DAILY INFORMATION BULLETIN

MONDAY, MAY 10, 1976

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HONG KONG MUST ATTRACT AND RETAIN CAPITAL

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IN ORDER TO KEEP ITS LARGE POPULATION EMPLOYED AND OBTAIN THE REVENUE TO MAKE GOOD THE SOCIAL DEFICIENCIES, HONG KONG MUST ATTRACT AND RETAIN CAPITAL, THE GOVERNOR, SIR MURRAY MACLEHOSE, SAID THIS (MONDAY) MORNING.

SPEAKING AT THE OPENING OF THE YOUNG PRESIDENTS CONFERENCE AT THE CITY HALL, HE STRESSED THAT FREEDOM COUPLED WITH STABILITY WOULD DO JUST THAT.

THE THEME OF HIS TALK TO THE BUSINESS EXECUTIVES FROM DIFFERENT PARTS OF THE WORLD WAS ON +THE OPPORTUNITY OFFERED TO INVESTORS AND EXPORTERS ALIKE BY THE PROSPECT OF ECONOMIC GROWTH IN THE DEVELOPING COUNTRIES OF THE WESTERN PACIFIC.+

SIR MURRAY NOTED THAT HONG KONG, ALTHOUGH BEING A DEPENDENT TERRITORY, WAS PERHAPS THE EXTREME EXAMPLE OF THE ECONOMY OF SUCH COUNTRIES, +AND IT LIES AT THEIR GEOGRAPHICAL AND COMMUNICATIONS CENTRE.+

THE EXPANSION OF HONG KONG'S POPULATION -- FROM 600,000 PEOPLE 30 YEARS AGO TO JUST UNDER 4-1/2 MILLION TODAY -- HAD BROUGHT SOCIAL AND PHYSICAL PROBLEMS KNOWN BY FEW OTHER TERRITORIES.

+NEVERTHELESS, THEY ARE BEING TACKLED WITH VIGOUR AND IN THIS WE ARE HELPED BY THE ECONOMY WHICH HAS GROWN 15 TIMES IN THE LAST 25 YEARS. FROM VERY LITTLE, HONG KONG IS NOW KNOWN THROUGHOUT THE WORLD AS A CENTRE OF INDUSTRY, BANKING, INSURANCE AND SEA AND TELECOMMUNICATIONS AND TOURISM,+ HE SAID.

THOUGH THE GOVERNMENT INTERVENED VIGOROUSLY IN ORDER TO MAKE GOOD SOCIAL DEFICIENCIES AND CURB THE CRUDITIES OF UNBRIDLED MARKET FORCES, WITHOUT THE 40 PER CENT OF THE BUDGET DEVOTED TO SOCIAL PROGRAMMES HONG KONG WOULD BE NEITHER A VERY JUST NOR STABLE SOCIETY. INSPITE OF THESE THINGS HONG KONG DID ENJOY AN EXCEPTIONALLY FREE ECONOMY, WITH NO PROTECTIVE TARIFFS, NO EXCHANGE CONTROLS, RELATIVELY LOW TAXATION AND NO ONEROUS RESTRICTIONS ON BUSINESS.

IN THE CIRCUMSTANCES OF HONG KONG, THE GOVERNOR DESCRIBED THIS AS +A PRAGMATIC NECESSITY OF EXISTENCE RATHER THAN A 19TH CENTURY ECONOMIC PHILOSOPHY REGURGITATED.

HE CONTINUED THAT THE PRACTICE OF FREE TRADE WITHOUT EITHER PROTECTION OR SUBSIDY APPLIED A COLD AND CLEAR DISCIPLINE TO HONG KONG'S INDUSTRY. +IT MUST CONCENTRATE ON PRODUCTS IN WHICH IT CAN COMPETE AND IF IT CANNOT COMPETE IT MUST CHANGE.+

SIR MURRAY POINTED OUT THAT OVER FOUR-FIFTHS OF HONG KONG'S MANUFACTURING PRODUCT WAS FOR EXPORT -- THE MAIN PRODUCTS BEING CLOTHING AND OTHER TEXTILES, PLASTIC GOODS INCLUDING TOYS, ELECTRONIC PRODUCTS AND ELECTRICAL APPARATUS, OPTICAL GOODS AND WATCHES AND CLOCKS.

