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## **The Context of Social Welfare in Hong Kong: History, Economics, and Politics**

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### **INTRODUCTION**

During my current stint of teaching in Hong Kong I have received various enquiries from Singapore delegations and individual social workers regarding social services and social work education in Hong Kong. An often heard expression is that “Social work in Hong Kong is more dynamic than in Singapore.” I do not know if anyone has sought to measure or compare professional dynamism but certainly the number of registered social workers in Hong Kong is impressive, when compared to Singapore: 17,615 [1] as of 18 April 2013 (<http://www.swrb.org.hk>). However, not all of them were practising social work, as the social work manpower requirements system indicated smaller staff strength of only 12,011 [2] as at 31 March 2011 (Joint Committee on Social Work Manpower Requirements, 2011).

In response to the professional interest in Hong Kong, I have written this paper on the historical, economic, and political context of social welfare and social services in Hong Kong, so that those outside of Hong Kong may have a better understanding of the broader context and development of social welfare and social services in Hong Kong. This paper is a revised and updated version of an oral presentation that I did, in December 2011 [3], on social welfare in Hong Kong. In studying Hong Kong, it is imperative to consider its unique 155-year history as a colony of Great Britain. When the British first occupied it, Hong Kong island was described as “barren land” but when returned to Chinese sovereignty, Hong Kong real estate was well known as one of the most expensive in the world. Whilst the welfare philosophy and legacy of the colonial rulers were significant in shaping social welfare in Hong Kong, its peculiar system of government and political representation, plus immense wealth, also served to determine a mixed economy of social welfare: tightly-controlled public welfare and limited private welfare that were undergirded by strong voluntary welfare and informal/family welfare.

Where appropriate, comparisons would be made with Singapore, as the aversion to being a welfare state, the policy goal of prioritizing economic growth over social well-being, emphasis on self-reliance, and the high income inequality of these two economies were more similar than the other cities in Asia. Furthermore, Singapore was also a former British colony, but achieved self-rule in 1959 and full independence in 1965. They have been and still are close competitors in finance, trading, and shipping.

### **Narrow or Broad Scope**

The scope of social welfare in a country may be narrow or broad. The Hong Kong government restricted it to two fields: (a) social security and (b) social services[4]. Of the two, a higher proportion was spent on social security, as reflected in the Social Welfare Department's total recurrent expenditure of HK\$39.3 billion (2011): 68.2% on the former and 23.4% on subventions to non-government organizations (NGOs) to provide social services (Hong Kong SAR government, 2012). The social security schemes were non-contributory, mostly means-tested (on a household basis), and targeted at the poor and needy, older persons, and those who had fallen into hardships during economic downturn. Of the various social security schemes, the Comprehensive Social Security Assistance (CSSA)[5] constituted the highest proportion of payout. It is equivalent to social or public assistance[6] in other countries. The average monthly CSSA payments[7] for the financial year 2011-12 ranged between HK\$4,213 [S\$669][8] to HK\$15,349 [S\$2,437], depending on the number of eligible members in a household, age of recipients, and their condition of disability.

In this paper, I will use the broader scope of social welfare, as spelt out by DiNitto (2011): (a) Income maintenance; (b) Health; (c) Social services (child and adult protective services, family services, mental health services, day care, long-term care, etc); (d) Employment; (e) Housing; and (f) Education. In determining the scope of social welfare the issue is more than just whether one is more encompassing than another. According to Midgley (2009) a broader conceptualization of social welfare took into consideration the societal context that provided opportunities for people to widen their life chances, maintain peace, ensure democratic participation, and protect human rights.

### **High and Mighty**

Before delving into the history of Hong Kong it is helpful to first lay down the basic facts about present-day "fragrant harbour" (香港), which is a Special Administrative Region (SAR) of the People's Republic of China (see Table 1). It is located at the south-eastern tip of China and comprises Hong Kong island, Kowloon peninsula, New Territories, and several other islands. Its population size of about 7.1 million, seemed small, when compared with major Chinese cities such as Shanghai (21.8 million), Beijing (18.2 million), Guangzhou-Foshan (17.7 million), and Tianjin (9.3 million) (Demographia, 2013a). A majority of the population (94%) were of Chinese descent and mostly (75%) in the economically active age group of 15 to 64. Life expectancy at birth was high, by world standard, and unemployment rate (3%) was low, when compared with many troubled economies in Europe.

Table 1. Basic facts about Hong Kong

<i>Land area</i>	1,104 square kilometres
<i>Population (as of mid-2012)</i>	7,154,600
<i>Population profile (2012)</i>	11.4% under 15 years 74.9% 15 to 64 years 13.7% 65 years or grater
<i>Ethnic composition (2011 Hong Kong population census)</i>	93.6% of Chinese descent 6.4% are ethnic minorities (Indonesians and Filipinos comprised 1.9% each of total population)
<i>Life expectancy at birth (2012)</i>	86.3 years for females 80.6 years for males
<i>Unemployment rate (2012)</i>	3.3%

Source: Census & Statistics Department, 2013

Hong Kong's international rankings in various economic and social dimensions were also high, in stark contrast to the political dimension of democracy (see Table 2). Its rankings in three aspects were higher than Singapore: economic freedom, human development, and democracy.

