the economy grows at an estimated 10 per cent a year and as revenue rolls in. The Financial Secretary, Mr Piers Jacobs, can even be pardoned for his uncharacteristic glee as he oversees a robust budget surplus forecast of an estimated \$5 billion, more than double the original estimate earlier this year.

How truly remarkable this achievement is can be seen by the sudden recovery of Hongkong from a budget deficit three and four years ago when the property market slumped and confidence in the territory sank. Over the past five years, a resilient Hongkong has gone from despair to euphoria despite the spectre of trade barriers in the United States and intense competition from other newly industrialised countries. As Mr Jacobs would be the first to admit, the resurgence is taking place, as it has before, without any significant Government prod. Simply put, Hongkong is living proof of the principle of free trade with minimum interference.

The credit for the surplus should go to basically sound Government management and to the diligent Hongkong workers — white, blue or no collar, whose dedication continues to be the territory's best asset. Ultimately, the boon should be passed back to the working Hongkong public in forms of better and more bountiful services that are not a gift but an entitlement. Far from frittering away a fortune — for \$5 billion does not stretch too far among 5.5 million people — the surplus should be treasured and partly invested in what sociologists call human resources and what laymen refer to as education, limited welfare and health care.

As the public hears of the abundant coffers, thoughts no doubt turn to additional ways of slicing up the expenditure pie. But before anyone contemplates a spending spree, he should consider the value of prudence in boom times and bust. Insistence on a balanced budget may presume that lesser, unimportant projects are included when there is money, and that the economic razor slashes major, important projects when times are lean. Instead, a firm believer in the saying, "saving for a rainy day", the Government has, during the lean years, scrimped on many services. But to be fair, it could not be accused of ever ignoring the basic needs of a vibrant and increasingly demanding society. The Prince of Wales Hospital in Sha Tin, the Island Eastern Corridor and the new housing estates — all built during the hard times — bear testimony to the good business sense that has guided the administration, which relies on past and present windfalls to make up for the years of bleak harvests.

Most notably, education, social welfare, transport and health services have improved dramatically over the past decade, without any need to raise

drastically direct or invisible taxes. Certainly, such a cautious approach has inspired business confidence in Hongkong as investment streams in, as the stock exchange index surges and as exports and re-exports chalk up record gains.

Though the quality of Hongkong life has never been better, there is always room for improvement whether in the environment, medical care or recreation. Estimates of the funds needed in this or that area vary — more if one were the recipient and less if one were the exchequer. What the Government rightly fears is that a sudden spurt of generosity to suit one need would only whet the appetite of another. The projected \$5 billion surplus may be large enough to gladden all, but it is not large enough to sate every craving and every want.

Nevertheless, certain areas can benefit immediately from the expected windfall, starting with at least partial reform to the conjugal income tax system that deems a wife and her income to be her husband's chattel. Such an archaic and unfair policy, in money terms at least, while able to add an extra \$400 million a year to government revenue should be reconsidered. Surely, there is a case now for the single tax on married couples to be looked at in light of the surplus.

Furthermore, the income tax which was lowered by half a per cent to 16.5 per cent of net earnings this year could well be reconsidered. As Hongkong moves towards a more socialised medical system, it should consider a special grant for essential equipment and proceed with plans to integrate Government and subvented medical staff as a first step in the setting up of an independent Hospital Authority.

Perhaps too, fishing families and farmers seeking help can be assisted so that the agrarian heritage may be preserved; the shrinking woodland in the northern New Territories hills and Lantau can be incorporated into parks; and the campaign against pollution which the Governor, Sir David Wilson, wishes to wage can now begin.

An enlightened society is one that strives to enhance the lives of its citizens. Other countries have been able to achieve this through time, exorbitant costs and occasional blunders. Hongkong, thankfully, has developed and prospered on a relatively modest Government budget and, when the times demanded, prudent spending. Sir David was asked more than two months ago at his first press conference what mark he wanted to leave on Hongkong before his tenure was over. At the time he said it was too soon to determine what legacy he would leave behind. Perhaps now, with deference, one might suggest that the best legacy he could leave behind is a buoyant economy, a prudent administration and perhaps a few of the little things — like an oasis amid the tenement blocks, extra naps on a night shift and cleaner air — that are not always noticed but are always quietly appreciated.