/BESIDES .....

BESIDES BEING THE LARGEST EXPORTER OF CLOTHING AND TOYS IN THE WORLD, HE SAID HONG KONG WAS ALSO THE LARGEST TOURIST CENTRE IN SOUTH-EAST ASIA.

HE WENT ON TO SAY THAT THERE WERE OCCASIONS WHEN THE GROWTH OF NEW INDUSTRIES IN THE DEVELOPING WORLD CREATED PROBLEMS FOR THE OLDER INDUSTRIALISED COUNTRIES.

+WHERE SERIOUS DAMAGE IS PROVED, SO FAR AS HONG KONG IS CONCERNED, WE ACCEPT THAT MEASURES OF RESTRAINT OR PROTECTION ARE JUSTIFIED AND NECESSARY.+

BUT THE GOVERNOR STRESSED THAT THEY SHOULD BE TEMPORARY AND SHOULD BE DESIGNED TO MITIGATE THE HARDSHIPS OF ADJUSTMENT RATHER THAN TO POSTPONE IT INDEFINITELY, AND THEY SHOULD BE BASED ON ECONOMIC FACT AND NOT POLITICAL EXPEDIENCY.

+OVER THE YEARS,+ HE CONTINUED, +ONE HAS HEARD MUCH TOO MUCH OF THE SO-CALLED THREAT OF EXPORTS OF TEXTILES AND OTHER PRODUCTS FROM HONG KONG AND OTHER PACIFIC PRODUCERS, AND MUCH TOO LITTLE OF THE GROWING MARKET IN HONG KONG FOR IMPORTED CAPITAL, CONSUMER DURABLE AND CONSUMER GOODS OF ALL SORTS AND OF THE HANDSOME PROFITS MADE BY THOSE EXPORT THEM, OFTEN FROM THE SAME COUNTRIES TO WHICH HONG KONG ITSELF EXPORTS.

+THIS IS TYPICAL OF THE WESTERN PACIFIC REGION, THE SIGNIFICANT FACTOR IS NOT THE COMPETITION WHICH ITS INDUSTRIES MAY OFFER TO THE DEVELOPED COUNTRIES, BUT THE FIELD IT PROVIDES FOR EXPORTS AND FOR INVESTMENT SO LONG AS ITS GROWTH IS NOT HINDERED BY ARTIFICIAL BARRIERS.+

IN CONCLUDING, SIR MURRAY SAID HE BELIEVED THE NEW INDUSTRIES OF HONG KONG AND THE WESTERN PACIFIC AND THE NEW PROSPERITY AND PURCHASING POWER THEY CREATED WOULD OFFER TO INDUSTRY AND EXPORTERS OF DEVELOPED COUNTRIES NOT A THREAT TO BE RESENTED AND RESISTED, BUT AN OPPORTUNITY FOR EXPANDING MARKETS AND PROFITABLE INVESTMENT WHICH SHOULD BE GRASPED.

+AND I HOPE THAT AS PEOPLE OF INFLUENCE YOU WILL CARRY HOME THIS POSITIVE AND ENCOURAGING MESSAGE OF OPPORTUNITY TO THE POLICY MAKERS IN YOUR OWN COUNTRIES,+ HE TOLD THE BUSINESSMEN.

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ACTS REPORT FOR 1975 PUBLISHED

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THE NUMBER OF WORKING TELEPHONES IN HONG KONG REACHED THE ONE MILLION MARK IN 1975. THERE WERE A TOTAL OF 1,033,735 TELEPHONES IN USE WHEN THE YEAR ENDED.