Table 2. International ranking of Hong Kong and Singapore on selected dimensions

	<i>Number of countries/economies compared</i>	<i>Hong Kong ranking</i>	<i>Singapore ranking</i>
<i>Index of Economic Freedom</i> <a href="#">[9]</a> 2013 (The Heritage Foundation)	185	1	2
<i>Global Competitiveness Index</i> <a href="#">[10]</a> 2012-13 (World Economic Forum)	144	9	2
<i>Top Containerisation Ports</i> 2012 (Containerisation International)	100	3	2
<i>Human Development Index</i> 2012 <a href="#">[11]</a> (United Nations Development Programme)	187	13	18

<i>Gross Domestic Product (GDP) Per Capita 2012 in Purchasing Power Parity basis</i> (World Factbook, Central Intelligence Agency website)	229	13 (US\$50,700)	7 (US\$60,900)
<i>Democracy Index</i> <a href="#">[12]</a> 2012 (Economic Intelligence Unit)	167	63	81

Hong Kong had been consistently rated as the world’s freest economy for 19 consecutive years, by The Heritage Foundation (an American think tank). Indeed, Hong Kong’s economic success was frequently attributed to a laissez-faire policy, although the claim of a free market economy and its instrumental role in Hong Kong’s economic success had been challenged by some critics (see e.g. Latter, 2009; Carroll, 2011; Chan, 2011). Moreover, its economic competitiveness should be judged against air quality, an important environmental consideration for foreign investors and families. According to Christine Loh (2011), who was appointed as the Under Secretary for Environment in 2012, “Many multinational companies have serious recruitment problems because potential employees don’t want to move to Hong Kong and raise their families in its polluted air ... a problem when compared to Singapore; a survey of American Chamber of Commerce in Hong Kong found that 93% of its members considered air pollution a serious issue.”

To appreciate how Hong Kong’s social welfare thinking evolved over time, it is instructive to go back to the days of Qing dynasty and British Empire.

**HISTORY**

**Colonial Masters and Refugees**

Hong Kong was historically one of the many colonial trading posts of the former British Empire, referred to as “the empire on which the sun never sets,” given the vast geographical expanse that it covered. In 1842[\[13\]](#) Hong Kong island[\[14\]](#) was officially ceded to Britain by China, after the First Opium War. The population at that time was estimated to be 7,450 (Endacott, 1973). It was a British colony/territory up to 30 June 1997, when it was handed back to the People’s Republic of China on 1<sup>st</sup> July. Between the 1840s and 1950s, the British Hong Kong government’s provision of social welfare was minimal as it was fearful that welfare aid would attract more poor people from Guangdong province to come to Hong Kong (Lee, 2005). However, the seed of public financing of education was sown in 1847, when the government provided grants to Chinese vernacular schools (Endacott, 1973), which was later extended to schools mainly organized by missionaries (Hong Kong SAR government, 2012). The government also allowed elite Chinese merchants to organize social and health services for themselves, as the population at that time was mostly male migrant workers, who had left their families behind in China. Examples included the Tung Wah Group of Hospitals[\[15\]](#) (for destitute and dying Chinese) and Po Leung Kuk (an association for anti-kidnapping of women and children[\[16\]](#) from China into Hong Kong and other countries), founded in 1870 and 1878, respectively. The Hong Kong

College of Medicine, which later became the Hong Kong University, was set up in 1887. Beginning in the early 1900s, internationally-affiliated NGOs, such as the YMCA, YWCA, and the Salvation Army, set up branches in Hong Kong.

At the outbreak of the Chinese revolution in 1911 many mainland Chinese fled to Hong Kong. Between 1919 and 1939 Hong Kong prospered as a trading port, under a free trade policy that was in the interests of British merchants. After World War II colonial administrations in various British territories expanded their involvement in education, health and social services (Midgley, 2011). Hong Kong was no exception as the government had to deal with post-war problems of physical devastation and poverty. Hence, the social welfare office was set up in 1948[17]. It was the forerunner of the Social Welfare Department, which was established in 1958. One of the enduring legacies of the British colonization was its introduction of a Western approach to social services to Hong Kong and other colonies[18] (Midgley, 2011).

In 1949 there was another huge inflow of mainland refugees into Hong Kong, including many Shanghai capitalists, who brought with them finances and skills, unlike the earlier immigrants, who were mostly poor and unskilled. Between 1954 and 1961 as many as 1,385,000 refugees arrived in Hong Kong (Hu, 1962 cited in Chan, 2011). With the closure of the Chinese border, these refugees remained permanently and required food, housing, jobs, etcetera. As the Tung Wah Hospital, which was a main provider of emergency and relief services then, was unable to handle the masses of newly arrived refugees, the Secretary for Chinese Affairs then helped to establish *kaifongs* (街坊会), along the line of traditional neighbourhood association of residents living in the same street (Ruscoe, 1961 cited in Chan, 2011). *Kaifongs* initially provided emergency relief services, free medical services, interest-free loans, aid to hawkers, and typhoon shelter, for refugees and disaster victims. Later, the government used them to organize community development and youth services. By 1971, there were 54 *kaifongs*[19], with a total membership of more than 850,000 (Wong, 1971 cited in Chan, 2011). However, these *kaifongs* did not form an alliance and had no impact on government policy (Ngok, 2007).

