

The Negative Answer to the Tongue of “Hong Kong has been Marginalized in 21st Century”

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Abstract: This article introduces the origin of the tongue “Hong Kong has been marginalized in last two decades”, and analyses the financial service from historical point of view, strategic importance in national development of People’s Republic of China, and the pioneering medical education and service that lead the world, by utilizing empirical analysis over the three main body parts. We argue that the phenomenon of “marginalized” exists nowhere, exactly on the contrary, Hong Kong Special Administrative Region is placed on unprecedented political economic position in national tactics, striving for heading the world’s development.

1. Introduction

Nowadays, “Financial Market” has gradually emerged into people’s vision. A financial market is where people trade financial securities and derivatives. [1] Trade acts as an engine for economic growth and in the long-run, economic growth can be potentially enhanced by trade openness (Barro & Sala-i-Martin, 1997). Therefore, the development of financial market has always been an important economic lifeline of a country. For Chinese mainland, after 40 years’ reform and opening up, with the transition from the planned economy to the market economy, mainland’s financial undertakings have changed greatly and made more outstanding achievements. After a more systematic and complete financial organization system has been set up, a significant number of Chinese A-shore investors and related scholars make their own guess, whether mainland’s financial market could be regarded as an entire financial representative of the whole China, compared with Hong Kong’s. Such a conjecture has attracted more discussions on the mainland and Hong Kong’s finance, and some even put forward the idea of Hong Kong’s marginalization. However, the assumption of Hong Kong’s marginalization is insufficient and this article seeks to argue that Hong Kong is still the most important and competitive city in Asia Pacific region and even in the world from three aspects of finance, politics, economy and medical education.

2. Finance through Hong Kong's History

It is true that the financial development of the mainland China is breakneck-speed. [3] According to Maswana(2011), dates back to the early 1980s, financial depth in China has been impressive, with the real monetary balance expanding at a rate faster than the real economy. For instance, the ratio of money (broadly defined, M2) as a ratio of GDP increased from 24 percent in 1978 to 182 percent in 2004. However, Under the intervention of capitalism, Hong Kong's financial market was formed earlier and developed orderly, which laid a stable foundation and boost the future growth, motivates Hong Kong always to be the top of the World Financial Society.

In the first Opium War, Hong Kong was occupied by Britain and gradually became an entrepot trade port. Thus, British capital and local financial activities gradually developed. During 1845-1865, Oriental Bank, Standard Chartered Bank, HSBC these giants of today's banking industry were successively established under the guidance of capitalism. In contemporary times, as the three most famous note issuing banks in Hong Kong, they still play an important role in the financial field of Asia and even the world. In the next 100 years, with the investment from foreign capital and the southward movement of mainland capital, the convergence of two kinds of capital further promoted. At present, we can hardly find any place like Hong Kong, where accords with the trust of China and the west, has a consensus and a perfect system, which can be used as a new capital intersection and buffer zone for keeping Hong Kong's position as the world financial center. In 1970s, further deepening reform of Hong Kong's financial industry set off a wave of financial liberalization, relieving foreign exchange control, freeing the import and export of gold, and opening up banking licenses completely realize the freedom of capital import and export.

Until now, compared to mainland's relatively single financial variety, Hong Kong's mixed operation is relatively advanced. The system tends to be humanized and flexible. The maturity of investors and the whole market is higher, which is more in line with the core concept of modern enterprise management system and the development trend of international financial market. As one of the most prosperous financial pilot projects in China, a large number of financial products that cannot be purchased domestically like derivatives are freely traded in Hong Kong, making Hong Kong one of the capital hubs in the world. Even though Asian financial crisis swept to major countries in Asia, Hong Kong almost remained intact through promulgating a series of measures to make up for the loopholes in financial derivatives and stabilize the financial market. Strong anti-risk ability has stabilized Hong Kong's financial position and urges people always be in awe of him.

[5] Go through the history of the Hong Kong Stock Exchange, formally established in the late 19th century and rapidly developed since 1980s, total market capitalization of listed companies in Hong Kong Stock Exchange significantly increased from US\$74 billion in 1988 to US\$1,162 billion in 2008. (Wong A, Zhou X,2011) There is no doubt that Hong Kong is still one of the most shining pearls in today's financial society and will continue to shine with the acceleration of China's financial market growth.

3. Strategically Irreplaceable HKSAR

3.1 From political economic perspective

Since the former British colony of Hong Kong returned to China at the midnight on July 1st 1997, Hong Kong Special Administrative Region (HKSAR) has been established under the "one country, two systems" framework, which was firstly announced in "Sino-British Joint Declaration" in 1984, adopted through the Basic Law on at the Third Session of the Seventh National People's Congress, where authorized the "one country, two systems" would be exiting in Hong Kong until 2047.

