

Maintaining Poverty Trap:

The Failure of Social Security in Alleviating Poverty in Hong Kong

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Hong Kong is one of the most modernized cities in Asia. Apparently poverty is not a problem for Hong Kong. In reality, beyond the prosperity image, Hong Kong's income distribution are extremely unequal, many people are still living in subsistence and abject poverty. Can social security in Hong Kong alleviate the poverty problem? Is a minimal government intervention based on the Asian family value a success or a failure in fighting against poverty. The failure of Hong Kong's social assistance scheme, the Comprehensive Social Security Assistance (CSSA) scheme, in alleviating the poverty problem may provide some hints for other Asian newly industrialized countries.

Social security may contribute to the alleviation of poverty if it can effectively direct and redistribute resource to the poor (Chow 1981; Midgley, 1984). Midgley argued that social assistance has the most direct potential impact on poverty problems by means redistributing resources towards the most needy of the community. But it is based on three prerequisite conditions: a progressive taxation system which places the burden of the cost on the rich; the level of benefit is adequate to raise the poor out of poverty; and the needy people have easy access to social assistance scheme and the scheme does not prevent them from seeking help (Midgley 1984).

In this paper, using results of different poverty research in the 1990s, I will focus on the last two conditions and suggest that the level of benefit of the CSSA scheme is not adequate to raise the poor out of poverty but maintain a poverty trap for the

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recipients. I will also show that it is a deliberate government policy to 'label' the CSSA recipients and constructed that an dependency culture existed in Hong Kong to discourage the poor from getting help from the CSSA system.

The Deterioration of Poverty in Hong Kong in the 1990s

In the 1990s, using different definition and measurement of poverty, various researchers came to same conclusion and have the consensus that poverty problem was severe in Hong Kong and estimated that about six hundred thousand people, that is 10 to 15 per cent of the population were living in poverty during the period 1994 to 1996 (Wong and Chua 1996; Macpherson & Lo 1997; Mok and Leung 1995).

Relative Poverty: The widening gap between the rich and the poor

The poverty problem in Hong Kong were deteriorating in both absolute and relative sense. According to the data of the by-census 1996, the Gini coefficient reached the recorded highest level of 0.518. In 1971 the Gini coefficient of Hong Kong was only 0.43. In the 1980s, the economic restructuring process induced a growing discrepancy in income. The Gini coefficient was increasing and reached 0.451 in 1981 and then 0.476 in 1991. In the early 1990s, the restructuring process accelerated, and so as the deterioration of the gap between the rich and the poor.

During the period 1981 to 1996, households with the lowest income have shown no sign of improvement, and there is a sign of decrease in the actual income of the low-income households. The twenty per cent of the households with the lowest income, the first quintile, earned only 4.6 per cent of total household incomes. The figure increased slightly in 1986 to 5.0 per cent. But in the period from the 1986 to 1991, the ratio fell back to 4.3 per cent. During the period 1991 to 1996, the ratio even sharply decreased to 3.7 per cent. We can see that the income gap is widening in the 1980s and that the situation of low-income households has been increasingly

worsened in the 1990s.

Table 1: Decile distribution of household income of domestic households, 1981-1996

Decile group	1981	1986	1991	1996
1(lowest)	1.4	1.6	1.3	1.1
2 nd	3.2	3.4	3.0	2.6
3 rd	4.4	4.4	4.0	3.6
4 th	5.4	5.4	5.0	4.6
5 th	6.5	6.4	6.1	5.7
6 th	7.8	7.6	7.4	7.0
7 th	9.4	9.1	9.0	8.5
8 th	11.5	11.4	11.4	10.6
9 th	15.2	15.2	15.5	14.5
10 th (highest)	35.2	35.5	37.3	41.8
Total	100.0	100.0	100.0	100.0
Gini Coefficient	0.451	0.453	0.476	0.518

Source: Census and Statistical Department, Hong Kong Monthly Digest of Statistics, December 1996 & Census and Statistical Department, Hong Kong 1991 Population Census Main Report.

