



# Poverty in Hong Kong: an overview

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# Narayan (et al.) (2000)

## Voices of the Poor: Can Anyone Hear Us?

- Poverty is pain.
- Poor people suffer physical pain that comes with too little food and long hours of work;



# Can Anyone Hear Us?



- Emotional pain stemming from the daily humiliations of dependency and lack of power;
- and the moral pain from being forced to make choices-such as whether to use limited funds to save the life of an ill family member, or to use those same funds to feed their children.

# Can Anyone hear us?



- If poverty is so painful, why do the poor remain poor?
- The poor are not lazy, stupid, or corrupt-why, then, is poverty so persistent?

# Does poverty really exist in Hong Kong?



- HKCSS adopt the concept of relative poverty, i.e. half the median household income, as the poverty benchmark. The percentage of population living below this poverty benchmark is regarded as the poverty rate.
- Increasing number of low-income households in Hong Kong
  - Overall poverty rate rose from 11.2% in 1991 to 18.3% in 2000, and 18.1% in 2010
  - One in every four children (24.0%) lived in low-income households in 2010
  - 339 out of 1000 elders (33.9%) lived in low-income households in 2010

# Poverty Rate by Age Group in HK, 1991-2010

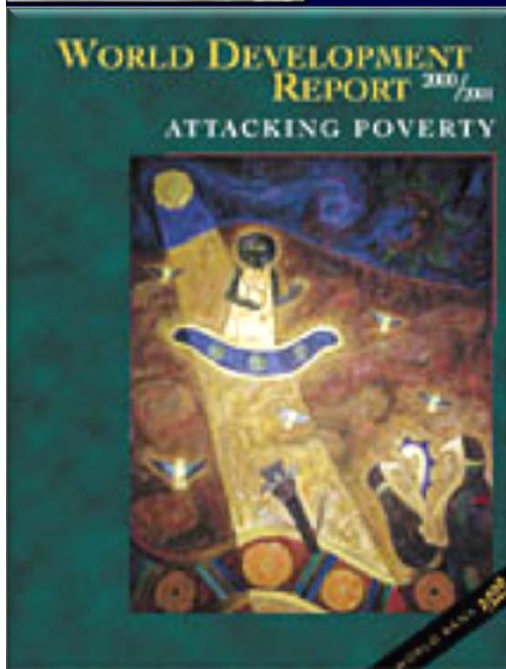
|   | 1991 | 1996 | 1998 | 2000 | 2004 | 2010 |
|---|------|------|------|------|------|------|
| Percentage of people living in low-income households ( <b>Overall Poverty Rate</b> )              | 11.2 | 15.0 | 18.1 | 18.3 | 17.3 | 18.1 |
| Percentage of children aged 0-14 in low-income households ( <b>Poverty Rate of Children</b> )     | 17.1 | 22.8 | 26.2 | 25.9 | 24.2 | 20.1 |
| Percentage of persons aged 65 and over in low-income households ( <b>Poverty Rate of Elders</b> ) | 24.8 | 26.9 | 34.2 | 34.3 | 30.4 | 33.9 |
|   |      |      |      |      |      |      |



## Percentage distribution of monthly household income by decile groups of households and Gini-coefficient (1981-2006)

| Decile group            | 1981         | 1991         | 2001         | 2006         |
|-------------------------|--------------|--------------|--------------|--------------|
| 1st (lowest)            | 1.4%         | 1.3%         | 0.9%         | 0.8%         |
| 2nd                     | 3.2%         | 3.0%         | 2.3%         | 2.1 %        |
| 3rd                     | 4.4%         | 4.0%         | 3.4%         | 3.2 %        |
| 4th                     | 5.4%         | 5.0%         | 4.4%         | 4.3 %        |
| 5th                     | 6.5%         | 6.1%         | 5.6%         | 5.5 %        |
| 6th                     | 7.8%         | 7.4%         | 7.0%         | 7.0 %        |
| 7th                     | 9.4%         | 9.0%         | 8.8%         | 8.8 %        |
| 8th                     | 11.5%        | 11.4%        | 11.1%        | 11.3 %       |
| 9th                     | 15.2%        | 15.5%        | 15.3%        | 15.6 %       |
| 10th (highest)          | 35.2%        | 37.3%        | 41.2%        | 41.4 %       |
| <b>Gini-coefficient</b> | <b>0.451</b> | <b>0.476</b> | <b>0.525</b> | <b>0.533</b> |

