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The middle class is concerned about rampant inflation and suggests the government reining in rising prices and making institutional changes

(Hong Kong, 15 June 2008) A recent survey conducted by the *Middle Class Power* showed rampant inflation in recent months caused concern to the middle class about the surge in foodstuff prices and transportation fares and it suggested the government reining in and monitoring rising prices to relieve the burden of inflation on the public.

High inflation squeezed middle class families with children

The survey took the form of a street intercept interview and a total of seven hundred and ninety-two (792) middle class individuals were interviewed between 23rd and 30th of May. Foodstuff prices (23.2%) and transportation fares (17.4%) were cited as the two steepest hikes which most affected the middle class. On the other hand, 22.5%、20.4% and 17.9% of all interviewees respectively said they would “do more comparison shopping”, “reduce the frequency of eating out” and “reduce the frequency of going out/ out-of-town traveling during day off” to cope with inflation.

and Eastern District Councillor and *Middle Class Power* member Mr Andrew Chiu (趙家賢) pointed out that the results reflected that the middle class was most concerned about surge in foodstuff prices and transportation fares. “Food and transportation are basic necessities, high inflation would definitely affect living standard,” said Mr Chiu. He cited the cost of taking the family out for a restaurant meal to celebrate Father's Day as an example, it would cost a family of four persons living in Taikoo Shing of Hong Kong Island Eastern District 6-10% more to eat at a Chinese restaurant in Central because of the rising prices of bus or MTR fares and the menu.

“Middle class families with children have a relatively larger fixed spending, they are worried that if salary raise fall short of inflation, then they would have to squeeze their spending, so they are more affected by high inflation”, said *Middle Class Power* member and father of two children, Mr Chan Zheng(陳崢). He added



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that almost half of the interviewees expected their assets and salary rise would fall short of inflation.

Middle class yearns for institutional changes to rein in and monitor rising prices

“Inflation is a monetary phenomenon and has to be dealt with by raising interest rates; but Hong Kong follows the currency board system and has always allowed free flow of capital, so the government can’t effectively control interest rates, it doesn’t have much room to manoeuvre. But the government should be very careful in handling utilities price hike to avoid hurting people’s way of living,” said *Middle Class Power* chairman Mr Andrew Fung(馮煒光). According to the survey, most interviewees would hope the government to take the lead in reining in rising prices of utility charges to combat inflation.

Another *Middle Class Power* member and urban planner Mr Ng Wing Fai (吳永輝) stated that “urging the government to increase funding to the Consumer Council which in turn monitors prices”, “monitoring the government and public utilities to rein in price surges” and “implementing Fair Competition Law” were the top three choices picked by interviewees, it suggested that the middle class wanted the administration to take more institutional approaches instead of giving back cash or recessions to combat inflation.

About Middle Class Power

Middle Class Power is an advocacy group on public issues made up of middle class individuals from various professional backgrounds and different sorts of executives, it collects opinions of the middle class and conduct relevant research to reflect such opinions and make proposals to the government and relevant departments. *Middle Class Power*’s mission is to uphold the core values of Hong Kong people and to build a better home and business environment in Hong Kong.

Released by *Middle Class Power*, for further information, please contact

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You can download photos of the press conference at the Middle Class Power website at <http://www.andrewfung.net/middleclass.htm> after 3 pm on 15th June.

Survey results: Middle Class on inflation

	Option	Frequency	Percentage	Margin of error
A. In what ways are you most affected by rampant inflation? (You may pick up to three options)				
1	Transportation fare increase was too steep	381	17.4%	±1.59%
2	Foodstuff price increase such as food was too steep	507	23.2%	±1.77%
3	Eating out costs a lot more than before	302	13.8%	±1.44%
4	It costs a lot more now to fill up private cars with petrol	215	9.8%	±1.25%
5	Rent/ property prices surge	262	12.0%	±1.36%
6	Surge in tuition and fees for personal/ children's education / overseas education is harder to afford	237	10.8%	±1.30%
7	Salary rise falls short of inflation	276	12.6%	±1.39%
8	Others	10	0.5%	±0.30%