The Impact of the Asian Financial Crisis

In the late 1990s, the bubble economy of Hong Kong burst after the Asian financial crisis, lots of employees faced unemployment and wage cutting, the income inequality has been tremendously worsening. In 1990, the average income of the first quintile income households was \$3,450 and in 1997, the average real income of this group slightly increased to \$3,668. However, after the Asian financial crisis, the average real income of this lowest quintile group decreased to \$2,645 during the first nine months of 1999. In other words, the real income of the poorest one-fifth households in Hong Kong has been decreasing 23.3 per cent during 1990 to 1999.

On the contrary, the income of the wealthiest strata in Hong Kong has recorded significant increase. In 1990, the average income of the fifth quintile group was

\$28,850, in 1997, the average real income of this group increased to \$36,397. After the Asian financial crisis, their income still have recorded real growth and increased to \$37,115. The real income of the wealthiest one-fifth households of Hong Kong has been increasing 26.1% during 1990 to 1999. These figures also show that the impacts of the Asian financial crisis were mainly on low income, unskilled employees and had limited effect on professional and administrative employees. It also signify that the restructuring process in the early 1990s worsening the income inequality in Hong Kong. Furthermore, the economic downturn in the late 1990s further lower the income of the working class, the disparity between the rich and the poor are thus increasing. Not only is the Gini coefficient of Hong Kong greater than the developed capitalist countries, but also is it greater than other developing and NICs in the Asian region like China, Indonesia and Malaysia. It is a humiliation for such an ‘affluent’ city as Hong Kong, as its gap between the rich and the poor is greater than other poorer countries in the Asian region.

Table 2 : Comparison of Gini Coefficient in selected countries

Countries/ Regions	Year	Gini coefficient	Share of income of the lowest quintile to total income of all households	Share of income of the highest quintile to total income of all households
Hong Kong	1996	0.518	3.7%	56.3%
Malaysia	1989	0.484	4.6%	53.7%
China	1995	0.415	5.5%	47.5%
USA	1994	0.401	4.8%	45.2%
Indonesia	1996	0.365	8.0%	44.9%
Australia	1989	0.337	7.0%	40.9%
Canada	1994	0.315	7.5%	39.3%

Source: World Bank (1999) World Development Report 1999/2000.

The deterioration of relative poverty can also be seen in the increasing income poverty rate. Following the definition of OECD, the Hong Kong Social Security

Society defines the level of income poverty line as half of the median household income (Mok and Leung 1997). Mok and Leung estimated that in 1996, there were 850,000 people living under the poverty line and the poverty rate was 14.14%, which was much higher than 7.99% in 1971 and 10.36% in 1981.

The Hong Kong Government officials denials the existence of poverty problem in Hong Kong. They argue that income inequality will exist in every capitalist economy, unless all members in the society have the same level of income. However, the government's claim that poverty is not a problem for Hong Kong does not stand up to serious scrutiny, when we examine the absolute poverty situation in Hong Kong. According to various poverty researches in the 1990s, about one in ten people in Hong Kong are living in absolute poverty (Liu, Yue and Lee 1996; Macpherson 1994; Macpherson and Lo 1997; Wong and Chua 1996). These people mainly consisted of the Comprehensive Social Security Assistance (CSSA) recipients and other vulnerable groups included elderly, unemployed, single parents, homeless, disable and the deviants. More than 600,000 of them are living in subsistence level with minimal expenditure. Owing to their low income and lack of resource, they have been socially excluded from social as well as economic participation of the mainstream society.

The CSSA Review 1998

As in the cases of other developed countries, the social security programme presents a particular problem to the Hong Kong Government. It is the only expenditure programme that is demand-led rather than budget-limited. Thus, overall expenditure is dictated by the number of people eligible to make a claim. Thus, as the number of recipients increases, for example following an increase in unemployment, so expenditure rises. The large share of social security in public expenditure, and the hostile attitude by the general public and the press towards recipients, made it both an easy target for cuts.

The above context is the background of the latest CSSA review by the

Government in 1998. The review cut the basic rates of households comprising three or more able-bodied members from 10 per cent to 20 per cent. Able-bodied recipients will only be given special grants and allowances for rent, water charge, school related expenses, child care centre fees and burial expenses. All other allowances include telephone charge, rent deposit, removal allowance, and even spectacle fee were cancelled. Long Term Supplement was also limited to elderly, disabled and ill-health recipients. In addition, unemployed recipients are required to participate in an Active Employment Assistance Scheme and Community Work, otherwise their assistance can be terminated.

