

A Comparative Study of Hong Kong and Regional Cities

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Abstract

From a desolate island to a window bridge between China and the world, Hong Kong has surpassed Singapore and South Korea step by step to become the third world financial center after New York and London. The article analyzes the economic development history of Hong Kong and compares it with Shenzhen, Singapore and Tokyo, analyzes it from the perspectives of historical geographic factors, GDP, national policies and changes in industrial structure, and draws out the differences between Hong Kong and the other three cities in terms of economic development, and analyzes the impacts that these differences bring to Hong Kong's economy, and predicts Hong Kong's development prospects.

Keywords

regional financial center, Hong Kong, Shenzhen, Singapore, Tokyo, economic history, comparative study

1. Comparative Study of Shenzhen and Hong Kong

1.1 Historical Stages of Shenzhen's Development

Shenzhen is geographically located in China's "South Gate", the southern part of Guangdong Province, with Daya Bay and Dapeng Bay to the east, the Pearl River Estuary and Lingding Sea to the west, the Hong Kong Special Administrative Region to the south, and Dongguan City and Huizhou City to the north, and is geographically endowed with unique development advantages. Historically, it was Bao'an County in Guangdong Province, and the area under its direct jurisdiction historically included the present city of Shenzhen, the whole of Hong Kong and part of Dongguan. At the end of the Qing Dynasty, with the outbreak of the First Opium War and the process of China's semi-colonial and semi-feudal society, Hong Kong was illegally occupied by Britain in 1842 with the signing of the Treaty of Nanjing between China and Britain. In 1860, due to the outbreak of the Second Opium War, the Kowloon Peninsula of San On County was also ceded to Britain by the Treaty of Beijing, and in 1898, the Qing government signed the Treaty of Extension of Hong Kong's Boundary with the United Kingdom, which leased the present New Territories to the United Kingdom for 99 years. As a result, 1,055.6 square kilometers of the 3,076 square kilometers of land in San On County were colonized by Britain.

1.2 History before Reform and Opening Up

After the founding of New China, Xin'an County was officially renamed Bao'an County. With the establishment of the socialist system, the economy of Bao'an County ushered in a brand new development. However, Shenzhen, which is subordinate to Bao'an, due to the harsh natural environment, most of which is low hilly land, interspersed with gentle terraces, resulting in closed transportation in the Shenzhen area, "Shenzhen is located in the lowlands on the north bank of the Shenzhen River, in the event of a typhoon and heavy rainfall, the flood excretion is not smooth, coupled with a tidal wave of the top of the support, the city of Luohu, Futian will be oceanic" (Xiong, 2008). In addition to the natural environment, the local economic base is not optimistic, Shenzhen's economic base is very weak. Primary and secondary industries are in a dominant position, and in the primary industry, planting is the dominant industry, its main crop is grain, basically self-sufficient small farm economy. Its manufacturing industry can only produce some agricultural primary products, that is, can only carry out preliminary processing of crops, the technical level is low. As a result, the local financial industry is in a relatively backward state.

The old financial pattern of Shenzhen is mainly characterized by the following features:

(1) Limited sources of deposits, limited income of local residents, and lack of conditions as a node of capital intermediation. Some banks have not opened savings business for local people, and even individual banks can only rely on the relief money sent back by relatives and friends of local residents outside the country for the source of deposits. By the end of the year, financial institutions in Shenzhen RMB 101.25 million yuan deposits, foreign exchange deposits of 15,000 U.S. dollars, per capita savings level of only 322.4 yuan

(2) Financial institutions are mainly generated by government policies and lack local economic support. Financial institutions set up here, only thanks to the administrative division of the "apportionment".

(3) Deposits are mostly temporary deposits, "agricultural banks, credit unions deposits mainly from the rural community production funds seasonal idle" (Xiong, 2008), it is difficult to generate more benefits.