The availability of *kaifongs* enabled the government to provide minimalist social welfare but a series of events opened up new “policy windows.” Beginning in the 1950s, low-cost public housing[20] was initiated, as a result of a serious slum fire causing 53,000 people to be homeless. To buttress against the spread of communism, expenditure on primary education expanded; a second university was established; and expenditure on healthcare increased (Lee, 2005). In response to the leftist-oriented riots (1966-67), the government further expanded public provisions, in the 1970s: cash benefits for the poor, elderly and disabled; funding of voluntary welfare agencies; free and compulsory education for students up to 15 years; a 10-year housing programme; and greater healthcare services (Lee, 2005). The expansion was financed, not by higher taxation, but by Hong Kong’s high economic growth in the 1970s, averaging 8% per annum, full employment, real wage increases, and huge government revenues as a result of escalating land prices (Cheng, 1979; Lee, 2005). Scholars often referred to this period of time as the “big bang” of social welfare development in Hong Kong.

## **Weak Welfare State and Tight Belts**

The British Hong Kong government promulgated a fundamental, weak welfare state philosophy that had been well documented in both official and academic literature as laissez-faire, anti-welfare, residual welfare, small government, non-interventionist, and self-reliance. Such a social welfare philosophy was aligned with its fiscal policy, under both British rule and Chinese sovereignty. In the early days, colonial regulations developed in London “required that colonies avoid any deficit that would impose a financial burden on Britain ... avoid a deficit budget and maintain a satisfactory level of fiscal reserves ... explicit guidelines that public expenditure should be kept below 20 percent of GDP” (Lee, 2005, p. 122). Financial Secretaries, Sir John Cowperthwaite (1961-71) and Sir Philip Haddon-Cave (1971-81) adopted the principle of “positive non-intervention.” Though sharing the same commitment to free market principles, Sir Murray MacLehose, sought to create political stability in the 1970s through expansion of housing, education, social services; he was the longest serving governor (1971 to 1982) and highly popular (Ortmann, 2010). Government spending on social welfare also expanded in the last few years of colonial rule because Christopher Patten, the last British governor of Hong Kong observed that “Hong Kong’s economic vitality and strength were not matched by adequate social welfare” (cited in *The Economist*, 15 July 2010). Even so Patten reinforced a residual welfare principle when he said that Hong Kong’s approach to social welfare was “to protect the vulnerable and disadvantaged members of society who were left behind by the growing prosperity of Hong Kong,” rather than to reduce inequalities or redistribute income (Wilding, 1997, p. 245).

In sum, the British Hong Kong government held a tight rein over social welfare provisions but was also responsive to different social, economic, and political triggers: inflow of mainland refugees; political and social unrest; fruits of economic growth; and the last days of British rule.

## **ECONOMICS**

### **Tiger, Tiger, Burning Bright**

As mentioned in the previous section, the historical expansion of social welfare was made possible by Hong Kong’s economic growth. It took off economically, “from the late 1960s, alongside three other ‘tigers’ (Taiwan, Singapore, and Korea), successfully transforming itself from a refugee haven to first an industrial economy and then a world financial centre” (Chau & Yu, 1999, p. 87). In the 1960s and 70s the manufacturing [\[21\]](#) sector boomed; in the 1980s and 90s its economy was restructured as a services sector. The services industry, however, tended to offer low-paying jobs, with little scope for pay advancement and weaker job security. Hong Kong is now working towards a knowledge-based economy. Its economy grew at an average rate of 6.3%, with negative growth only in 1998-99 and 2001-03 (Hong Kong SAR government, Information Services Department). Its economic growth, when measured in per capita GDP, showed a sharp rise from 1971 to 2011. Its per capita GDP was almost on par with the United Kingdom in 2001 and higher than Singapore, up to 2001 (see Table 3).

Table 3. GDP per capita at current prices (US dollars)

	<i>Hong Kong</i>	<i>Singapore</i>	<i>United Kingdom of Great Britain and Northern Ireland</i>
<i>1971</i>	1,112	1,075	2,532
<i>1981</i>	6,007	5,815	9,144
<i>1991</i>	15,167	14,578	18,404
<i>2001</i>	24,395	22,030	24,843
<i>2011</i>	34,161	50,087	38,918

Source: United Nations Statistics Division, retrieved on 17 April 2013

Unlike the other “tigers” where government oversight was instrumental in economic development, the Hong Kong government adopted low-key strategies. Some scholars had suggested that low-cost public housing and control over stocks and prices of foodstuff were essentially “hidden” subsidies, by the government, which enabled employers to pay lower wages and hence, kept labour costs down (Ngok, 2007). Credit should also be given to the industriousness of Hong Kong immigrants. Baker (2008) suggested that an immigrant mentality of forging better lives for themselves and their families and willingness to endure long working hours, such as those found in Hong Kong and other immigrant societies (e.g. Canada, United States, Australia, Singapore), laid the foundation for economic success.

