Hong Kong

* With a population of 71 million and GDP of $325.8 billion, Hong Kong has the 37th largest economy in the world. Their per capita GDP of $49,137 was the 6th highest in the world in 2011, just ahead of the United States, according to the International Monetary Fund.
* Hong Kong's open economy left it exposed to the global economic slowdown that began in 2008. Their traditionally high average annual growth rate of 7%, slowed to 5% in 2011. Although increasing integration with China, through trade, tourism, and financial links, helped it make an initial recovery more quickly than many observers anticipated, it again faces a possible slowdown as exports to the Euro zone and US slump.
* Due in part to its zero tariff rate and minimal trade barriers, Hong Kong’s free market economy earned a score of 89.9/100 on the Heritage Foundation Freedom Index. They are ranked No. 1overall in economic freedom by the Fraser Institute and No. 2 by the World Bank.
* Government spending equals 17.3% of GDP and the budget has recorded large surpluses, which have been returned to taxpayers through cash payments and tax rebates, resulting in a fiscal freedom score of 93.1 out of 100 and a government spending score of 91, and overall rankings of 17th and 14th in the world, according to the Heritage Foundation.
* Credit expansion and tight housing supply conditions caused Hong Kong property prices to rise rapidly in 2010 and inflation to rise 5.3% in 2011. Lower and middle income segments of the population are increasingly unable to afford adequate housing.
* Hong Kong continues to link its currency closely to the US dollar, maintaining an arrangement established in 1983.
* A transparent investment framework encourages foreign investment, although the government controls all of the land. Launching a business takes only three days, earning Hong Kong the No. 2 rank in the world on the World Bank Ease of Doing Business Index, second only to Singapore.
* The Impact of a statutory minimum wage has been absorbed by the high productivity of workers, causing a reduction in the Heritage’s labor freedom index to 86.5.
* The judiciary is independent of legislative and executive branches and its efficiency encourages respect for the rule of law, ranking it 13th overall in freedom of corruption by the Heritage Foundation.
* The constitutional framework protects private property rights and freedom of exchange. Coupled with a culture and tradition opposed to corruption, enhanced by anti-corruption institutional measures promotes government integrity results in a control of corruption score of 1.94 (out of 2.5), which is the 94th percentile in the world, according to Transparency International.

**Hong Kong Taps Beijing Ally**

*The Wall Street Journal*, March 25, 2012

HONG KONG—Hong Kong's elite voted in Leung Chun-ying as chief executive on Sunday, ending a bitter political campaign that has fueled tensions between the former British colony and mainland China over who will determine the future here.

Mr. Leung, the son of a policeman, won the vote by Hong Kong's elites on the first ballot after a mudslinging campaign between him and his main opponent, Henry Tang.

Hundreds of protesters—angry over the role Beijing is seen as playing in the selection—gathered outside the site of the vote, the same downtown convention center where the British handed over Hong Kong to China in 1997.

In his victory speech, Mr. Leung thanked his supporters and vowed to be a leader "for the people," working to unite the local political and business community after a very heated campaign.

But his close connection to China—he has repeatedly denied accusations that he is a member of China's Communist Party—was a key subject of Sunday's protests.

Mr. Leung had a speedy rise through the ranks of power, becoming Hong Kong's cabinet head in 1999. He also for years has been a senior member of the Chinese People's Political Consultative Conference, an advisory body to China's parliament.

Still, Mr. Leung's plan to build more low-income housing and address the wealth gap likely won him support from the public, while the city's tycoons have remained highly skeptical of him for such populist rhetoric. They were particularly opposed to Mr. Leung's plan to build more low-income housing, arguing that the flood of new apartments would drive down property prices across the city. Mr. Tang had proposed to build more government-owned housing for the city's poor.

…While the candidacies of Messrs. Leung and Tang were supported by Beijing, Mr. Leung was considered closer to the Chinese leadership. Mr. Tang, meanwhile, got the backing of Hong Kong's tycoons, who control most of the city's privately held land and its biggest industries.

…The leadership race was unique in that it was a nondemocratic election in a city with all the trappings of democracy. Public-opinion polls tracked the popularity of candidates, showing Mr. Tang's collapse in the weeks before the election. Chinese Premier Wen Jiabao said recently that the city should choose a leader who enjoys the "support of the vast majority of the population."

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