Figure 1: Topographic map of Shenzhen flooding disaster

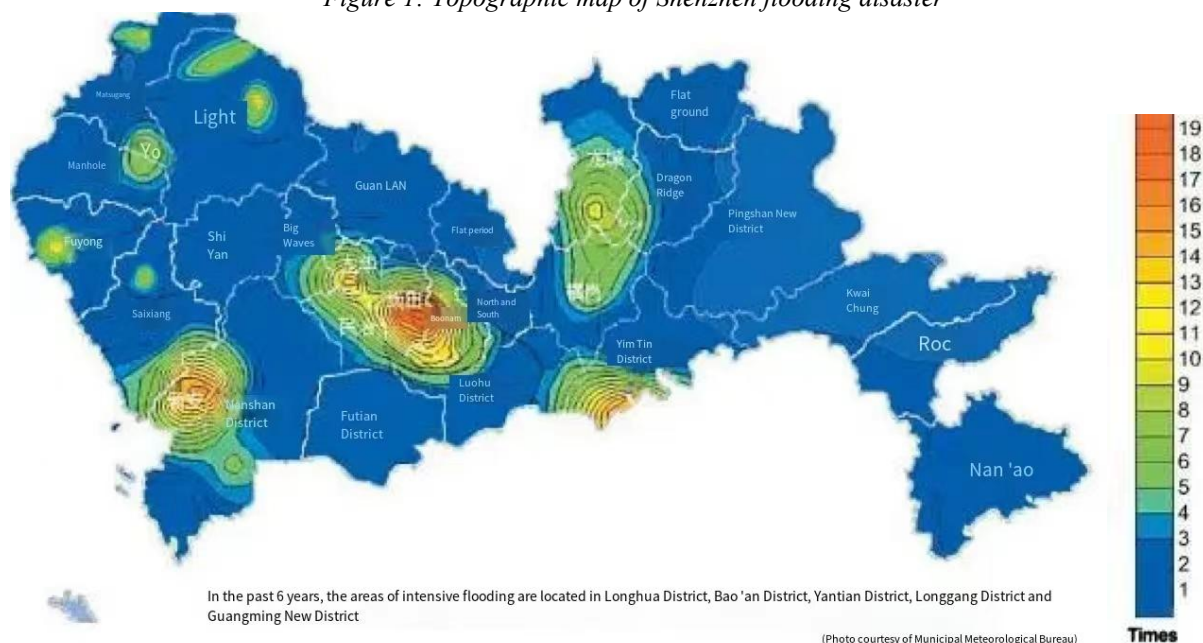
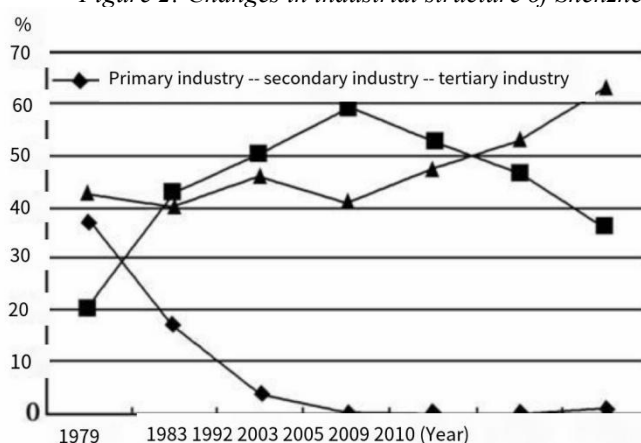


Figure 2: Changes in industrial structure of Shenzhen



1.3 Creation of the Special Administrative Region

In May 1980, the Central Committee of the Communist Party of China and the State Council issued Document No. 41, which established Shenzhen as a special economic zone, and in August of the same year, Shenzhen, Zhuhai and Shantou were combined to form a special economic zone. Thus began a new era of economic construction in Shenzhen. In addition to the special policies of the central government, the local financial industry also diversified and accelerated the process of marketization, with the establishment of the Shenzhen Branch of the People's Insurance Company of China in February 1980, which was upgraded to the Shenzhen Branch of the People's Insurance Company of China in June 1984, and the establishment of the Shenzhen Branch of the Industrial and Commercial Bank of China (ICBC) in July 1984, within five years of the establishment of the Special Economic Zone. Within this five-year period, the bank's deposits and loans reached 3.5 billion yuan and 4.51 billion yuan, an increase of 34.5 times and 60 times respectively compared with the period before the reform and opening up. 80% of the working capital of enterprises in the SAR came from loans, 36% of the capital investment of enterprises came from loans, and the capital invested by banks accounted for 56% of the total construction capital of the SAR. In order to adapt to the wave of globalization, Shenzhen SAR introduced foreign banks and set up foreign exchange transfer centers. In January 1982, Shenzhen introduced Nanyang Bank and set up the Shenzhen branch of Nanyang Bank. By the end of 1984, there were successively eight foreign banks entering Shenzhen, with a cumulative total of 24 million US dollars in deposits and loans and 38 million US dollars in deposits and loans.