# Poverty & Poverty Alleviation



- Poverty is not just a problem of inadequate income; it is a multidimensional social phenomenon.
- The World Bank tries to use other social indicators such as vulnerability, risk, social exclusion to measure different dimensions of poverty (World Bank, World Development Report 2000-2001)



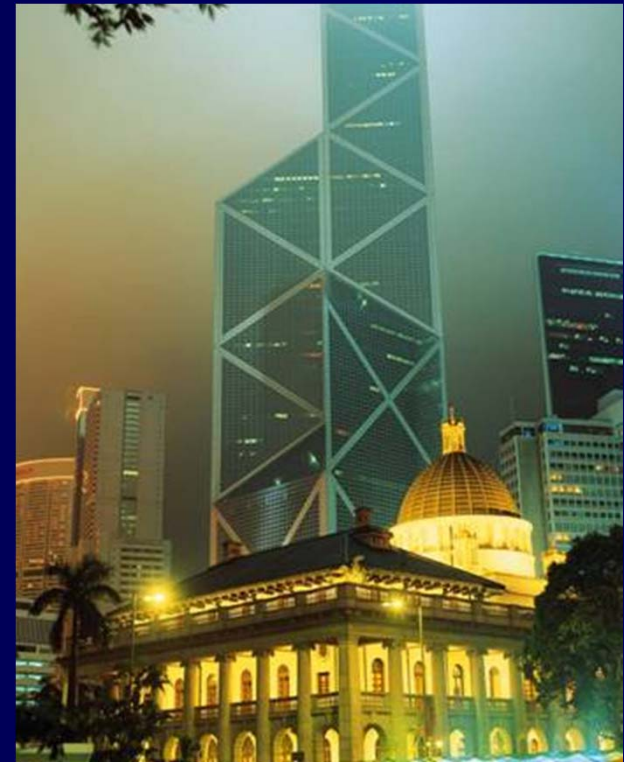
# Hong Kong Poverty: from covert to overt

- The Government assumes the lack of ability and attitude of individual poor people are the main reasons behind poverty in Hong Kong;
- Establishment of the Comprehensive Social Security Assistance (CSSA) Scheme, an income support scheme, create the safety net;
- The Government believe that every one can have a basic living in Hong Kong, therefore poverty has been basically solved.



# Positive non-interventionism

- The Government don't admit the seriousness of poverty problem and neglect its structural reasons, which follows her "positive non-interventionism' philosophy of governance.
- Stress the role of the government is to create wealth rather than to redistribute wealth.
- Stress the growth of overall economy, but neglect the facts that some social groups cannot share the economic growth and still live in poverty



# The rise of awareness of the Poor in the 1990s



- Lau and Kuan (1988) : Poverty caused by individual factors (31.4%) , by social factors (34.7%) .
- Wong and Wong (1998): Social factors (59.7%) , individual factors (13.5%), both the same (22.2%) .



## From self-reliance to right-consciousness



- Wong and Wong (1998): 70.6% support individual's efforts is the best means to solve personal living needs, 18.6% mutual support of family members; only 4.7% relies on state's welfare.
- Old age, low education, low income, non-professional are more dissatisfied with government's welfare and feel that personal living needs are not adequately satisfied



# Structural Reasons of Poverty in late 1990s

- Economic restructuring forced manufacturing workers being unemployed and become unskilled workers in the low-end service industry.
- The downturn of the real estate market and withdraw of land sale and Home Ownership Scheme make many construction workers underemployed.



Empty Garment Factory



# Imbalance power between employers and employees



Illegal construction workers

- The oversupply of workers and the imbalance power between employers and employees and the lack of minimum wage system before 2011 and collective bargaining induce continuous wage cut of the unskilled and semi-skilled workers.
- Working poor become a main concern in Hong Kong



# Lack of Comprehensive Old Age protection



Old women collecting card boards

- Lack of Comprehensive Old Age protection make many elderly have to live under poverty line.
- The Mandatory Provident Fund (MPF) was set up in 2000. Owing to the short period of saving, MPF cannot protect the elderly nowadays and those in the their middle age.
- Many of elderly are living on benefit (CSSA and Old age allowance OAA) and need to supplement their living by collecting card boards and cans.