Another measure of its economic performance was the relatively low unemployment rate. Between mid-1980s to mid-1990s the annual figure hovered around 3%; the highest was in 2003 (7.9%), 2004 (6.8%), and 2009 (5.4%) (Census & Statistics Department website). It experienced economic recession between 1998 and 2003, as a result of the Asian financial crisis, bird flu incidence, and spread of the SARS epidemic. The economic recession and the record high unemployment rate “exposed the underdevelopment of the social safety net, as there was no insurance programme for unemployment pensions, for example, to alleviate the social impact” (Lee, 2005, p. 127). Nonetheless, the policy response was a budget cut across all policy areas. For example, the Home Ownership Scheme was suspended in 2003 and the Civil Service reduced in size [22], retreating to a “small government” mentality. It adopted New Public Managerialism, with the use of outsourcing and privatization policy instruments, in line with changes in public management practices in the United Kingdom and elsewhere since the 1980s.

## **POLITICS**

Besides economics, Hong Kong’s social welfare priorities were also shaped by its political dynamics and political institutions.

## **Same Same But Different**

In the count down to 1 July 1997, the political leaders in Beijing formulated the principle of “one country, two systems” to accommodate Hong Kong’s different economic and judicial systems from the mainland. The “Basic Law[23] of Hong Kong ” was signed by the British and Chinese governments, guaranteeing for a period of 50 years “long-standing business-friendly policies of balanced budgets, low taxation, free trade, and free currency markets” (Goodstadt, 2010, p. 273). Furthermore, the Basic Law set similar colonial-day parameters for fiscal policy: “Strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth of its gross domestic product” (Latter, 2009, p. 5) and “Keep expenditure below 20% of GDP” (Latter, 2009, p. 6). The explicit policy restraint on public expenditures was often used to justify limited expansion of social welfare, making it hard for welfare advocates to push the boundaries of state welfare, despite a change of government. As the Thais would say, “Same same, but different.” Hong Kong’s first Chief Executive, Tung Chee-hwa, who was a shipping tycoon, said “We remain firmly committed to upholding our system of free enterprise and will adhere steadfastly to the philosophy of small government with prudent fiscal management” (Tung, 2000, cited in Chan and Bowpitt, 2005, p. 37).

## **The power of one, twelve hundred, and half a million**

In the past, the British governors, who were appointed by the Queen of England, ruled Hong Kong. The governor, in turn, appointed members to the Executive Council and Legislative Council (LegCo), to advise him and his administration. In 1843 there were only 4 positions in LegCo, all of whom were government officials (Cheek-Milby, 2003). At the same time, early Chinese immigrants were apathetic toward politics; they expected minimal provision of help (Wilding, 1997). Many had fled from chaotic and impoverished places in China to seek political stability and prosperity in Hong Kong; a government that left them alone and did not interfere with their livelihoods was desirable (Wilding, 1997; Carroll, 2011). Though the number of LegCo positions subsequently increased, there were always more government officials than non-officials, up to 1976, allowing the government to retain control (Cheek-Milby). In such a system, policy-making tended to be more plain sailing. Between 1991 and 1995 there were 60 positions in LegCo, comprising 18 appointed members, 3 ex-officio government officials, 18 directly-elected members, and 21 members elected from functional constituencies (representing business and professionals sectors) (Ma & Choy, 2003). A system of partial political representation meant that legislators were often not required to act in the interests of the electorates. According to Chau and Yu (1999), the middle-class intellectuals and professionals, who were elected to LegCo, advocated some expansion of social welfare but had no intentions of revoking Hong Kong’s capitalist ethos.

Under the Basic Law, the Chinese government also made stipulations regarding the creation of an executive-led government and selection of the Chief Executive (5-year term), new LegCo (4-year term), and the election system. Hong Kong’s Chief Executive was elected by an Election Committee of 1,200 members (up from 800 in 2012), comprising business and professional elites. The Chief Executive elect, however, had to be endorsed by the central government in Beijing. After the handover, policy-making soon became “disjointed” and frictions abound, between the Chief Executive, LegCo, bureaucracy[24], and civil society (Scott, 2007).



The civil society in Hong Kong is active and to some extent provided a counter-balance of views and pressures on the government. Civil society groups and organizations—NGOs, trade unions, political parties, student groups—made their demands and discontent known to the government through various means such as public opinion polls, community surveys, street demonstrations, sit-ins, work strikes, public forums, and meetings. The number of demonstrators/protestors was often indicative of the seriousness of discontent. A case in point is that of the estimated half million people<sup>[25]</sup> who took part in the 1 July 2003 rally, in opposition to a proposed national security legislation under Article 23 of the Basic Law. Judging from the regular frequency of protests and demonstrations it would appear that the more politically-minded Hong Kong people made good use of their freedoms of speech, of the press and publication, of association, of assembly, of procession and demonstration, and to strike. The post-80s youth seemed to believe, more than the middle-aged and older persons, that public protests of policies could change government policy-making and solutions (DeGolyer, 2010). The protests were usually non-violent but appeared to be more unruly in recent years, with more scuffles with the police and throwing of objects at government officials.

