

## Public Attitude towards Income Inequality and (Re)distribution Policies in Hong Kong

Facing a looming financial deficit in recent years, the Hong Kong government has introduced a series of measures to alleviate this potential issue. However, public acceptance of these measures varies across different social strata. This project examines how to balance between public demands for different policies and resource constraints by studying the relationship between Hong Kong citizens' acceptance of income inequality and their level of support for distribution policies.

### Background

- Hong Kong has been known for its high level of income inequality among advanced economic entities
- A debate over income inequality became a hot-button issue between the mid-2000s and late 2010s and it is still occasionally discussed today.
- Hong Kong has suffered from a financial deficit for three consecutive years since the fiscal year 2022-23.
- The Hong Kong government has devised a list of measures to avoid suffering from a financial cliff such as raising UGC-funded university tuition starting from the academic year 2025-26 and reforming the subsidisation structure of public healthcare services.
- The current project analyzes the relationship between Hong Kong citizens' acceptance of income inequality and their level of support for distribution policies based on a telephone and online survey conducted in July 2023.

### What the Research Says

- There is a negative relationship between Hong Kong citizens' acceptance of income inequality and their support for distribution policies.
- Instead of supporting cuts to education and medical expenses, Hong Kong citizens support the government in increasing educational and healthcare funding across society.
- Public reluctance toward increasing tax rates or imposing new tax systems is lower than expected even among the richest strata.
- There is a negative relationship between education level, income level and support for distribution policies.
- Hong Kong citizens tend not to support distribution policies targeting lower strata such as unemployment benefits and Comprehensive Social Security Assistance.

### Implications for Policy

- Avoid excessive budget cuts to education and medical expenses in order to balance the interests of citizens.

- Conduct public consultations to understand citizens' attitudes toward increasing tax rates and introducing new tax systems.
- Instead of addressing income inequality as a whole, formulate targeted poverty alleviation strategies for different social groups.
- Prioritize policies that benefit society as a whole such as increasing the Statutory Minimum Wage.

## Implications for Practice

---

- Alter Hong Kong citizens' attitudes toward social welfare, in particular policies that specifically assist the lower strata or those in need such as unemployment benefits.
- Further improve the social welfare system to prevent intentional abuse by citizens exploiting loopholes.
- Carefully consider the feasibility of increasing tax rates or imposing new tax systems since this may conflict with the government's "low tax rate" orientation and could lead high-income groups to relocate to other countries.
- Encourage closer collaboration between the government, business and community sectors to foster a sense of shared responsibility for poverty reduction.

## References

---

- Busemeyer, M., Goerres, A., & Weschle, S. (2009) Attitudes towards redistributive spending in an era of demographic ageing: The rival pressures from age and income in 14 OECD countries. *Journal of European Social Policy*, 19(3): 195-212.
- Cavaillé, C., & Trump, K. S. (2015). The two facets of social policy preferences. *Journal of Politics*, 77(1), 146-160.
- Cheng, G. H., Chan, D. K., & Yeung, D. Y. (2019). Correlates of Acceptance of Wealth Inequality: A Moderated Mediation Model. *Frontiers in Psychology*, 10, 900.
- Choi, G. (2021). Individuals' socioeconomic position, inequality perceptions, and redistributive preferences in OECD countries. *Journal of Economic Inequality*, 19(2), 239-264.
- Wong, M.Y., & Wan, K.M. (2024). Group-based Income Inequality in Hong Kong: An Analysis of Mainland Chinese Immigrants. *Journal of Asian and African Studies*.
- Wu, A.M., & Chou, K.L. (2021). Intergenerational conflict or solidarity in Hong Kong? A survey of public attitudes toward social spending. *Social Indicators Research*, 158(2), 775-798.
- Yang, S., Miao, B., & Wu, A. M. (2022). Immigration and public attitudes towards social assistance: Evidence from Hong Kong. *Journal of Economic Policy Reform*, 25(1), 28-44.

## Acknowledgements

---

Public Policy Research Funding Scheme, "Understanding Hong Kong People's Acceptance of Income Inequality and Preferences of Policy Responses". (2024.A6.245.24A)

## Contact

---

Principal investigator: Prof. Mathew Wong [mathew.wong@polyu.edu.hk](mailto:mathew.wong@polyu.edu.hk)