2. Comparison between Hong Kong and Shenzhen

Hong Kong and Shenzhen have many differences, the first point: Hong Kong has become an international financial center of the main historical reasons for Hong Kong's successive authorities in Hong Kong and the British pursued a policy of "positive non-interventionism". This is reflected in the almost total reliance on the free market and the free enterprise system to determine the allocation of social resources and the distribution of economic income. The government tended to balance the budget. Hong Kong and the British government does not use monetary policy to intervene in the economy, the role of fiscal policy is only very limited in the tax revenues and fiscal expenditure, as well as the formation of a deficit budget or surplus budget between the two (Luo, 1994). The development of the financial industry in Shenzhen is more dependent on the government's more powerful program policy to promote the difference between the two is that Hong Kong's model of the development of a more natural and comprehensive, but the lack of speed and efficiency, while the development of Shenzhen is more rapid, although there are many pitfalls of the problem, but to ensure that the local industry on the huge demand for capital.

The second point, Hong Kong relative to Shenzhen, the development of an earlier starting point, higher innate endowment, its geographical GDP has been at a high level, and the local industry relative to Shenzhen, more suitable for the development of the financial industry. Shenzhen is mainly secondary and tertiary industries accounted for absolute dominance, and overall secondary and tertiary industries for "accounted for

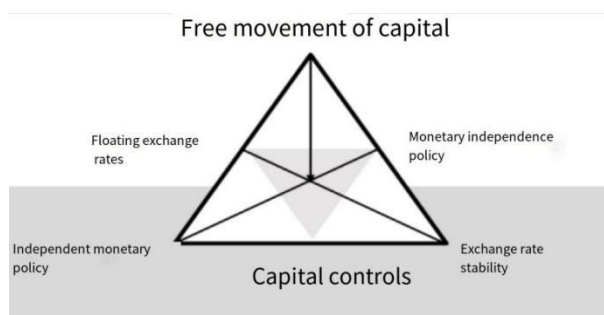
the overall proportion of more than 50%”, the economic structure is more balanced, however, the tertiary sector occupies the absolute proportion of Hong Kong's economy, long-term maintenance of more than 90%, and is a continuing upward trend, which makes Hong Kong in the competition for international financial centers have a This gives Hong Kong a very strong advantage in the competition for international financial center.

Table 1: Hong Kong-Shenzhen GDP comparison, 1979 - 2018

Year	Hong kong (hundred million HongKong dollar)	Shen Zhen (hunderd million yuan)	HongKong: ShenZhen
1979	3994	1.96	1:2500
1990	5990	172	1:21
1995	11157	842	1:14
1997	13650	1297	1:11
2000	13148	2187	1:6
2004	12914	4282	1:3
2006	14743	5814	1:2.6
2013	21000	14500	1:1.2
2018	28453	24221	1:0.99

The third point, according to the ternary paradox, just like the same asset will not have high yield liquidity low risk three characteristics at the same time, an economy will not have free flow of capital, exchange rate stability, monetary policy independence three characteristics at the same time, relative to Shenzhen, Hong Kong's free flow of capital is more powerful, and Shenzhen has exchange rate stability, and monetary policy independence two advantages. after 1973, it has become a completely open After 1973, it became a completely open and free foreign exchange market. In November 1974, Hong Kong announced that it would leave the sterling area and peg with the US dollar, and after the introduction of the free floating of the Hong Kong dollar exchange rate, the foreign exchange market of Hong Kong has been developed in a comprehensive manner. Now, the market is active in buying and selling, is an important part of the world's foreign exchange market. in early 1989, Hong Kong's foreign exchange market daily average transactions up to 49 billion U.S. dollars, second only to London, New York, Tokyo, Zurich, Singapore, ranked No. 6 in the world in 1992, foreign exchange daily turnover jumped to 61 billion U.S. dollars (Zhang, 1994). The degree of free flow of capital in Shenzhen is located in 103 after, but Shenzhen has a stronger stability. 1988, when the outbreak of the bank savings war, interest rate wars and account opening war Beacon, a profound impact on the financial market at the time, the financial sector in Shenzhen, but “remains stable regardless of storms and tornados”. 1989, the first half of Hong Kong, crowded out of the RMB deposit tide, but the financial institutions in Shenzhen City, still have the flexibility to dispatch funds to ensure that the deposit payment ability, fully demonstrated the Shenzhen financial industry has the ability to cope with the risks. 1990, the national economy are In 1990, the national economy was plagued by “cut and cut, still messy” triangular debt and a large number of corporate capital circulation outside the body (Xiong, 2008), Shenzhen calm and orderly. 1991, the interbank funds to be cleared and the system of exchange rate differentials exceedingly high, so that the pressure on the ticket, pressure on the foreign exchange problem is prominent, the joint bank clearing blocked, the social capital slowdown, and Shenzhen basically do the money to the fullest extent, the capital flow smoothly, Shenzhen financial industry has the risk response ability. Shenzhen, on the other hand, has basically managed to maximize the use of money and smooth the flow of capital. From this, we can see that Hong Kong's financial industry has adopted the mode of development of facing the world and accommodating all rivers, and has been deeply influenced by the big wave of the world economy, while Shenzhen has adopted the strategy of opening up in an orderly and gradual manner, and has made use of the advantages of the socialist system to carry out its development and ensure the fundamental interests of the people.