Under growing globalization, the China's Mainland shows great potential and ends up becoming the world's second-largest economy, trailing the United States. Since the handover, in order to pump economic energy and utilize the considerable advantages of Hong Kong to contribute to national development, Hong Kong is placed as two-way gateway between mainland of China and international market. While during the last two decades after handover, Hong Kong's share of national GDP has fallen from 18.4% in 1997 to just 3% in 2017, Hong Kong's external trade volume dropped from 1.3 times the national total two decades ago to 26% in 2017, the market capitalization of Hong Kong stock market shrank from 6.8 times the total market capitalization of China's stock markets to just 41.5%¹. As China continuously grows at breakneck speed, it seems that Hong Kong is being marginalized in Chinese national strategy and lost its weight on world stage.

Hong Kong has a free market economy, highly dependent on international trade and finance - the value of goods and services trade, mainland China has long been Hong Kong's largest trading partner, accounting for about half of Hong Kong's total trade by value². In 2003, The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) was implemented, this free trade agreement is signed between the Mainland and Hong Kong, marked the economic integration between Mainland China and HKSAR begins. In 2004, Hong Kong launched offshore Renminbi (RMB) business, it has the world's largest RMB liquidity pool and provides the widest variety of offshore RMB investment products. According to the statistics of Society for Worldwide Interbank Financial Telecommunication (SWIFT), Hong Kong handled over 70 per cent of the world's offshore RMB transactions in 2017. [2] In order to deepen the cooperation and share benefits over development, and act in accordance with the law the key strategic planning is signed—The Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area), which connects the two Special Administrative Regions of Hong Kong and Macao and nine mainland China 1st-tier municipalities: Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Zhoushan, Jiangmen and Zhaoqing in Guangdong province. [4] The GBA aims to further stimulating the trade and economic integration, covering 72 million population and 1679.5 billion GDP in USD in total³. In addition, Chinese central government pays great attention on connecting the HKSAR with mainland area in terms of transportation network and infrastructure construction: Hong Kong Section of Express Rail Link(XRL) and Hong Kong-Zhuhai-Macao Bridge(HZB) were opened in 2018, the Nansha Bridge is opened in 2019, the Liantang/Heung Yuen Wai Boundary Control Point(LT/HYW BCP) is opened in August 2020.

3.2 Achievements of the Hong Kong's central position in national strategy

As the most premier stock market for investment, [7] almost 800 billion dollars flow into Hong Kong (see figure 1), ranked 2nd position followed by the US, Japan and Singapore.

¹ IMF, World Economic Outlook database, Oct 2017; government statistics

² CIA, economy report overview of Hong Kong

³ The Outline Development Plan for the Guangzhou-Hongkong-Macao Greater Bay Area, 2019

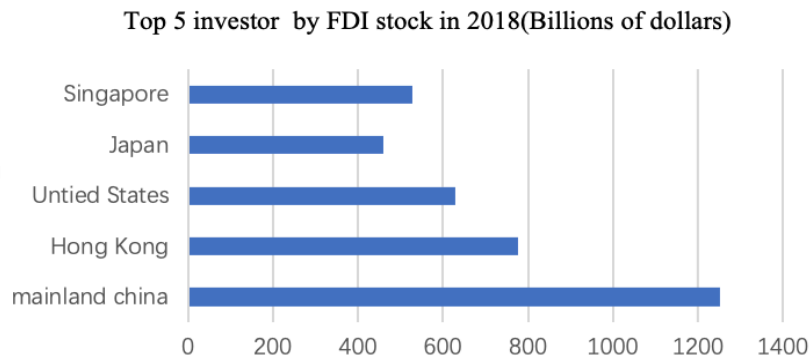


Figure. 1 Top 5 investor by FDI stock in 2018

Statistical source: World Investment Report 2020

The free market economy, no imported tariffs policy and levies excise duties only on four commodities, the basic law collectively provide Hong Kong stability on economic development rate during the twenty years since handover. [8] The average GDP growth rate of Hong Kong is higher than that of Europe, US, UK and world average (see figure 2).