Before the cut of CSSA on 1 June 1999, the financial resource provided by the CSSA was inadequate for its recipients to have social participation and getting out of the safety net. The situation is even worse now that the CSSA recipients are living in subsistence and in stressful conditions, it is more likely that their poverty situation will be perpetuating. The function of the CSSA scheme is not helping its recipients to escape from the safety net but maintaining a poverty trap for its clients.

Inadequate resource

Macpherson (1994) explores the actual standard of living of CSSA recipients in March 1994. The survey shows that the levels of the CSSA are inadequate, particularly for families with children. CSSA recipients were spending more than 70% of their expenditure on food. The usual proportion is around 30% for poor households in developed countries. In order to pay for food, CSSA recipients often cut back other expenditure on clothing, transport, household goods and social activity of all kinds. Furthermore, Macpherson argued that the level of the basic rates was so low that diets were still inadequate. The consequences are extremely restrictive on social activity and participation in the normal activities of ordinary people in Hong Kong.

The research section of the Legislative Council also carried an assessment of the scale of the assistance of the CSSA scheme in 1996. The report stated that 'CSSA

assistance *cannot* be said as sufficient to cover the average monthly expenses of all CSSA recipients in Hong Kong' (Liu, Yue and Lee 1996: 12). This is because the monthly financial assistance received by the CSSA recipients ranged from 29% to 52% of monthly median household income in 1995. The study reports that the income of single elderly people who depend of CSSA is just adequate to cover the minimum average monthly expenditure.

MacPherson and Lo also suggested that with the official recommended rates 'relatively little was done for the poorest in Hong Kong and overall the rates remained at levels that were adequate for subsistence but little else. Thus, the *de facto* poverty line remains very low and essentially informed by a restricted concept of "basic needs"' (MacPherson & Lo 1997: 4)

The Cutting of CSSA Impact Study

Being the Chairman of the Committee on Social Security of the Hong Kong Council of Social Service (HKCSS), I am now working with other colleagues to study the impact of the recent cut of CSSA on its recipients. We performed a 'pre and post' study on the expenditure pattern and the psychological conditions of the CSSA recipients before and after the cut of CSSA in June 1999. We have successfully interviewed 70 clients in May 1999 and in September 1999. The preliminary results of the impact study show that the standard of living of the CSSA recipients have been greatly reduced, the food expenditure of them recorded a significant decrease from \$3809.3 to \$3488.7, that is a 8.4% difference. ($t=-1.896$, $d.f.=68$, $sig.=0.031$) The food expenditure of the CSSA recipients was inadequate and lower than the physical minimum, the further reduction of 8.4% means that they are living in a seriously inadequate diet. (see Table 3)

Table 3 : Decrease in monthly expenditure after the cut of CSSA in June 1999

Expenditure	May 1999 mean	Sept 1999 mean	Paired Difference	% of difference	Sig.
Food	\$3809.3	\$3488.7	\$320.6	-8.4%	0.031
Pocket Money for Children	\$272.3	\$214.6	-\$57.7	-21.1%	0.07
Transportation for social purpose	\$132.4	\$73.2	-\$59.2	-44.7%	0.004
Newspaper*	\$19.3	\$13.9	-\$5.4	-28.0%	0.031

* weekly expenditure

Source: Preliminary result of 'Impact Study on CSSA Cut', Committee on Social Security, HKCSS.

Social Exclusion

Another factor of CSSA system maintaining a poverty trap on its recipients is the social exclusion function of the system. The base of the social exclusion function of the system is the 'minimum' safety net concept, which was originated from the British income support system. Walker (1993) argues that the problem of British income support system was inherited from Beveridge's ideas that preference for levels of benefit which provided 'security of income up to a minimum' The benefit rates which he recommended were designed only to meet subsistence needs for food, clothing, fuel, light and household sundries. (Rent, along with special needs, was provided by additions to the basic social assistance rates.) To this he added a small 'margin' for inefficiency of 6 per cent of the total requirements (Townsend and Gordon 1989). While taking great care to provide a level of income sufficient to meet physiological needs, Beveridge did not allow the costs of social participation or for changes in living standards and expectations within society. The Hong Kong CSSA scheme copy

the same fault from its British origin and neglect the social participation of its recipients.