Figure 3: Ternary Paradox Diagram



3. Comparative Study of Singapore and Hong Kong

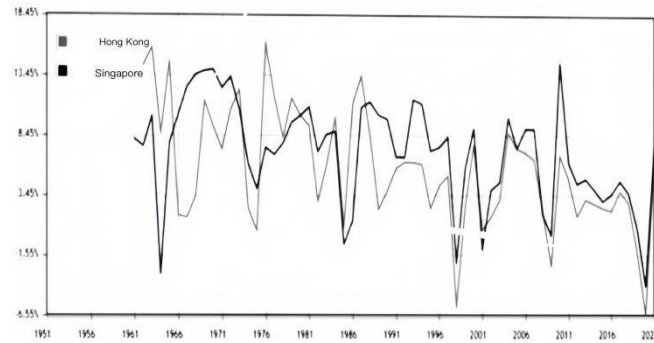
Natural geographic location affects the spatial scope of economic activities to be carried out and the cost of economic activities. From the perspective of population, people are both producers and consumers. In the mainstream model, when population is compatible with economic development, population growth drives economic development. Geography provides a convenient way for the circulation of goods, and population growth provides cheap labor for economic development and lays the foundation for the development of manufacturing and tourism (Lin & Huang, 1988).

Hong Kong is located in the southern part of Guangdong Province and the eastern side of the Pearl River Delta, at the center of Japan, Korea, Taiwan, the Indian Peninsula, the Southeast Asian Islands and Australia. In Chinese history, Hong Kong Island was an important trading port for the mainland and Japan, Malay and Australia. At the same time, Hong Kong has an excellent Victoria Harbour, one of the world's three natural deep-water harbors, where ships with a draft of 44 feet can move in and out and berth freely. From 1961 to 2022, Hong Kong's population growth rate had a substantial increase of over 4% around 1962, 1979 and 1996 respectively. Continuous population growth has also brought dividends to Hong Kong's economic development. Possessing a unique geographical location, Singapore is situated at the throat of the Straits of Malacca and is the most important transit point on this route, which makes it the largest transshipment port in the Asia-Pacific region and the largest container port in the world. Singapore's position on the Straits of Malacca has enabled it to play a role in international trade, from its initial role as the world's entrepot to its later development of export-oriented industries, etc. All of these are attributed to the outward-looking economy that has permeated Singapore's history, and all of them cannot be separated from the support of its advantageous geographic location in the era of globalization. At the same time, since the 1960s, there have been population growth rates of more than 4% in 1981, 1996 and 2008.

Despite being the “Four Little Dragons of Asia” with similar geography and population growth, the success factors of the two are different, and policies, institutions, and development goals have had different impacts on the current status and prospects of the two.

In 1964, Singapore's economic growth rate was -4.3%, in 1985 the economy contracted by 1.6%, in 1997 the economic crisis in the financial sector, the real estate industry, 2018-2022, Singapore's economic growth rate of 3.6%, 1.3%, -3.9%, 8.9%, respectively, and Hong Kong's economic growth rate of 2.8, -1.7, -6.5, -3.9, 6.4, in several years! The growth rates of Hong Kong were 2.8, -1.7, -6.5, -3.9 and 6.4 over the years, with “v” shaped fluctuations in both cases.