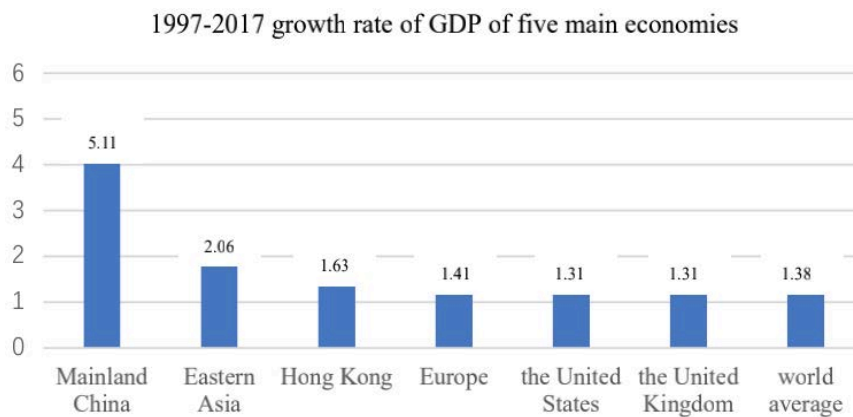


Figure. 2 1997-2007 growth rate of GDP of five main economies (100%)

Statistical source: UNCTAD Database

4. Pioneering Medical Education System in Hong Kong

[5] [9] [10] From the perspective of medical education, Hong Kong is still holding its strengths. Hong Kong has a strict medical training system. For example, the form of advanced medical education at the University of Hong Kong is based on a five-year, ten-semester course. Basic medicine courses and clinical medicine courses are scheduled together during these ten semesters in order to enable students to obtain professional theoretical knowledge of clinical medical education in advance. Students not only need to study a two-and-a-half-year course but also finish a two-and-a-half-year clinical practice. Today, Hong Kong University still continues the British medical education philosophy. The process of British medical education pays attention to communications between teachers and students. Through in-depth communication with teachers,

students build a solid ability to analyze problems and to use theories to solve problems. Practical technical verification is the top priority in lessons and certificate examinations. These systems get students to use and to pay great efforts into every opportunity for clinical practice. Therefore, the clinical practice techniques of the students in Hong Kong are much more solid than the students' in the Mainland.

Compared with the mainland, although the five-year undergraduate medical education is also available in the mainland, it has some flaws. First of all, a lot of certificates are written tests. For example, the Medical practitioner's Qualification Certificate. Secondly, many tests attach too much importance to theories. In the mainland, the standard of a doctor is often judged by the results of scientific research and the creation of academic papers, rather than by practical experience. However, valuable clinical practice technical training should not be absent in medical education. Many students who study medicine put a lot of effort into scientific research and paper publication, which makes students have no practical experience and can not be competent for the job perfectly.

After five years of studying medicine, medical students in Hong Kong must undergo a one-year internship in the inpatient clinic. The Hospital Authority uniformly arranges internships with a monthly salary of HK \$25,000, which is mainly responsible for receiving patients, writing cases, issuing doctor's orders, and so on. The students become a houseman. The houseman's working hours are 36 hours. And also 36 hours for rest. If the housemen pass the examinations, they can be registered as general doctors and can go to community grassroots hospitals to practice his or her practical skills. Now they are called medical officers. Medical Officers are mainly responsible for the rescue, operation, surgery, guidance of houseman work and so on. If the students want to become a Senior MO or associate consultant which is a resident doctor, they must go through at least 6 years of professional training in a public hospital recognized by the university and succeed in the examinations which are called Member of the Royal College of Physicians, Member of the Royal College of Surgeons, Fellow of the Royal College of Physicians and Fellow of the Royal College of Surgeons before they can register as an academician. Third, the curriculum is not reasonable. Basic courses and clinical courses of medical education are separated in essence. On the other hand, the course schedule of practical opportunities and theoretical knowledge of medical education in Hong Kong are arranged together, thus could avoid repeated imparting of knowledge and forgetfulness.

5. Advanced Medical Support Abilities

From a point of view of medical support, Hong Kong is not marginalized. Such sophisticated medical education has made Hong Kong's medical technology extremely developed. [11] The level of international medical service of Hong Kong ranks second in the world and the first in the world in single disease categories. For example, the level of curing lung cancer and stomach cancer of Hong Kong ranks first in the world. But the medical support abilities in mainland are more inferior than the Hong Kong's.

6. Conclusion

Hong Kong has a both stable and free financial market; Hong Kong plays an indispensable role in Guangdong-Hong Kong-Macao Greater Bay Area, which significantly improves the cooperation between mainland and Hong Kong; and Hong Kong has the world's top medical education resources and medical standards. "The Pearl of the Orient" will never fall. It is undisputed that Hong Kong is the financial center of the world by judging Hong Kong's advantages in terms of finance, politics, medical education, and medical standards. While mainland China continues developing rapidly, Hong Kong has to grasp the chance and to maintain and enhance its advantages.

It should never be insisted on holding the "theory of marginalization of Hong Kong". The most important point is to reach higher level through cooperation between the HKSAR and Mainland by giving full play to Hong Kong.

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