People are not just physical entities they are social beings. The problem with this subsistence approach is that it means, by definition, denying those reliant on the resulting income access to the resources necessary to play a full role in society, both economically and socially. (Walker, A. 1990a)

Macpherson (1994) stresses the social impacts for children are serious. School work, social development and psychological adjustment are all affected by the inability to participate in normal activities in the community. For almost half of these recipients there was no expenditure on entertainment or social activities whatsoever. In short. MacPherson argued the CSSA recipients were living in absolute poverty and the effects of poverty are deeply damaging.

Impact Study

The findings of the Impact study of the HKCSS also shows that the recent cut of the CSSA also greatly reduced the resource of the CSSA households to contact with others and participate in normal social functions. Families try to squeeze their budget by reducing pocket money for children from \$272.3 to \$214.6, a 21.1% decrease ($t=-1.495$, $d.f.=62$, $sig.=0.07$) and transportation for social purpose also decreases from \$132.4 to \$73,2 ($t=-2.752$, $d.f.=61$, $sig.=0.004$), almost cutting half (44.7%). Furthermore, the households also cut their consumption on newspaper, which is an important source of information, especially information on jobs, for these CSSA households. The weekly expense on newspaper was reduced form \$19.3 to \$13.9 ($t=-2.617$, $d.f.=66$, $sig.=0.006$), a 28% decrease, in other words cutting from buying 4 newspaper a week to 3 newspaper per week. The above preliminary results show that the recent cut of the CSSA further hinder the social participation of its recipients, which in effect trap the family in general and the children in particular in poverty situation.

Exclusion of homeless from the labour market

I have just argued that the low level of the CSSA does not provide enough resource for its recipients to effectively participate in the society, thus induce a social exclusion effect on the CSSA recipients. The latest CSSA review has deepened this exclusionary effect by cutting the rent deposit allowance and is actively expelling the homeless out of the labour market. In Hong Kong, getting an accommodation is a pre-requisite of finding a job, as most employers are not willing to employ homeless people.

Moreover, most jobs available for the low skill and low education CSSA recipients are temporary and casual jobs. Most of them can successfully find jobs by means of informal network with very short duration notice and through telephone contacts. Over half (56.0%) of the ex-CSSA recipients, who successfully find jobs through introduction of relatives, friends and colleagues, 28 per cent of them find jobs through newspaper, posters or notice, and only 11.9% of them get jobs through Labour Department and retraining agencies, (Wong and Chua 1998). Without a proper accommodation also means that the homeless people cannot be contacted with friends and ex-colleagues, who offer them a job. Many successful homeless cases show that helping the homeless person to find a proper accommodation is the first steps to help them back to the labour market as well as the society.

However, the latest review of the CSSA cut all special allowance, included the rent deposit. Working with the St. James Settlement and the Christian Concerning Homeless Association, we have discovered the number of homeless people has been increasing significantly after the implementation of the CSSA review on June and the alerting fact is that more youth and middle age people become homeless. I have interviewed some of these youth and middle age homeless people and they all stated that without any saving, the cut of the rent deposit of the CSSA make them extremely difficult to find an accommodation. They also explained that without a fixed address,

it is also impossible for them to find a job. We have also contacted some new cases that they was receiving CSSA, but the Social Welfare Department declare that they cannot satisfy the new job search and community work requirement in fortnights, so their CSSA have been terminated accordingly. This new policy expels them on the street again. The lack of resource and the inhumane policy has exclusionary effect on CSSA recipients, and maintain a poverty trap for the families and individuals, who could not find means to escape from the system.

The Barriers of Getting out

Other than the 'exclusionary' effect, the CSSA system also set up several barriers and prohibits its recipients from getting out of the system. It includes ineffective and outdated disregarded earning system and inadequate supporting services.