Figure 4: Hong Kong-Singapore GDP Comparison, 1964-2022



3.1 Characteristics of Singapore's Economic Development

In 1965, Singapore withdrew from Malaysia and established the Republic of Singapore, and its economic development since then has been characterized by the following features:

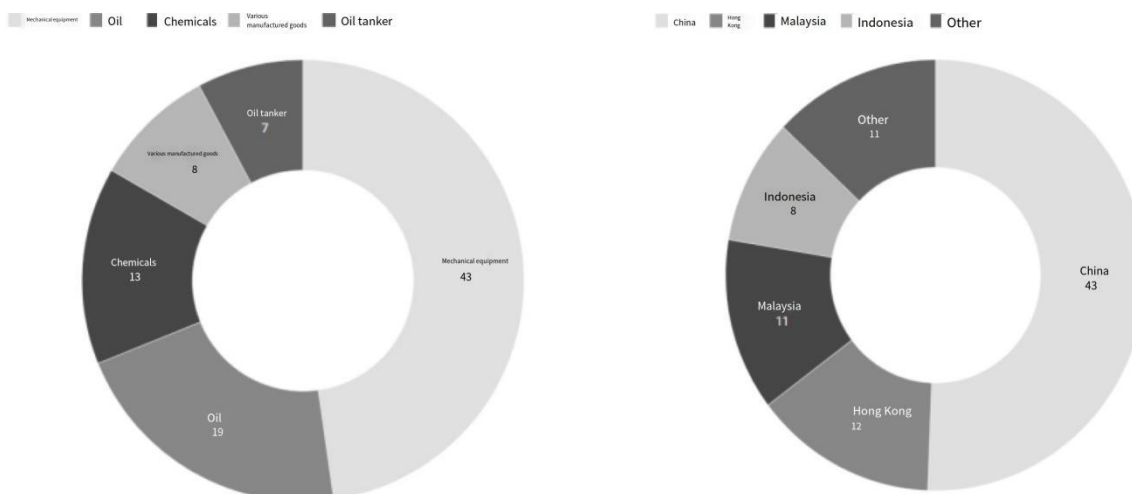
3.1.1 Analyze the National Situation and Set the Tone of Development

As Singapore's land area is only more than 700 square kilometers, only less than 3 million people at the beginning of the founding of the country, and is in the center of the conflict between a number of major powers, so the then leader Lee Kuan Yew analyzed the national conditions of similar Israel and Switzerland [6], so as to come to the conclusion that it is necessary to live in peace with the major powers, to avoid participating in the conflict between the major powers, to maintain the relationship with the neighboring countries of Malaysia and Indonesia, and to strive to adapt to the development of the world economy. tone of the world economy.

3.1.2 Establish Pillars and Adjust Industrial Structure

Singapore is small in size, but has a good geographical location and harbor conditions. Since the 1960s, Singapore has focused on the development of foreign trade, and after the completion of industrialization, it changed the single “economic structure of re-export trade” so that the foreign trade industry revolves around the promotion of the country's industrialization and the establishment of a diversified economy, and twenty years later, the volume of foreign trade reached three times of the total value of international production. To this day, the bulk of Singapore's income comes from foreign trade. The largest exports are machinery and equipment with a 43% share. The country also exports petroleum (19%), chemicals (13%), various manufactured goods (8%) and tankers (7%). Singapore's major export partners are China (15% of total exports), Hong Kong (12%), Malaysia (11%), Indonesia (8%), the United States (6%), and Japan (5%) [7]. As the world economy continues to grow, Singapore has gradually begun to develop its manufacturing and financial services industries. Electronics, computers, telecommunications, shipbuilding, and finance were the first few economic pillars established in Singapore. Singapore is using an economic approach to promote the transformation of industrial structure through the law of value.

Figure 5: Percentage of Singapore's major export products, & trade export countries in 2022



3.1.3 Attracting Foreign Investment to the Top of the World

While Hong Kong relies on the efforts of small firms to reach its economic take-off, Singapore relies on the power of foreign investment to actively bring in multinational corporations (MNCs) to reach across regional markets and into developed industrialized countries. The general needs of MNCs' regional headquarters for the host country's comprehensive urban environment include : market, human capital, finance and tax, policy and infrastructure. And Singapore's environmental advantages are a simple tax system with low tax rates and a high degree of trade facilitation (Su et al., 2008).

