English Short Talk 21/11 (D6)

A: Harry, I am writing an essay concerning the problem of poverty and income inequality in HK.   As you are studying Economics, can you teach me some economic indicators related to this issue?

B: OK. Let me introduce some important economic indicators to you now.

Gini coefficient (堅尼系數) is the most common indicator of income inequality.

The Gini coefficient measures income inequality. The Gini coefficient is a ratio between 0 and 1 where 0 means perfect equality (all persons have the same income) and 1 means perfect inequality (one person has all the income).

In 2011, the Gini coefficient in H.K. is 0.537

A: Is it high or low?

B: Of course it is very high. Hong Kong has the highest Gini Coefficient among the 38 "very high human development" economies in the world. That means the problem of income inequality in Hong Kong is more serious than countries like United States, Canada and Singapore.

A.:   Can you tell me some economic indicators which explain the problem of poverty in HK?

B: OK.
Poverty line (貧窮線) is the benchmark for defining who is "poor". Those earning less than half of median monthly household income (家庭入息中位數) are classified as "poor".
In HK, the poverty line is $3,600 for a single worker and $11,500 for a family of three.

A: How many people in Hong Kong are living below this poverty line?

B: After discounting existing benefits paid in cash, 403,000 households, or 15.2 per cent of the population in HK, are still classified as poor.

Despite the introduction of a minimum wage a few years ago, about half a million people still fall into the poverty net.

Kelly? Can you suggest some remedial measures to tackle the problem of income inequality and poverty in Hong Kong?

A: We can apply the two most commonly considered principles: equalizing income and equalizing opportunities.

Increasing Comprehensive Social Security Assistance, old age allowance and minimum wage help increase the income of the poor and thus reducing income gap.

On the other hand, providing more retraining programme to the unskilled workers may help them to earn higher income and improve their social status.

Meanwhile, providing more subsidies for children from poor families to take part in extra- curricular activities or tutorial classes enhance opportunities for children to receive better education.

However, subsidies with long-term financial implications must be carefully considered to avoid disincentive effects. As our chief executive Mr CY Leung has stressed, the remedial measures should be structured to sustain self-reliance while enhancing opportunities for upward social mobility.

B: I agree with you. If you want more information, please refer to this leaflet.

A: Thank you Harry. I have more information to write my essay now.

The Problem of Income Inequality (貧富懸殊) and Poverty (貧窮) in Hong Kong

Definition:

Gini coefficient(堅尼系數) measures the inequality of income． A Gini coefficient of 0 expresses perfect income equality (絕對收入均等), where all values are the same. A Gini coefficient of 1 expresses absolute income inequality (完全收入不平均) among values where only one person has all the income.

Poverty line (貧窮線) is the benchmark for defining who is "poor". Those earning less than half of median monthly household income (家庭入息中位數) are classified as "poor".

Data for reference：

Population in 2011	7.11 million
Gini coefficient 堅尼系數 (2011)	0.537
Number of domestic households living in poverty 貧窮住戶比例 (1st quarter, 2011)	16.8%
Number of domestic households with at least one employed person living in poverty 在職貧窮住戶數目 (Jun-Aug, 2011)	177,000
Number of people in domestic households with at least one employed person living in poverty 在職貧窮住戶人口數目 (Jun-Aug, 2011)	614,000
Median monthly personal income 個人入息中位數 (2nd quarter, 2012)	HK$12,700
Median monthly household income 家庭入息中位數 (2nd quarter, 2012)	HK$20,500
Number of Comprehensive Social Security Assistance(CSSA) cases 領取綜援個案 (July 2012)	273,000