REPORTING THIS IN ITS 18TH PERIODICAL REPORT COVERING THE YEAR 1975, WHICH WAS SUBMITTED TO THE GOVERNOR TOWARDS THE END OF LAST MONTH, THE ADVISORY COMMITTEE ON TELEPHONE SERVICES (ACTS) SAID THAT THE INCREASE REPRESENTED A NET GAIN OF 45,190 TELEPHONES OR 4.6 PER CENT OVER THE PREVIOUS YEAR, DESPITE THE FACT THAT NO NEW EXCHANGES WERE ADDED DURING THE YEAR.

THERE WERE 75,081 APPLICATIONS FOR TELEPHONES - A DROP OF 7.4 PER CENT AS COMPARED WITH 1974 - OF WHICH 73,427 WERE PROVIDED WITH SERVICE.

THE ACTS REPORTED THAT +THE AVERAGE WAITING TIME BETWEEN THE RECEIPT OF AN APPLICATION AND THE PROVISION OF TELEPHONE SERVICE HAS BEEN SHORTENED AS A RESULT OF IMPROVED EFFICIENCY ON THE PART OF THE TELEPHONE COMPANY. PRESENTLY THE WAITING PERIOD IS USUALLY 5 DAYS.+

THE PROGRESS OF DEVELOPMENT OF TELEPHONE SERVICES IN THE NEW TERRITORIES WAS REGULARLY REVIEWED BY THE ACTS' SUB-COMMITTEE ON DEVELOPMENT OF TELEPHONE SERVICES IN THE NEW TERRITORIES.

THE REPORT NOTED THAT +THE TELEPHONE COMPANY HAD BEEN MAKING ARRANGEMENTS FOR PROVIDING TELEPHONE SERVICE TO AREAS WHERE THERE WAS A FORECAST OF REASONABLE DEMAND.+ DURING 1975 NINE MORE VILLAGES IN THE NEW TERRITORIES AND ON THE OUTLYING ISLANDS WERE PROVIDED WITH TELEPHONE SERVICE.

THERE WAS VIRTUALLY NO WAITING LIST FOR THE URBAN AREAS, AND MOST OF THOSE WAITING FOR SERVICE WERE LOCATED IN THE REMOTE AREAS IN THE NEW TERRITORIES AND ON THE OUTLYING ISLANDS.

AT THE END OF 1975, THE CUMULATIVE WAITING LIST (INCLUDING OUTSTANDING APPLICATIONS FOR REMOVAL) STOOD AT 3,578 WHICH, THE REPORT SAID, +REPRESENTS A GREAT IMPROVEMENT ON THE FIGURE OF 13,411 IN 1974.+

THE NEW LINE WAITING LIST WAS ALSO SUBSTANTIALLY REDUCED FROM 10,668 IN 1974 TO 3,116 IN 1975.

THE ACTS COMMENDED THE TELEPHONE COMPANY FOR ITS CONTINUED EFFORTS MADE IN THIS REGARD. THE COMPANY HOPES TO CLEAR UP THE BACKLOG OF DEMAND BY THE END OF THIS YEAR OR EARLY NEXT YEAR.

OVERALL PENETRATION OF TELEPHONE SERVICE INCREASED FROM 22.8 TELEPHONES (INCLUDING EXTENSIONS) PER 100 POPULATION IN 1974 TO 23.6 PER 100 IN 1975.

/THE REPORT .....

THE REPORT SAID: +THE COMPANY HAS BEEN PROVIDING GENERALLY A SATISFACTORY SERVICE TO THE PUBLIC.+ THE NUMBER OF COMPLAINTS RECEIVED BY THE ACTS IN 1975 WAS ONLY 24, A DECREASE OF 29 PER CENT AS COMPARED WITH 1974.

DURING 1975, THE ACTS AND ITS SUB-COMMITTEES MET LESS FREQUENTLY THAN BEFORE PENDING THE COMPLETION OF THE DELIBERATIONS OF THE COMMISSION OF INQUIRY INTO THE AFFAIRS OF THE TELEPHONE COMPANY.

THE ACTS ALSO EXPRESSED ITS VIEWS AND COMMENTS ON SOME OF THE FINDINGS AND OBSERVATIONS OF THE COMMISSION OF INQUIRY.