3.2 Differences in Economic Development of Singapore-Hong Kong

Differences in economic systems. Singapore has a social market economic system, whereas Hong Kong has a decentralized free economy. Singapore is generally dominated by private enterprises in various economic activities, but the government still holds part of the land, enterprises, and labor force to compete and cooperate with private enterprises. On the basis of the free port, Hong Kong has formed a free market economy, with government departments exercising macro-control over some industries closely related to society and people's livelihood, and not intervening in the fields of trade, commerce, industry, shipping, etc., actively utilizing the role of the free market, and attracting enterprises and talents with low-tax policies. At the same time, Hong Kong enterprises have full decision-making power, as long as the law permits, no matter how you want to invest, consumption, start a business, the government does not interfere, the guilds, chambers of commerce, associations is the government and enterprise communication center. The Singaporean government will appoint the chairman of the enterprise and other measures to control and implement the government's intentions, and at the same time in the macro-economic field, the government firmly grasp the macro-control, through the formulation of development plans, industrial policy, well use of taxation, interest rates, exchange rates and other fiscal and monetary policies, the overall development of the economy to actively guide and intervene.

The economic policies are different. Both are free ports, Hong Kong practicing “positive non-interventionism”, Singapore is also based on liberal economic policies, but the degree of freedom of the two is different. As a sovereign state, Singapore has segregated its domestic and foreign financial markets, and most foreign banks and financial institutions are only allowed to operate offshore financial businesses. Because of this, the 1997 Southeast Asian financial crisis did not deal a fatal blow to Singapore's economy and finance; whereas in Hong Kong, the domestic and foreign financial markets are integrated, and both local and foreign banks enjoy the same rights to operate a wide range of financial services freely.

In general, Hong Kong is stronger than Singapore in terms of the degree of liberalization; and it is also necessary for Singapore, as an independent sovereign state, to take certain protective measures for certain domestic industries and certain parts of the market.

4. Comparative Study of Tokyo and Hong Kong

4.1 Differences in Economic Development

4.1.1 Hong Kong's Financial Development is Greatly Influenced by History

Hong Kong's journey to become an international financial center and is closely related to historical development, due to the history of the colonial color, the initial development of its financial industry can not be separated from the introduction of the financial system of the United Kingdom and other powers, for example, the beginning of the note-issuing bank, the Tung Fang Hui Lane Bank was founded by the United Kingdom, and the next banknotes bank was founded by a number of foreign banks to pool their capital. This has made Hong Kong very inclusive, and it is precisely for this reason that Hong Kong nowadays invites more objective foreign experts to diagnose every major financial event and to reflect on it in order to avoid a bigger crisis. While the development of Tokyo is also greatly influenced by the Western powers, but the promotion of the West in Tokyo has a certain foundation and financial influence before playing a greater role, so Tokyo's financial start-up stage is still relying mainly on their own accumulation of capital, compared to Hong Kong in the autonomy of a better. In addition, Hong Kong's financial industry by historical factors is also reflected in the Communist civil war and the war of resistance to the two wars for its economic development: Hong Kong's industrial development is an important reason for the mainland enterprises in the war of resistance to the civil war in order to seek a good business environment for the relocation of the south, and these enterprises to the south for the development of Hong Kong to provide the material security, when theAt that time, there were at one time more than 2 000 factories in Hong Kong. During the 130 years from 1820 to 1950, Hong Kong's GDP growth was extremely limited; between 1950 and 2007, it grew nearly 100 times. And due to the war, the total population of Hong Kong surged from 500,000 to 1.8 million in two years from the fall of 1945 to the end of 1947. Population growth was undoubtedly a strong driving force for economic development. The financial layout of Japan, on the other hand, was not seriously affected by the war.

4.1.2 Hong Kong Banks are More Inclusive

Although China's implementation of one country, two systems, Hong Kong's implementation of the capitalist system, but the implementation of one country, two systems is the premise of the unified leadership of the central government, and this determines the Hong Kong financial or with the bottom of the service to the people, so Hong Kong's financial inclusion is naturally higher in the world's 42 markets, Hong Kong ranked second in the rankings of financial inclusion, and in the government's support, support for the financial system, as well as the employer support In the three pillars of government support, financial system support, and employer support, Hong Kong is ranked in the top 10 in each of the three pillars of study, and it is leading the region in promoting the improvement of financial inclusion by its own force. Japan, on the other hand, has a fully capitalist system, and its financial services are provided to a relatively small number of capitalists and institutions, and its inclusion is relatively weaker. More importantly, Hong Kong's financial inclusion is mostly achieved through the policies of the government and the relevant regulatory bureaus, whereas Japan, on the other hand, has established a credit-centered system to protect SMEs and consumers, so there is a difference in the way the two countries achieve financial inclusion.