# Disempowerment

- Disempowerment is some households in the society cannot protect or utilize the resources that they have the right to use, so that they cannot economically independent and trap in the poverty situation.
- The people in Hong Kong has been deprived of their independent living conditions so that they cannot effectively participated in economic living and become economically vulnerable ◦



Single Elderly in old urban area

# Culture of Dependency

- The Government considers income disparity and inequality is inevitable in a capitalist society;
- The structural unemployment and the displaced workers are the necessary pain in the process of economic restructuring
- The dependency culture that is people in HK is now more dependant on the state's welfare and service but not on their own as in the 1950s and 1960s, were considered by the mainstream media as the main cause of poverty





# Three strategies of attacking poverty

- Promoting OPPORTUNITY;
- Facilitating EMPOWERMENT
- Enhancing SECURITY.



# Denial of Poverty Problem

- In the colonial era, the Hong Kong government denied the existence of a poverty problem in Hong Kong and its main strategy to deal with poverty was to ensure social stability by providing income support through the Comprehensive Social Security Assistance (CSSA) to the poor households and Old Age Allowance to the elderly.
- After 1997, the HKSAR government adopted the colonial government's view and believed that the best way to help the poor households to improve their conditions was to provide them with education and job opportunities.





# Awareness of the problem

- Only until 2000, Tung Chee-hwa, the Chief Executive then, officially admitted the first time that poverty was actually a serious problem.
- In his 2000 Policy Address, Tung agreed that the Asian Financial Crisis did make an impact on the community, particularly on the lower income families, some of whom had suffered a substantial drop in their income.
- Tung pledged that he would focus on the plight of low income families in the coming year.







# Recognition of Poverty Problem



- Many government officials considered relative poverty as a necessary evil, a part of social reality, and a kind of hardship that can motivate the poor to work hard (and thus a driving force for economic development in a capitalist society).
- After admitting the impact of the Asian financial crisis on low-income families in his 2000 Policy Address, Tung Che Hwa still emphasized, "Unfortunately, the wealth gap is an inevitable phenomenon in the course of economic development. It is not unique to Hong Kong."
- Only until 2005, just before his resignation, Tung established the Commission on Poverty and formally recognize the poverty problem and formulate poverty alleviation strategies.



# Three major strategies

- Invest Human Capital
- Rebuild Social Capital
- Anti Social Exclusion



# Human Capital Investment

- In his Policy Address 2000, Mr. Tung Che Wah claimed that the major cause of poverty in Hong Kong is the mismatch of human capital.
- Since most low income workers do not have the necessary skills or the educational background to adapt to the new knowledge-based economy.
- Following such a diagnosis, the proposed poverty alleviation policies were "Human Capital Investment" which aimed at "providing more opportunities for education and ensuring sustained healthy economic development



# From Welfare-to-Self-Reliance

- The Commission on Poverty (CoP) explicitly states that support to low-income employees should not be focused on passive assistance, but rather on proactive support, including the provision of training and employment assistance to help them enhance their capacities and move out of poverty.
- The human capital investment approach is the core strategy to achieve CoP's direction of promoting "From Welfare-to-Self-Reliance".



# Mismatch of Human Capital



- The basic diagnosis of the HKSAR government is that the mismatch of over-supply of low-education and low-skilled workers cum the over-demand of high-education and high-skilled jobs is the root of unemployment and income disparity.
- The logical prescription for such diagnosis is to provide necessary education and training to invest human capital development of the low-education and low-skilled unemployed and poor, so that they can take up the vacancies at the higher end of the occupation ladder





# Training and Retraining Schemes

- Most of the Government's resources were put on setting up different education and training schemes so as to invest in the human capital of the poor.
  - Employee Retraining Schemes: for the unemployed middle-aged workers
  - Youth Pre-employment Training Program (YPTP) and Youth Work Experience and Training Scheme (YWETS) for the unemployed youth.