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WATER INTERRUPTION IN SHAMSHUIPO

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WATER SUPPLY TO A NUMBER OF PREMISES IN SHAMSHUIPO, KOWLOON, WILL BE INTERRUPTED FOR FIVE HOURS STARTING FROM 1 A.M. ON WEDNESDAY (MAY 13) TO ENABLE WATERWORKS STAFF TO CARRY OUT A LEAKAGE TEST IN THE AREA.

THE AFFECTED AREA IS BOUNDED BY CHING CHEUNG ROAD, BUTTERFLY VALLEY ROAD, KING LAM STREET, YEE KUK STREET, CASTLE PEAK ROAD AND YU CHAU STREET INCLUDING WING HONG STREET AND WING MING STREET.

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LADY MACLEHOSE TO VISIT JEWELLERY FACTORY

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NOTE TO EDITORS:

LADY MACLEHOSE WILL PAY A VISIT TO PERMACAST (HONG KONG) LIMITED AT 1067 KING'S ROAD TOMORROW (TUESDAY) MORNING.

SHE WILL BE ACCOMPANIED BY THE ASSISTANT DIRECTOR OF THE COMMERCE AND INDUSTRY (INDUSTRY), MR. A.L. PURVES.

THE FACTORY, SET UP IN 1965, IS SPECIALISED IN JEWELLERY AND WATCH BANDS. OCCUPYING A FLOOR AREA OF ABOUT 8,000 SQUARE FEET, IT HAS A WORK FORCE OF 110.

EIGHTY PER CENT OF THE PRODUCTS ARE FOR EXPORT WHILE THE REST ARE FOR THE LOCAL MARKET.

YOU ARE INVITED TO SEND A REPORTOR AND/OR PHOTOGRAPHER TO COVER THE VISIT. LADY MACLEHOSE WILL ARRIVE AT THE FACTORY AT 10.20 A.M. A G.I.S. OFFICER WILL BE ON HAND TO ASSIST THE PRESS.

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+MEET THE MEDIA+

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NOTE TO EDITORS:

A +MEET THE MEDIA+ SESSION WILL BE HELD ON THURSDAY (MAY 13) AT 4 P.M. IN THE G.I.S. THEATRE ON THE FIFTH FLOOR OF BEACONSFIELD HOUSE.

ATTENDING THE MEETING WILL BE THE DIRECTOR OF AGRICULTURE AND FISHERIES, MR. E.H. NICHOLS.

YOU ARE INVITED TO SEND YOUR REPRESENTATIVES TO COVER THE MEETING. TELEVISION CREWS ARE ADVISED TO ARRIVE EARLY SO THAT THEY WILL HAVE AMPLE TIME TO SET UP THEIR EQUIPMENT.

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ADVISORY WEEK FOR PRIMARY SIX SCHOOL-LEAVERS

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AN ADVISORY WEEK ON FURTHER EDUCATION AND EMPLOYMENT OPPORTUNITIES HAS BEEN ORGANISED FOR PRIMARY SIX PUPILS IN THE CHAI WAN DISTRICT.

THE FUNCTION, SPONSORED BY THE CHAI WAN COMMUNITY CENTRE OF THE SOCIAL WELFARE DEPARTMENT AND A NUMBER OF OTHER WELFARE AGENCIES IN THE DISTRICT, IS BEING HELD AT THE CHAI WAN COMMUNITY CENTRE. IT WILL CONTINUE UNTIL FRIDAY (MAY 14).

MORE THAN 1,700 PUPILS ARE EXPECTED TO TAKE PART IN THE PROJECT DURING THE WEEK.

APART FROM TALKS BY REPRESENTATIVES FROM THE EDUCATION AND LABOUR DEPARTMENTS, THERE ARE GROUP DISCUSSIONS, FILM SHOWS AND INFORMATION PAMPHLETS, WHICH AIM TO PROVIDE GUIDANCE AND INFORMATION TO PRIMARY SIX SCHOOL-LEAVERS.

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DAILY INFORMATION BULLETIN
SUPPLEMENT

Monday, May 10, 1976

Following is the full text of the Governor's speech at the opening of the Young Presidents "University" in the City Hall today.