Figure 6: Comparison of Tokyo - Hong Kong GDP from 1962 - 2020

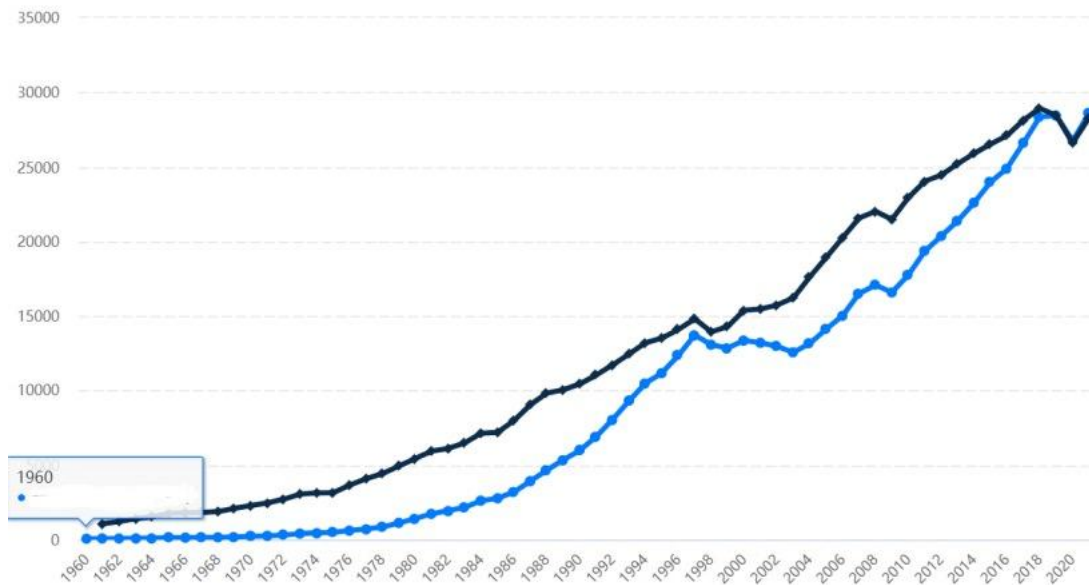


Table 2: Ranking of Inclusion in the World

Rank	Market	Score	Provision of guidance and support around financial issues	Employee pension/retirement contributions	Employee insurance schemes	Employer pay initiatives
1.	Vietnam	83.2	88.2	70.5	88.5	98.5
2.	United States	80.0	85.1	86.2	67.5	75.1
3.	India	78.5	93.3	77.1	69.1	75.9
4.	Saudi Arabia	73.9	93.4	62.5	71.6	79.8
5.	Malaysia	73.3	90.5	62.0	71.2	81.0
6.	Thailand	72.5	90.4	56.6	79.9	79.2
7.	Hong Kong	69.4	72.2	61.6	75.5	76.0
8.	China	69.1	82.7	80.6	53.1	48.5
9.	United Arab Emirates	66.6	85.5	54.7	72.0	65.9
10.	Turkey	65.2	72.8	60.4	69.5	63.1
11.	Indonesia	62.7	81.7	46.2	66.6	73.0
12.	Taiwan	62.7	77.7	47.2	73.3	67.9
13.	Norway*	62.3	76.1	65.6	55.9	48.1
14.	Finland	60.3	74.1	55.6	62.7	53.5
15.	Switzerland	58.6	63.9	57.3	64.9	49.8
16.	Poland	58.5	71.3	41.3	72.0	66.7
17.	Peru	57.4	63.5	61.6	42.5	57.6
18.	Denmark	56.5	83.5	39.1	63.2	57.4
19.	Nigeria	56.4	78.1	45.1	48.5	65.0
20.	Brazil	55.6	66.1	48.9	58.0	56.1