Disregarded Earning

In 1979, as an incentive to self-help for those who are not expected to seek work as a condition of receiving public assistance, such as the elderly and the young widows, a system of "disregarded income" was introduced. Earning not exceeding \$50 per month was disregarded for the purpose of assessing entitlement for Public Assistance. 50% of the next \$200 earning was also be disregarded, thus allowing a total of \$150 in disregarded income. All earnings above \$250 a month was taken into account. 'The Government does not intend to adjust this level frequently since increasing the amount will not help those off and have not disregarded resources.' (Hong Kong Government 1979, para 3.3) Owing to the above philosophy, the disregarded earning system has little changes in the last twenty year. In 1999, earning not exceeding \$451 per month was disregarded. 50% of the next \$2,708 earning was also be disregarded, thus allowing a total of \$1,805 in disregarded income. The low level of disregarded income can provided little incentive for the recipients to find jobs. After deducting the basic cost of working include meals and transportation, they can receive just one or two hundred dollars in extra than their normal CSSA payment.

It is even worse that not all works are eligible for disregarded earning. For those CSSA able bodies recipients between the age of 15 and 59, they have to work more than 120 hours per month and their income should not less than \$3,200 in order to have the benefit of disregarded earning. This requirement clearly does not consider the current transformation of the labour market in Hong Kong. Many newly created jobs are part-time and temporary jobs. Most CSSA recipients, owing to their low education and low skill background, they could only find these marginal jobs in the labour market.

In the 'Exploratory Study on Termination and Reactivation of CSSA Cases' (Termination and Reactivation Study), I and Chua Hoi-wai find that half (47.9%) of the ex-CSSA respondents were engaging in hourly paid and daily paid jobs, and 55.7% of them are casual and temporary worker (Wong and Chua 1998). This shows that many CSSA recipients can only find casual and temporary jobs, which could not satisfy the criteria of 120 hours and \$3200 to enjoy the disregarded earning.

In short, the CSSA system has been slow to adapt to increasing numbers of people in casual and part-time work. The rules continue to penalize part-time work. Recipients have little financial incentive to work part-time as they can retain only a small part of their earning. It is not in CSSA recipients' financial interest to work unless they can earn enough to lift themselves off benefit. Such rule make it difficult for recipients to keep in touch with the labour market, which in the longer term, make it more difficult for them to return to permanent full-time employment.

Discourage the eligible to join

Another maintaining poverty trap effect of the CSSA scheme is that the needy people does not have easy access to the scheme and the scheme discourage them from seeking help. The CSSA recipients are not the only poor people in Hong Kong, nor are they necessarily the poorest. However, CSSA recipients are particularly vulnerable to poverty. Walker (1993) argues that social assistance claimants share with many

other people of poverty, a condition which in itself is stigmatizing, the experience of claiming and being supported by this last-resort means-tested benefit is unique to them. The CSSA recipients resemble the same vulnerable position as their British counterpart, as they face the new version of culture of poverty, which was propagandized by the Government.

Blaming the poor: New version of Culture of Poverty

The old culture of poverty theory stress the importance of family and community in creating the sub-culture in the community of the poor in perpetuating the poverty problem (Lewis 1965). The new version of culture of poverty stresses the state rather than the family and the community as the source of this culture of poverty. The supporters of such perspectives, include academics and government officials, consider that generous provision of welfare by the state undermine the self-help value of the poor.

Murray (1984) argues that the changes in the benefit systems in the USA have made unmarried parenthood, without employment, a more attractive option for both parents. Welfare reforms have taken away the incentive to work. The black 'underclass' is demoralised while the capacity for self-help in the community has been cumulatively undermined by the policies of well-meaning white liberals. The poor develop a moral stance, which effectively removes the will to strive and further deepens the cycle of poverty.

This 'dependency culture' perspective is not just an abstract discussion among academics, but become an useful tools for the government officials to attack on welfare recipients. Walker (1990b) suggests that the British government orchestrated a campaign of hostility against benefit claimants. Frequent attacks were made on their honesty and integrity. This 'social construction of stigma' made it easier for the government to justify a benefits policy which penalized many benefits recipients. Is so doing, it displayed more concern for managing or controlling the poor than with tackling the causes of poverty.

