Misled Intervention by a Misplaced Diagnosis: The Hong Kong SAR Government’s Policies for Alleviating Poverty and Social Exclusion

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Abstract
Despite evidence of the aggravation of the problem of poverty, the Hong Kong colonial government prior to 1997 dismissed poverty as a non-issue. Since the 1997 Asian financial crisis, growing unemployment and increased visibility of poverty in Hong Kong have forced the Special Administrative Region (SAR) government to admit the severity of the problem.

The main strategy of the colonial government in dealing with poverty was to maintain a “social security net,” providing the poor with the basics for subsistence. Also, the government played an important role in the provision of education for the general population, with a view to allowing the poor to have access to social mobility as an escape from poverty. These basic policies and strategies have been inherited by the Hong Kong SAR government.

This strategy has a two-fold objective: the promotion of economic growth and investment in human capital. It is hoped that poverty will be properly managed by reducing unemployment. Such a diagnosis of the
nature and causes of poverty is misplaced, and neglects the problem of the working poor and social exclusion. This misplaced diagnosis has misled the government in its policy intervention. Though Tung Chee-hwa, the former Chief Executive, set up the Commission on Poverty before his resignation in 2005, this move was hardly a break from the misplaced strategies on poverty alleviation mentioned above.

Introduction

One would think that, as one of the most modern and affluent cities in Asia, Hong Kong should be free from the problem of poverty. In reality, behind the image of prosperity, Hong Kong’s income distribution is highly unequal, with many people still living at subsistence level and a significant portion of the population in abject poverty. Using different definitions and measurements of poverty, various researchers estimate that about 600,000 persons, that is, 10 to 15% of the population were living in poverty in 1994–1996.\(^1\) From 1996–2005, it is suggested that the proportion of people living in low-income households increased from 15.0% to 17.7%. In 2005, over 1.2 million people (out of the total population of 6.9 million) in Hong Kong were classified as poor people.\(^2\)

Hong Kong’s unemployment rate in 1997 was 2.2%, with only just over 71,000 unemployed persons. Since then, the Hong Kong economy has been adversely affected by the Asian financial crisis. It was also badly hit by the severe acute respiratory syndrome (SARS) outbreak in 2003. The unemployment rate rose to 8.7% (i.e. about 310,000 persons unemployed) in July 2003. Rising unemployment was a cause for alarm, and thus attention was drawn not just to the problem of poverty but also to the broader issue of social exclusion of vulnerable groups.

Faced with the escalating problem of poverty, in 2000 the HKSAR government, for the first time in Hong Kong’s administrative history, admitted the existence of a poverty problem in Hong Kong, and eventually set up the Commission on Poverty in 2005. However, the actions and policies adopted by the HKSAR government to combat poverty were too few and too late. Furthermore, there were few, if any, changes in the government’s attitude, philosophy, policies and strategies with regard to poverty alleviation. The same can be said about its understanding of the broader issue of social exclusion. The HKSAR government’s approach to the question of poverty is largely a continuation of those practices adopted by the former colonial government.