4.2 Similarities in Economic Development

4.2.1 Geographic Location Advantage as Both are Near the Sea

Hong Kong has a relatively advantageous geographical location, with the city of Shenzhen in Guangdong Province to the north, the Wanshan Islands in Zhuhai, Guangdong Province to the south, and Macau to the west, less than 100 kilometers from the sea. Due to its proximity to the sea and its large harbor, Hong Kong enjoys relatively convenient exchanges with foreign countries. Since the Qing Dynasty, Hong Kong has been acting as a gateway for exchanges between the Mainland and other countries, and has been a relatively active transit point for both trade and financial activities. The positioning of Hong Kong as a free port has been engraved in the bloodline of Hong Kong and has laid a solid foundation for its subsequent development. Today, Hong Kong is at the forefront of economic freedom in the world, an achievement that is closely

linked to its favorable geographic location. 2022 Hong Kong's imports were valued at HK\$41,029 million, while its exports reached HK\$1,372,767 million, an impressive performance of imports and exports, and maintained a surplus. Japan, as an island nation, also has a natural advantage in this regard, with Tokyo also being extremely close to the sea, only about 100 kilometers away. Japan itself occupies a small area and is relatively poor in domestic resources, making trade exchanges with foreign countries all the more necessary. Tokyo has even more frequent exchanges with foreign countries due to its status as the capital city. Also in 2022, Japan's cumulative exports of 981,860,000,000 yen increased by 18.2%, while imports of 118,1573,000,000 yen increased by 39.2%. Although Japan has a trade deficit, the total amount of imports and exports is quite impressive. In terms of the convenience of foreign exchange, the two have the same advantages.

4.2.2 Both are Practicing Capitalist System, Free Flow of Capital

China is practicing socialist system, the free mobility of capital is poor, a good embodiment is that our citizens can not exchange more than 50,000 U.S. dollars of foreign exchange in one day, while Hong Kong and Japan do not have such restrictions. In addition, M1/M2 is an important indicator of a country's and region's capital mobility, and in 2022 China's M1/M2 will be around 0.252, while in Japan it will be as high as 0.84. This suggests that people in Japan are more inclined to invest their money and allow it to circulate in the market, while people in China are the opposite. This difference is also an important driving force for the development of the capital market in Japan.

Apart from this, the distribution system in the capitalist system is also noteworthy. Specifically, the proportion of labor in the initial distribution in Hong Kong has fluctuated at a low level of around 50% for a long time. And due to Hong Kong's unique triadic economic structure, there is a serious imbalance in compensation between various economic sectors; in addition, Hong Kong's share of foreign capital is extremely high, with Hong Kong's total external primary income outflow in 2021 amounting to HK\$1434.7 billion, equivalent to 50% of GDP; and the total external primary income inflow is even higher, at HK\$1,639.6 billion, equivalent to 57% of GDP, which is the highest share among developed economies. It is one of the highest among developed economies. In addition, in terms of labor structure, Hong Kong Poverty and impaired educational opportunities in Hong Kong reinforce each other, and there is a tendency for poverty to become entrenched between generations. According to the report of the Household Survey conducted by the SAR Government, of the approximately 3.8 million employed persons in Hong Kong at present, those with secondary school education or below account for as high as 56.4%, while degree holders account for only 32.6%. There is a wide disparity in the wages and incomes of people with different academic qualifications. The median monthly incomes of managers and professionals, who are generally required to hold a degree, are HK\$48,000 and HK\$45,000 respectively, whereas the median monthly incomes of service and sales workers, who are not required to hold a degree, as well as those of unskilled laborers (excluding domestic helpers) are only HK\$14,100 and HK\$12,000 respectively. These phenomena, which are closely related to the capitalist system, have resulted in a huge gap between the rich and the poor in Hong Kong. According to the Gini Coefficient based on per capita household income published by the Census and Statistics Department of the HKSAR Government, the figures were 0.525, 0.533, 0.537 and 0.539 in 2001, 2006, 2011 and 2016 respectively, which shows that the disparity between the rich and the poor in Hong Kong has been very great in the past 20 years or so and the gap has been widening. If real estate asset returns are included, the Gini coefficient is as high as 0.7, which is definitely the first in the world.

5. Conclusion

Hong Kong, as one of the "Four Little Dragons of Asia", has transformed from a small fishing village into an international financial capital, and its destiny is closely linked to the mainland and the international economic situation. Driven by the free port trade policy, Hong Kong has vigorously developed by taking advantage of its geographical location and favorable policies. Although Hong Kong faces many challenges and difficulties in the post epidemic era, it will surely have a long term stable recovery and development when the international situation stabilizes.

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