The Hong Kong Government follows the same strategy of the Thatcher government and started an aggressive propaganda campaign to blame the poor. In 1998, Mr. Andrew Leung, the Director of Social Welfare Department, openly suggested to the press that there are lots of fraud cases among CSSA recipients (Hong Kong Standard 22/2/1998) and 'CSSA makes people lazy' become the headlines of the press. These actions are a campaign to construct the widely existence of a 'dependency culture' among CSSA recipients. In the CSSA review report, the Government also stressed that the income from CSSA of the four-member households is greater than the earning of an ordinary unskilled worker and will hinder recipients' job motivation. However, the government officials does not provide substantiate facts and figures to support their argument but quote a few extreme cases as example

This strategy can have a labeling effect on the CSSA recipients and discourage other eligible clients to apply so as to limit the case load. In addition, it also creates a social division between the CSSA recipients and the poor working people in low wage. The discontent of the working poor was channeled towards the 'non-deserving' welfare recipients but not the failure of the government in handling the unemployment problem. The divide and rule strategy help to release the political pressure faced by the government.

Residual approach

As the Government said, Hong Kong is not a welfare state. On one hand, the scope and depth of citizens can depend on the state is far less than the western welfare state. On the other hand, the citizens of Hong Kong do not want to depend on the state, but stress the importance of self-reliance. Unless in crisis situation, they do not want to receive 'charity' from the state or other institutions. The Hong Kong people do not have a culture of dependency, but a culture of self-reliance.

Reason of getting in CSSA

The 'Termination and Reactivation' Study reports that 56 per cent of the unemployed CSSA cases do not voluntarily leave their jobs (Company closed down or moved, fired by employer, end of contract or temporary work), 11 per cent leave the labour market because of illness and another 7 per cent need to take care of family members. Only 22 per cent of the unemployed CSSA respondents leave their jobs voluntarily. It shows that

Table 4: Main Reason of leaving jobs of unemployed CSSA recipients when they first received CSSA

Reason of leaving job	Frequency	%
Leave job voluntarily	35	22%
Fired by employers	37	23%
Company close down or moved	28	18%
Temporary/ Contract	23	14%
Illness	17	11%
Take care of Family members	11	7%
Others	7	4%
Total	158	100%

Source: Wong and Chua 1998: 12

The Termination and Reactivation Study also shows that the main reason of the single parents cases to apply CSSA for the first time is to take care of their children. 78 per cent of the single parents cases cited this as their reason of applying CSSA. Most unemployed cases cited unemployment is the main reason for them to apply CSSA for the first time. The median duration of the unemployment before they apply for CSSA for the first time is six months. Moreover, 83 per cent respondents have

actively seeking work during their unemployment and 70 per cent of them lowered their expectation in order to find job more easily. These figures support that the unemployed people do not really want to depend on CSSA, but actively seeking work and live on their own saving. Only when their own resource are really used up, they are forced to apply the CSSA. Moreover, 75 per cent of the unemployed CSSA recipients do actively seeking work after they had received CSSA. Over half of them (59.4%) had asked or interviewed six jobs and over and over 75 per cent of them had asked or interviewed more than three jobs.

Table 5: Number of job search of the unemployed CSSA recipients during their last time of receiving CSSA

No. of job search	Frequency	Percentage
1-2	32	24.1%
3-5	47	35.3%
6-10	22	16.5%
11-20	10	7.5%
Over 20	22	16.5%
Total	133	100.0%

Source:Wong and Chua 1998 p.16

When the respondents were asked why they want to seek jobs. 58 per cent of the unemployed cases reported that they do not want to depend on government/CSSA, and also about 63% of them declared that the level of CSSA is too low and cannot maintain the standard of living. 35% of them also choose that 'accustom to work/work previously'. All the above data signify a culture of self-reliance rather than a culture of dependency is a real description about the Hong Kong citizens.

Table 6: Frequency of seeking jobs of the unemployed when they last time received CSSA

Frequency of seeking jobs	Frequency	Percentage
Have continuously seeking jobs	107	60.5
Have continuously seeking jobs most of the time	26	14.7
Have not continuously seeking jobs most of the time	7	4.0
Have not continuously seeking work	37	20.9
Total	177	100.0

The Mass Non-CSSA poor

This culture of self-reliance prevent many poor people in Hong Kong from applying CSSA recipients and make them live in extremely detrimental conditions. There are many other people, in different circumstances, who have to survive on incomes which are as low or even lower than that provided by the CSSA safety net.