# School-based poverty alleviation projects

- Tutorial classes
- Musical Instruments and Cultural classes
- Local and overseas visits
- Other Extra-curricular activities





# Limited Impacts of training and retraining schemes

- All these training and retraining programmes were aimed at tackling unemployment problem, but they had little to offer for the working poor problem.
- The major outcome measure of these programmes was the employment rate of the participants. But wage level of the participants had not been included as an indicator of programme outcomes.
- Therefore it can only reduce the nominal unemployment rate but cannot alleviate the working poor problem





# Concept of Poverty in the eyes of social workers

- Poverty is a situation rather than a determinant
  - 'We understand that poverty is a situation but not a determinant. It is a situation which influences the personal level and environmental factors of the poor's activities'



# Poverty alleviation or poverty eradication?



- Poverty alleviation is to empower clients
  - 'Poverty alleviation, in general, is that for those low income household increase their income, for those who do not have development space have the space; for those who do not have the opportunity, we give them opportunity.'
  - The above statement sounds to be passive, the crucial aim of poverty alleviation of social work is the empowerment or enable clients to advocate.'



# Three levels of Anti-poverty social work practice

- Macro
  - Policy advocacy
  - Community Education
- Messo
  - Building Social Capital/Community Economic Development/
  - Anti-oppression / anti-discrimination/ anti-social exclusion
- Micro
  - Identity of welfare recipients
  - Self efficacy/ resilience





# Bonding & Bridging Social Capital



- Bonding social capital : Strong social bonds and effective organization within communities provide the foundation for poor people to develop their capacity to combat poverty.
- Bridging social capital should be nurtured across communities. Building trust and cooperation across communities can strengthen the social fabric of the whole society and create consensus for combating poverty.



# Linkage Social Capital



- Social assets of poor communities may be ineffective because they are undermined by mainstream economic and political institutions. Therefore, synergy among local organizations, economic actors, and the state institutions for positive development outcomes is recommended. This is also known as linkage social capital.

# Rebuild Social Capital

- **Bonding Social Capital**
  - Self-help & mutual-help groups
  - Community development projects in maintain existing social networks
- **Bridging Social Capital**
  - Mentor Schemes for Children & Youth
  - Local Exchange & Trade System/ Community Currencies
  - Cultural, historical & environmental tour
  - Consumer Co-op - bridging between producers & consumers
- **Linkage Social Capital**
  - Social Enterprises: NGOs & Business sector

# Impacts of Rebuilding Social Capital

- The bonding social capital of the poor is good in general but mainly in social support, information & leisure activities.
- For financial support and job referral, owing to the homogenous nature of bonding social capital, bridging social capital should be build up.
- Bridging social capital needed to be nurtured in longer time frame and with sustainable interaction, LETS & consumer Co-op are good projects. Mentor scheme need careful selection and training of mentors to have positive impacts

# Concept of Poverty in the eyes of social workers



- From poverty to social exclusion
  - 'Poverty is a situation of deprivation and the poor cannot have the same opportunity for participation and space for development as other people in the society'

# Concept of Poverty in the eyes of social workers

- Unequal distribution of power and resources
  - 'Poverty is a living condition, and this living condition are deprived and not-happy. However, the objective definition points to the distribution of power and resources.' 'For me, I want to place poverty under the context of political economy. Using the term "poverty", is a easy way for me to communicate with people about their living condition. I will further define it as a problem of unequal distribution of power and resources.'



# Anti Social Exclusion



- Policy Advocacy for Equal Access to basic services (education, health care and housing)
  - Learning Chinese for Ethnic Minorities
- Community Education for Social Inclusion / anti discrimination for different vulnerable groups
- Reframing identity and images of welfare recipients

# Impacts of anti social exclusion



- Empowerment of different vulnerable groups: strengthening the ability of poor people to shape decisions that affect their lives
- Social discrimination & stigmatization are still serious and many events and issues re-creates tensions and cleavages between social groups
  - Tensions between local people and new arrivals about the "\$6000 handout"

# Neglect for security



- The Government should set up
  - the universal old age pension scheme,
  - unemployment insurance
  - standard working hours,
- to reduce vulnerability of the poor in facing risk. Furthermore, the Government should assume the responsibility of reducing and managing economy-wide shock.



Thank you!