One aspect of political life that peeved Hong Kong people was their perception of the political power of businesses and employers. Government policies seemed to benefit the businesses and employers more than labour and employees, for example, there were minimal tariffs and minimal restrictions on imports and exports, zero sales tax, low salary tax (top marginal rate was only 17%) and corporate profits tax (capped at 16.5%), no unemployment benefits, and tax exemptions on dividend and capital gains, etcetera. Past examples included the following: free and compulsory education in primary school was blocked until 1971; three more years of secondary education was also blocked by employers until 1978 to provide a supply of child labour for factories (Goodstadt, 2010). Employers also tended to be against pension scheme and contributory social insurance as these would add to the costs of labour and reduce competitiveness (Wilding, 1997). A more recent example was the strong opposition of the business and employer groups against the implementation of a minimum wage policy, which was proposed to tackle problems of low pay and assist the working poor. It was estimated that there were 658,100 people living in working poor households (Oxfam, 2012). The Hong Kong Social Security Society (a NGO) had called for minimum wage regulations, as far back as 1998. Opponents argued against its implementation, on the grounds that increasing wage costs might cause some businesses to close down, leading to job loss and unemployment. The Minimum Wage Ordinance (initial rate of payment was set at HK\$28<sup>[26]</sup> [S\$4.45] an hour) was eventually passed by LegCo in July 2010. Contrary to expectations, there was no increase in unemployment, one year after the implementation of the statutory minimum wage rate.

## **SOCIAL WELFARE IN HONG KONG**

Hong Kong's welfare economy can be characterized as a mix of moderate public welfare, strong voluntary welfare, strong family welfare, and low occupational welfare.

## Many Helping Hands, Hong Kong-style

The historical development of voluntary organizations in providing education and social services, by local initiatives and international organizations, since the 1850s, resulted in the creation of a strong voluntary sector in Hong Kong. The welfare NGO sector employed 80% of social workers and provided over 90% of social services through 3,000 service units (Hong Kong Council of Social Service [27], 2012). NGOs that were members [28] of the Hong Kong Council of Social Services varied tremendously in scale of operations, as reflected in their annual operating expenses: 17% operated on less than HK\$500,000 (S\$79,400) versus 16% that operated on more than HK\$50 million (S\$7.9 million) (Hong Kong Council of Social Service, 2012). A search on Wisegiving website (as of 19 April 2013) revealed that 30 NGOs—referred to as mega NGOs—had annual expenditures greater than HK\$100 million (S\$15.88 million). A survey of social services organizations ( $N=381$ ), in 2009, showed that they were relatively closer to the government and not as connected to the business sector (see Centre for Civil Society and Governance, University of Hong Kong, 2009). The survey also showed that inter-agency collaboration was not strong and that most welfare NGOs were not active in advocacy work. Their primary mission was to provide social services, particularly to children and youth, older persons, and families. The small number of welfare NGOs that did engage in advocacy work used activities that could be considered as civil rather than confrontational, namely, submission of papers and hosting of press conferences. Only 11% of NGO respondents said their organizations participated in protests or demonstrations.

As the family was expected to play a central role in the provision of welfare for its members, there was a fear that greater public provision would erode family responsibility (Wilding, 1997). This type of argument was often used in matters relating to aged care, as government officials were concerned about adult children relinquishing their responsibilities towards parents. The living arrangement of older persons served as a proxy of the availability of family support. In 2011, about 30% of older persons lived with spouse and children; about 21% lived with children only; and almost 24% lived with spouse only. In contrast, about 13% lived alone (Census and Statistics Department, 2013b). Also, the higher the age group, the higher the proportion living with children only: 32% for those aged 85 years or above versus 14% for those aged 65 to 69 (Census and Statistics Department, 2013b). However, there appeared to be a declining trend of co-residence with children: 57% in 2001, 54% in 2006, and 51% in 2011 (Census and Statistics Department, 2013b). The situation would be further exacerbated by decreasing family size over the years, as fertility rates had fallen drastically since 1981 [29] (see Census and Statistics Department, 2012a). For domestic households where all members were older persons, only 8.8% had employment income, in comparison with 85.8% of those domestic households where older persons were living with non-older persons (Census and Statistics Department, 2013b). The financial implication of different household types—whether living with other older persons or living with non-older persons—was also reflected in the lower median monthly household income (2011 figures): HK\$9,070 (S\$1,440) versus HK\$21,540 (S\$3,420), respectively (Census and Statistics Department, 2013b). Older persons living alone were worst off; they had median monthly household income of only HK\$3,000 (S\$476) in 2011.