	Option	Frequency	Percentage	Margin of error
B. How do you cope with inflation? (You may pick up to three options)				
1	Ask family members/ domestic helpers to do more comparison shopping	433	22.5%	±1.87%
2	Reduce the frequency of going out/ out-of-town traveling during day off	344	17.9%	±1.71%
3	Reduce the frequency of eating out	393	20.4%	±1.80%
4	Ask your boss for a salary increase	189	9.8%	±1.33%
5	Invest in stocks/ funds/ gold/ bonds/ real estate/ RMB bank deposits	326	17.0%	±1.68%
6	Engage in self-enrichment programmes after work in the hope for drastic increase in future salary	223	11.6%	±1.43%
8	Others	15	0.8%	±0.40%

	Option	Frequency	Percentage	Margin of error
C. How would you like the SAR government to help you tackle inflation? (You may pick up to three options)				
1	Rein in price hike in utilities such as electricity,	432	19.0%	±1.61%

	transportation fares and tunnel tolls			
2	Abolish the duty on petrol to reduce driving cost of the middle class	241	10.6%	±1.27%
3	Abolish the foreign domestic helper levy to relieve the middle class's burden	188	8.3%	±1.13%
4	To provide an annual tax allowance of \$100,000 on children's overseas education	174	7.7%	±1.10%
5	Increase Old Age Allowance	111	4.9%	±0.89%
6	Enhance the economic integration between Mainland and Hong Kong to create more commercial and job opportunities	108	4.7%	±0.87%
7	Initiate Fair Competition law to break monopoly and to keep general prices steady	190	8.4%	±1.14%
8	Implement further tax concession on personal salary tax	244	10.7%	±1.27%
9	Lower chargeable interest rates of Student Finance Assistance Scheme loans	117	5.1%	±0.90%
10	Sponsor at-work people to pursue high educational qualifications	160	7.0%	±1.05%
11	Follow the example of the Macau government by directly giving cash back to citizens	302	13.3%	±1.40%
12	Others	7	0.3%	±0.22%

	Option	Frequency	Percentage	Margin of error
D. How would you expect the value of your assets and salary rise to change against inflation?				
1	My assets and salary rise will fall short of inflation	377	47.6%	±3.48%
2	My assets and salary rise will beat inflation	40	5.1%	±1.53%
3	My assets and salary rise will level with inflation	131	16.5%	±2.59%
4	No comments	244	30.8%	±3.22%

	Option	Frequency	Percentage	Margin of error
E. The Legislative Council election is around the corner, in what ways do you think the candidates or political parties can help you cope with inflation? (You may pick up to three options)				
1	Urge the government to increase funding to the	286	12.1%	±1.32%



中產動力
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	Consumer Council which in turn monitors prices			
2	Monitor the government and public utilities to rein in price surges	334	14.1%	±1.40%
3	Suggest the government reducing duty on petrol	238	10.1%	±1.22%
4	Urge the government to abolish the Foreign Domestic Helper levy	172	7.3%	±1.05%
5	Urge the government to expedite the implementation of Fair Competition Law	252	10.7%	±1.25%
6	Suggest the government increasing Old Age Allowance	178	7.5%	±1.06%
7	Suggest the government setting up children's overseas education tax allowance	153	6.5%	±0.99%
8	Suggest the government widening the scope of Continuing Education Fund reimbursable courses and increasing subsidy amount	139	5.9%	±0.95%
9	Suggest the government reducing interest rate chargeable under Student Finance Assistance Scheme	152	6.4%	±0.99%
10	Lobby the government to speed up the economic integration between Mainland and Hong Kong which would create more job opportunities	172	7.3%	±1.05%
11	Politicians and political parties can't help	178	7.5%	±1.06%
12	Legislative Council election is only about image and political stand, the candidates' economic views need not be considered	105	4.4%	±0.83%
13	Others	3	0.1%	±0.13%