

The University of York, 4 July 2012

“Positive non-interventionism”: Colonial governance in Hong Kong, 1960-1984, a workshop on Hong Kong History

**Unwelcome Welfare:  
How Hong Kong policy-makers resisted  
pressures for a modern system of social  
services, 1960-84**

Leo F. Goodstadt, HKIHSS University of Hong Kong and TCD Ireland

# 'Third World' Legacy

- Economic priorities and political legitimacy did not shape social policies.
- Political/pressure groups were ignored by policy-makers.
- The key factor was officials' reluctance to seek comprehensive transition from 'Third World' status by rapid modernisation of institutions, infrastructure and professional expertise.
- Trade and investment uncertainties and budget constraints were convenient myths.

# HKG: The Senior Partner

- 1950-80: Officials vital to manufacturers' access to Western export markets:
  - 1960s: HKG defended industry against its own ignorance when it demanded import/investment controls and refused to join trade talks. (HKRS270-5-56)
  - Officials acquired deep knowledge of industry: leaders, costs, markets, working conditions
  - Social policies heavily influenced by economic realities and business priorities
  - *Business depended on the trade bureaucracy*

# An Uncaring Bureaucracy

With 1 mn 'homeless exiles all human compassion baulks'. Harsh measures are unavoidable. (1956)

- Cowperthwaite (1961-71): Hong Kong should accept 'Third World' standards. The market was proper solution for social problems.
- Haddon-Cave (1971-81): 'The purpose of the fiscal system is not [to] pursue social justice'.
- Bremridge (1981-86): 'The proclivities of decent men and women to spend hugely on social measures' need to be countered by 'tough budgetary policies'.

# No Shortage of Funds

- Grantham in 1952: no 'real shortage of funds' for social or economic development.
- Cowperthwaite: finance was not the obstacle to housing and social service programmes.
- Haddon-Cave: doubts about 'the growth momentum of the past 10 or 20 years being sustained' were unjustified.
- Bremridge: 'the true shortage is of resources including people and not of money'.

# Third World Children (1950s)

- In the principal maternity hospital, mothers ‘two in a bed’; ‘no facilities for adequate...washing of linen’.
- Kwong Wah nurses admit ‘most’ abandoned children ‘not properly attended’; ‘some small babies...not even fed regularly’.
- 67% of school children ‘nutritionally sub-normal’. Proposed meals service for 50,000 ‘badly undernourished’ rejected because of ‘the detailed administration and organisational work’.

## Homes: The Lowest Standards (1960s)

- Squatters (17% of pop.): water '1 tap for 500 people'; latrines, '1 compartment to 100'.
- Resettlement (13% of pop.): living space per head 'lowest in the world. 'Officially depressed' to 16 sq.ft./adult and 8 sq.ft./child.
- New private sector: Families may face 'a more serious health hazard, and bring up their children mentally, socially and physically more handicapped or stunted than in squatter shacks'.

# Labour: No Imported Reforms

- 1958: HKG promised HMG to introduce 'minimum standards of industrial employment' with 'paid sick leave and public holidays, maternity benefit, weekly rest day'.  
Not implemented until 1968 Employment Ordinance.
- 1964: Trench withdrew promise of shorter hours claiming public too outraged by UK 1964 import levy to accept reforms imposed by London.
- 1974: Labour Government forced MacLehose to promise 'broad comparability of labour legislation and social welfare with other Asian countries, excluding Japan' by 1980. This goal legalistically was already met.



# Labour: Profitable Partners

- 1960: S. Y. Chung (FHKI): 'Industrialists would not improve working conditions' unless land prices reduced.
- 1967: Cowperthwaite denounced an official report on social and labour reforms for its 'emotional prejudice against employers in general and profits in particular'.
- 1976: MacLehose proposed labour and social reforms but surrendered to 'the ugly face of capitalism' in 1981.
- 1981: Maria Tam complained the public wanted 'severance pay, workers' insurance, paid maternity leave etc.' Employers bore the costs yet HKG refused them 'low interest loans' and land for 'low-cost factories'.

# Welfare: Official Sabotage

- 1958: New SWD but no 'clear and approved social welfare policy'; no professionals to draft plans; but the potential for 'enormous and ever-mounting expenditure'.
- 1965: Policy overview finalised but 1967 follow-up 5-year plan ignored in draft and the revision ridiculed in 1971.
- 1964-71: Except for start of PA, Trench's personal lobbying blocked by senior officials who successfully obstructed SWD 'as a matter of deliberate policy'.
- 1971: End of 'Third World' constraints as professionals start the policy flow: White Paper, 5-year plan and elderly care programme (1973), Green Papers on the elderly and social security (1977)

# Historical Costs to be Paid

- Government never caught up with housing crisis before 1997, and the 1<sup>st</sup> CE abandoned the programme in 2001. Government housing expenditure 2000-10 fell 57% and new PR units 71%. Private sector prices rose 68% and average rents 22%.
- Minimum wage on official agenda since 1966; promised by 2<sup>nd</sup> CE 2005; enacted 2011. 'Over half' the 40,000 unskilled workers on 'government service contracts' needed 20% pay rises to comply with the new law.
- In 1967, 1978 and 1993, business interests defeated post-retirement funding schemes leaving the average worker unable to fund old age and dependent on CSSA.

# Historical Lessons not Learnt

Gini coeffs: *1986*, 0.453; *2001*, 0.525; *2011*, 0.537

- Business legislators (2000): ‘1950s and 1960s’, ‘there used to be no CSSA’ but now there is increasing dependence on the Government’.
- Second CE (2005): ‘The Government must never try to assist the poor using its own resources for this is doomed to failure...just like pouring sand into the sea to reclaim land’.
- Poverty Commission (2005): 1.03 million – 15% of population –lived in poverty.

# Unresolved Paradoxes: Rhetoric & Reality

Spending on housing and social services:

- 1950: less than 20% of total budget
- 1965: almost 40% when Trench started his social reform drive
- 1976: 41% when Haddon-Cave denigrated social justice
- 2005: 55% when Tsang Yam-kuen denounced social expenditure as fruitless.