The government's role was primarily that of a financier of social services, particularly with the implementation of a Lump Sum Grant Scheme in 2001 to replace an earlier mode of government

subvention of social services. In the revised subvention system the social work salary schemes of NGOs were de-linked from that of the civil service pay scale, with the result that employers then offered short-term contracts, at lower salaries, and some employers even hired those with lower qualifications (Centre for Civil Society and Governance, 2009). These changes resulted in employee resentment and morale problem. In 2007 and 2009, some social workers [30] protested against the Lump Sum Grant Scheme and went on hunger strike, asking for “equal pay for equal work.”

## **Going Beyond Economics**

The trickle-down effect of high economic growth and full employment, up to the 1980s, did result in general improvement in people’s livelihood (Lee, 2005). But then many people around the world had also become wealthier, healthier and better educated, than they were in 1970 (United Nations Development Programme, 2013). The government coffers were very strong, with fiscal reserves of HK\$669 billion (S\$106.2 billion), as at 31 March 2012 (Census and Statistics Department, 2013a). All is not well, however, in this bustling city.

### ***Rich and unequal***

Hong Kong is indeed doing very well economically, using conventional GDP and other performance measures. But GDP is a measurement of economic activity, rather than economic well-being (Stiglitz, Sen, & Fitoussi, 2010). Its wealthy people ranked among the world’s richest; Li Ka Shing, with a net worth of US\$31 billion (as of March 2013) was ranked number 8 of world billionaires, followed by Lee Shau Kee (net worth of US\$ 20.3 billion), ranked number 24 (Forbes, 2013). But the poor had little to live on. Income disparity was increasing: Gini-coefficient of income inequality [31] increased from 0.430 in 1971 to 0.451 in 1981, 0.476 in 1991, 0.525 in 2001, and 0.537 in 2011 (Youth Hong Kong, 2013). The median monthly income of the top 10% of households (HK\$88,800) was 26 times that of the lowest 10% of households in 2012 (HK\$3,400), compared with 23 times in 2003 (Oxfam, 2012). Whilst the median monthly income of the bottom 10% of households increased by HK\$400 (S\$64), between 2003 and 2012, the median monthly income of the highest 10% of households increased by HK\$18,800 (S\$2,985), in the same period (Oxfam, 2012).

In addition, poverty persisted despite growing GDP, low unemployment rates, and various welfare programmes to assist the poor. Poverty rates ranged between 16.7% and 18% for the period 2003 to the second quarter of 2012 (Oxfam, 2012). In 2012, one in six persons in Hong Kong (17.6%) or 1.18 million people (451,000 households) were living in poverty (defined as below 50% of median income) (Oxfam, 2012). Whilst the per capita GDP increased so did the number of CSSA cases: [32] from 91,362 in 1993 [33] to a peak of 298,011 [34] in 2005 (Census & Statistics Department 2003, 2012c, and 2013a). Though the number dropped to 276,710 in 2011, it was still much higher than the 13,500 public assistance cases recorded in 1971-72, at the start of the economic growth period (Census & Statistics Department 2008 and 2012c). The main reasons [35] for CSSA applications in 2011 were old age (56%), single parenthood (12%), unemployment (10%), ill health (9%), and permanent disability (7%) (Census and Statistics Department, 2012c). The number of cases that applied due to low earnings was small: 12,319 (in 2011). Analysis by age groups showed that for 2011, only 42% were aged 60 and over whereas

41% were aged 15 to 59 and the rest (17%) aged below 15 (Census and Statistics Department, 2012c). A workfare policy was instituted for those aged 15 to 59 and who were able-bodied and unemployed (and also those with low number of working hours) to actively seek full-time employment and participate in the Support for Self-reliance Scheme<sup>[36]</sup>, as a condition for financial assistance.

A Commission on Poverty was re-established in November 2012, aiming to alleviate poverty. Measures to address poverty tended to focus on improving social safety nets, such as provision of allowances, rather than structural causes of poverty, namely unequal access to wealth, unequal participation in the labour and capital markets, and unequal representation in governance (United Nations Development Programme, 2012). In the case of Hong Kong, income poverty should be addressed together with housing. According to Oxfam Hong Kong, “Housing is the structural cause of poverty in Hong Kong. Poorer people are often paying more than half their household incomes on rent” (Hong Kong Federation of Youth groups, 2013, p. 20). Consequently incomes for other basic necessities (food, clothing, textbooks, medicines, and transportation) were reduced.

### ***Housing market too hot***

Housing affordability was another key welfare issue, where home prices<sup>[37]</sup> and rents were sky high, as a result of government control over supply of housing and land, strong demand for homes (ownership and investment purposes), and low interest rates. The number of newly completed private residential flats fell from 26,397 in 2003 to 7,157 in 2009 before it bounced back to 13,405 in 2010; the annual average number being 14,574 for the period 2003 to 2012 (Research Office, 2013b). The annual average number of newly completed public rental housing flats was 15,904 for FY2002-03 to FY2011-12 whereas the number of applicants on the waiting list for public rental housing grew from 91,921 in 2003 to 222,200 in 2012 (Research Office, 2013b). For three consecutive years, Hong Kong was rated as the most unaffordable metropolitan market in international surveys of housing affordability that were conducted by Demographia, an international public policy firm. In 2012, among 337 metropolitan markets<sup>[38]</sup>, Hong Kong’s Median Multiple of 13.5 (median house price divided by gross annual median household income) was the highest and a marked deviation from affordable housing, defined as Median Multiple of 3.0 and under (Demographia, 2013b). According to *The Economist* (2013), Hong Kong’s house prices, based on price-to-rents ratio, were overvalued by 69%<sup>[39]</sup>.