The ‘Expenditure pattern of the low-expenditure households’ conducted by Wong and Chua was a secondary analysis of the results of the “1994/95 Household Expenditure Survey”. It aimed at understanding and analyzing the expenditure pattern, characteristics and situation of low expenditure households, who were non-CSSA recipients in Hong Kong. They discovered that the Engel curve was increasing and then decreasing and had a turning point.

Wong and Chua argue that it was unique for Hong Kong that it was because the housing expenditure for the poorest households of Hong Kong had been increasing significantly and the price elasticity of the housing expenses was lower than the food

expenses. The percentage of food expenditure to total expenditure (the Engel curve) was increasing and then decreasing from low expenditure households to high expenditure households. In other words, if the low expenditure household get extra resource, they will spend more on food but not other items. Obviously, these low expenditure households do not have adequate food. Food is a necessity and they will spend the extra resource on food until their need have been satisfied. Beyond this turning point, their need of food has been satisfied that they spend more on other items than food, thus the Engel curve is decreasing. Wong and Chua propose to use the turning point of the Engel curve as the abject poverty line.

Wong and Chua (1996) estimate that in 94/95 over sixty thousand persons or twenty five thousand households in Hong Kong lived in absolute poverty. Using the turning point of the Engel curve as the poverty line, Wong and Chua (1996) estimated that about 141,000 households (9.3% of total number of households), or 490,000 people who were non-CSSA recipients, were living in 'abject poverty'. (see Table 7)

Table 7: Number of households and people living in abject poverty by household size

Household size	% of households in abject poverty	number of households	number of people	monthly food expenses	Monthly total expenses
1	12.5%	16,000	16,000	1,201	2,289
2	7.5%	20,000	39,000	1,976	4,025
3	7.5%	24,000	73,000	2,870	5,824
4	12.5%	53,000	213,000	4,132	8,509
5 or more*	7.5%	28,000	145,000	3,953	8,802
	Total	141,000	486,000		

Wong and Chua suggest that those non-CSSA households were living in abject poverty and they didn't even have enough food relative to the custom food expenditure. They found that the monthly food expenditure of the lowest 5-10% expenditure group of one-person households was \$125 less than single elderly living

on CSSA. And the lowest 5% expenditure group was spending 34% less than the government's Basic Needs Budget on food. The food expenses of the lowest 5% expenditure groups in all sizes of households were at an extremely low level. It was found that the food expenses of 76,000 households or 270,000 people were even less than \$650 per person per month (see Table 8)

Table 8: Food expenses per person per month of the lowest 5% household by household size

Household size	Food expenses per person per month of the lowest 5% households	number of households	number of people
1	\$525	7,000	7,000
2	\$606	13,000	26,000
3	\$629	16,000	48,000
4	\$594	21,000	84,000
5 or more*	\$504	19,000	98,800
Total		76,000	263,800

The results of the various research show that the 'dependency culture' perspective proposed by the Government to attack CSSA recipients does not stand up to serious scrutiny. The unemployed people are not really have a culture of dependent but a culture of self-reliance. It was only a deliberate action of the Hong Kong Government to socially constructed stigma on the CSSA recipient in order to discourage the eligible clients to apply for CSSA and lower the take up rate. In short term, it may succeed in lower the increasing trend of case loads and expenditure of CSSA. However, in the long run this does not really solve the poverty problem, but displaced and excluded the needy out of the social security system. This also maintain a poverty trap on the non-CSSA recipients, who are living in abject poverty, but cannot receive help and relief from the state.

Conclusion

In this paper, I argue that the CSSA system of Hong Kong cannot alleviate the poverty problem. The residual approach of the government's welfare philosophy based on the Asian family value is a failure rather than a success in fighting against poverty. Using result of poverty research in the 1990s, I suggest that the level of benefit of the CSSA scheme is not adequate to raise the poor out of poverty but maintain a poverty trap for the recipients. I also show that it is a deliberate government policy to 'label' the CSSA recipients and constructed that an dependency culture existed in Hong Kong to discourage the poor from getting help from the CSSA system and thus maintaining a poverty trap on the non-CSSA recipients.

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