

Speech by Y C Richard Wong at the Hong Kong Convention Centre on 13 December 2001.

Before 1997 the people of Hong Kong were worried about their political future, but they were confident about their economic future, our feelings today are perhaps just the opposite. As a consequence of the onset of the Asian financial crisis and the more recent recession in the industrialized economies, the Hong Kong economy has been at a low point ever since 1997.

It is possible that the excesses in the decade before 1997 might be partially blamed for our current economic predicament, for example, the runaway inflation of asset prices. But as a small open economy, Hong Kong has always been susceptible to such external shocks. Our current experience is not an exception. Hong Kong's poor economic performance is a result of the external shocks that have ravaged the Asian economies. Business cycles come and go, and our economy will recover in good time.

One must also not lose sight of the fact that, as a small open economy there is not much we can do to avoid or avert. Our past experience has shown that too much tampering with our economy has adverse consequences and will only delay the recovery. I would give Mr. Tung's administration credit for resisting the temptation to become too prone to populism when weathering the current economic downturn. His administration has correctly put emphasis for the first time on focusing on longer term issues to enhance our economic competitiveness, notably by giving attention to education and the environment, and to our further economic integration with the Pearl River Delta.

While we can appreciate why public confidence in Hong Kong's economic future is at low ebb, but they are in my view far too pessimistic. Hong Kong and the people of Hong Kong have many competitive advantages in today's global economy. Our political stability, the strengths of our legal institutions, our open and competitive markets, the predictability of our tax regimes, and the stability of our currency and linked exchange rate regime have continued to foster a business environment that is the envy of many of our neighbors. Our legendary entrepreneurial spirit is still intact. Mr Tung's administration has done a great favour for Hong Kong in upholding these important pillars of our economy. While we may have taken them for granted, they require courage and fortitude to do so in the face economic adversity. His administration has resisted populism for Hong Kong's longer term advantage.

The political transition has been so smooth that it has surprised many international observers. Hong Kong remains a city where our essential freedoms are protected and our political system is stable. I believe above all else that these accomplishments are essential to the long run prosperity of Hong Kong. There might have been concern before 1997 as to whether the Chief Executive would be able to preserve these fundamental pillars of our free society and free economy. I think Mr. Tung's administration has delivered this for Hong Kong in the most trying circumstances. I would support his bid for a second term and the continuation of these economic policies.