Director Wang Guanya of the Hong Kong and Macao Affairs Office of China’s State Council, during his visit to Hong Kong in June 2011, “warned that housing demands might turn into political problem, if not properly handed” (Cheung, 2011, p. 4). On 1 July 2011 (commemorative date of the handover of sovereignty), 218,000 people protested against unaffordable housing prices, inflation, gap between rich and poor, and collusion between government and wealthy property tycoons (Drew, 2011). Dissatisfaction with the lack of government control over property prices was mixed with resentment against Chinese mainlanders encroaching on Hong Kong, particularly in the purchase of newly-built residential units, delivery of babies by mainland mothers in Hong Kong’s crowded hospitals, and cross-border parallel traders, causing

prices of goods to go up and shortages of essential supplies. At the same time, ill feelings against mainlanders were tempered because of Hong Kong's economic ties, if not economic integration, with mainland China, particularly in the Pearl River Delta Region. Since the current Chief Executive, Leung Chun-ying, took office on 1 July 2012, amidst much political hostilities, he had announced a series of policy measures aiming to cool down the property market and increase the supply of public housing units. Nevertheless, housing measures were not easy matters to handle. Those in the housing industry and financial market monitored rising house prices with glee, "as if housing were a commodity, like gold" but for the poor it is a basic necessity (Demographia, 2013b, p. 8). Considering that many of Hong Kong's wealthy people made their fortunes through property investment[40] the government would have to be resolute in balancing the market forces.

### *Old and needy*

Like many other developed and developing economies, Hong Kong's population was projected to age. However, its pace of aging appeared to be much faster, as compared to other rich economies. Its aged population (65 years and over) was projected to increase to 19% of the total population in 2021 and to 30% by 2041 (Census & Statistics Department, 2012d). Of greater concern was the high rate of poverty amongst older persons: 33% in comparison with 22% for children and 18% for those aged 15 to 24 (Youth Hong Kong, 2013). Furthermore, the Mandatory Provident Fund[41] was deemed to be sorely inadequate in providing a retirement income, since it was introduced only in December 2000 and did not cover those who were homemakers and self-employed. However, the government firmly rejected the introduction of a universal pension scheme, as a policy instrument to support old age, although a large number of uneducated and poorly skilled older persons had no or little savings (Goodstadt, 2009). A saving grace was the recent introduction of a means-tested Old Age Living Allowance of HK\$2,200 (S\$349.36) per month for those aged 65 and over and in financial need[42]. This is different from the Old Age Allowance[43] (OAA), popularly referred to as "fruit money", of which there were two categories: Normal OAA for older persons aged 65 to 69 (means-tested) and the Higher OAA for older persons 70 or above, which was non-means tested. Currently, the OAA is HK\$1,090 (S\$173) per month. But given that the rental price for a "cage home[44]" of 1.9 square metres could set you back by HK\$1,000 (S\$159) to HK\$1,500 (S\$238) per month, it is depressing to think what could one do with the balance amount, not to mention the poor ventilation, lack of privacy, sanitary and safety hazards of overcrowded premises, and the mental stress of shared living space with so many people.

## **CONCLUDING REMARKS**

In closing, whether you think that Hong Kong social work is more dynamic than that of Singapore depends on what impressed you most: the number of registered social workers; or the social workers and students marching in the streets in social protests; or the mega-size NGO employers of social workers; or having to make home visits to poor people living in cage homes, sub-divided and partitioned units[45], and roof-top dwellings[46]. As for me, I am impressed by

the young, friendly and enthusiastic female social worker from a poverty-alleviation NGO, whom I met in June 2012; she was working with the “down and out” in a city that never sleeps.

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[1] Of this number, 62% were social work degree holders versus 37% who were diploma holders.

[2] Of this number, 54% were social work degree posts versus 46% for diploma/associate degree posts. The estimated staff strength for 2012-13 was 12,942.

[3] Oral presentation at the 2011 Seoul Welfare Forum: Social welfare system and administration in Asian Cities.

[4] Social services referred to services provided to families in need, the elderly, persons with disabilities, offenders, young people, children and adults with psychological or psychiatric disorders, etc.

[5] Other social security schemes included Disability Allowance, Old Age Allowance, and Traffic Accident Victims Assistance.

[6] In July 1993 the CSSA replaced the Public Assistance Scheme, which was initiated in 1971.

[7] CSSA recipients were entitled to free medical treatment at public hospitals and clinics. Besides standard rates of CSSA payments, there were also supplements (e.g. to single parents) and special grants (e.g. rent allowance).