Mr. Chairman, Ladies and Gentlemen:

It gives me great pleasure to welcome you all to Hong Kong. We are happy indeed that you have chosen Hong Kong for this "University" and I can only hope that you will enjoy your stay here and take with you a favourable impression of the way we live and what we are trying to do.

My theme will be the opportunity offered to investors and exporters alike by the prospect of economic growth in the developing countries of the Western Pacific. Although it is a dependent territory Hong Kong is perhaps the extreme example of the economy of such countries, and it lies at their geographical and communications centre. So I will start with Hong Kong.

One hundred and thirty-five years ago there was virtually nothing here. Even 30 years ago there were only 600,000 inhabitants. Now there are just under 4½ million. This expansion of population has brought social and physical problems known by few other territories. Nevertheless they are being tackled with vigour and in this we are helped by the economy which has grown 15 times in the last 25 years. From very little Hong Kong is now known throughout the world as a centre of industry, banking, insurance and sea and telecommunications and tourism.

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In all this Hong Kong is an extreme example of what is happening in countries in the Western Pacific region. All are changing and industrialising fast, all are greatly dependent on world markets. All share with Hong Kong a vital interest in the continuance of a free and expanding world economy.

The growth of trade over the last 30 years has been greatly helped by reduction in trade barriers. Look for instance at the tremendous spurt in international trade that followed the successful conclusion of the Kennedy round in 1967. It is our firm hope that this process should continue, for trade liberalisation has been a powerful force in raising living standards and any return to protectionism would lead not only to a reversal of all that has been achieved, but to bitterness and disillusionment with Western ideals.

Of course there are occasions when the growth of new industries in the developing world creates problems for the older industrialised countries. Where serious damage is proved, so far as Hong Kong is concerned, we accept that measures of restraint or protection are justified and necessary, but they should be temporary and should be designed to mitigate the hardships of adjustment rather than to postpone it indefinitely, and they should be based on economic fact and not political expediency.

The Western Pacific is now an area of relatively rapid economic growth. Most developing countries in the region are speeding up their industrialisation and increasing their exports. Most began by concentrating on labour intensive industries. They then progress, as Hong Kong has done, to higher skilled, better paid and more capital intensive production. In this comparatively early stage of their industrial evolution their working conditions are sometimes not as good as those in developed countries, and one must expect a demand from the latter that the gap be narrowed. Raising incomes and living standards in the constant objective of this Government, and a demand of this sort is understandable and

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acceptable so long as it is sincerely aimed at improving the standard of living of workers in developing countries, and not rather at destroying them by eliminating the competition they offer. To affect concern over their poverty and yet to deny them the opportunity to rise out of it by exporting what they produce would be futile.

Moreover it would be bad and short-sighted business because successful and prosperous industrialists and industrial workers make much better customers than unsuccessful ones or than subsistence farmers. For instance real wages in Hong Kong are now three times what they were in the early 1950s and this has been amply reflected in personal spending power and volume of imports. Over the years one has heard much too much of the so-called threat of exports of textiles and other products from Hong Kong and other Pacific producers, and much too little of the growing market in Hong Kong for imported capital, consumer durable and consumer goods of all sorts and of the handsome profits made by those export them, often from the same countries to which Hong Kong itself exports. This is typical of the Western Pacific region. The significant factor is not the competition which its industries may offer to the developed countries, but the field it provides for exports and for investment so long as its growth is not hindered by artificial barriers.

I am sure that as successful business leaders you will appreciate the importance for the world economy of maintaining as free as possible a flow of trade and business opportunities. Given the observance of reasonable codes of practice I believe the new industries of Hong Kong and the Western Pacific and the new prosperity and purchasing power they create offer to industry and exporters of developed countries not a threat to be resented and resisted, but an opportunity for expanding markets and profitable investment which

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should be grasped. And I hope that as people of influence you will carry home this positive and encouraging message of opportunity to the policy makers in your own countries.

I wish you all a pleasant and interesting stay in Hong Kong and hope that we will have the pleasure of seeing you again in years to come.

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