[8] Exchange rate as of 17 April 2013 was HK\$1=S\$0.1588

[9] The index covered four categories: Rule of law; limited government; regulatory efficiency; and open markets.

[10] The index comprised three sub-indices: Basic requirements; efficiency enhancers; and innovation & sophistication.

[11] The index was measured by four indicators: life expectancy at birth; mean years of schooling; expected years of schooling; and gross national income per capita.

[12] The index covered five categories: Electoral process and pluralism; civil liberties; the functioning of government; political participation; and political culture.

[13] Singapore was founded much earlier, in 1819, by Sir Stamford Raffles, of the British East India Company.

[14] Kowloon peninsula was ceded later, in 1860, and the New Territories was leased for 99 years in 1898.

[15] Currently, it is the oldest and one of the biggest charities in Hong Kong, with an annual expenditure of HK\$3.17 billion (S\$0.5 billion) (Tung Wah Group of Hospitals Annual Report, 2012-13). Besides running five hospitals, it also operated educational services (ranging from kindergarten to tertiary level) and welfare services.

[16] They were kidnapped and sold to the rich” as concubines, *mui-tsai* (maids), and adopted sons.

[17] In Singapore, the Social Welfare Department was set up in 1946.

[18] This applied to Singapore as well.

[19] Though less important now in terms of welfare provision, many *kaifongs* are still in existence in Hong Kong.

[20] A large housing programme was deemed an exception among the colonial territories of the British Empire (Midgley, 2011).

[21] Employment in the manufacturing sector decreased from 35.8% in 1986 to 9.7% in 2006. The corresponding figures for Singapore were 25.2% and 20.5%, indicating less drastic restructuring.

[22] At its peak the Hong Kong Civil Service had a total of 200,000 posts. In contrast, the total number of posts as at 31 December 2012 was 168,275 (Research Office of the Legislative Council Secretariat, 2013a).

[23] A disproportionately high number of prominent businessmen was invited and participated in the drafting of the Basic Law (Chu, 2010; Goodstadt, 2000).

[24] Much had also been written of the role played by Hong Kong’s bureaucracy in providing stability during and after the handover.

[25] My hairdresser told me that most Hong Kong people were not interested in politics but if you hit a raw nerve, then they would come out in masses to demonstrate.

[26] Increased to HK\$30 with effect from 1 May 2013.

[27] It was incorporated in 1951 through an Ordinance. The Singapore Council of Social Service was set up later, in 1958, and incorporated as a statutory body in 1968.

[28] Total number of agency members was 399, as at 31 March 2012. According to an interview given by the Chief Executive of the Hong Kong Council, the estimated number of welfare NGOs was about 500.

[29] The Total Fertility Rates (TFR) for 1981 and 2011 were 1.93 and 1.20, respectively. The TFR for Singapore in 2011 was 1.20.

[30] Social work students also took part in the 2009 demonstrations and hunger strike.

[31] A commonly used measure of income inequality, it ranged between 0.0 and 1.0, with higher figures indicating higher inequality.

[32] CSSA cases may be individuals or families.

[33] 1993 was the year when the CSSA scheme replaced the Public Assistance Scheme.

[34] The corresponding figures by number of recipients were 121,060; 539,963; and 443,322.

[35] Cases were classified according to the principal reason for application; hence, old age cases might include household members who were younger than 60 years old.

[36] Implemented with effect from June 1999.

[37] In 2011, slightly more than half of the population (51.5%) was living in private permanent housing, as compared to 30% who lived in public rental housing and another 17% in subsidized home ownership housing (Census & Statistics Department, 2012c). D

[38] Metropolitan market was defined as those with more than 1 million population.

[39] Singapore's houses were overvalued by 57% (The Economist, 2013).

[40] According to Gruber (2013), much of the wealth of two-thirds of Hong Kong's 50 wealthiest people (those on Forbes list) came from gains in real estate.

[41] Employer and employee each contributed 5% of employee income, capped at HK\$1,000 [S\$158.80] per month.

[42] It was expected to benefit about 400,000 older persons, who must not be in receipt of OAA, CSSA, or Disability Allowance. OAA recipients, who were aged 65 to 69, were automatically switched to the Old Age Living Allowance Scheme but would stop receiving “fruit money.”

[43] Older persons receiving CSSA were not eligible to receive OAA.

[44] Cage homes were essentially bunk beds, with wired netting, to keep personal possessions from being stolen.

[45] Referring to a flat that had been sub-divided into 4 or more smaller units. A survey commissioned by the Hong Kong SAR government in 2013 found an estimate of 66,900 sub-divided units, housing 171,300 persons.

[46] Besides older persons, those living in poor-quality housing included newly arrived mainland Chinese with school-going children, single parents, ex-offenders, drug-addicts, people with mental illness, prostitutes, etc.

Blog: Singapore Association of Social Workers

<http://www.social-dimension.com/2013/08/the-context-of-social-welfare-in-hong-kong-history-economics-and-politics.html>