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**Who Should Care for the Vulnerable Groups in an Unequal Society? :
The Case of Hong Kong**

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A paper presented at the Fourth Annual East Asian Social Policy Research Network
(EASP) International Conference on 'Restructuring Care Responsibility:
Dynamics of Welfare Mix in East Asia'

20-21 October 2007
University of Tokyo, Japan

Who Should Care for Vulnerable Groups in an Unequal Society? : The Case of Hong Kong

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Abstract

The nineties were landmark years for every aspect of society and economy in Hong Kong. Dramatic economic restructuring and social transformations have radically challenged the established structure of the welfare regime in Hong Kong. Like other East Asia economies significantly affected in the globalization era and in the midst of economic crises, Hong Kong can no longer guarantee high economic growth and low unemployment. The growth of the elderly population, together with low fertility rates, increasing nuclearisation of families, and a rising number of divorce and separation cases have inevitably weakened family capacity to take care of family members. Empirical studies have repeatedly argued that socio-economic and demographic changes have increased the risks of poverty for certain social groups. Growing social inequality and a widening gap between the rich and poor which pose a threat to social stability have aroused public concern. The old welfare policies are unable to deal with new social risks. The development of a tripartite partnership with the government, the business sector and the third sector has sought to address the issue of growing social inequality and help the vulnerable groups. It is valuable to examine changing patterns of caring responsibility between the state, market and society and policy implications for social provision in the future. This paper sets out in this context to discuss major strategies adopted by different institutions to cope with these new social risks in Hong Kong. It also identifies dilemmas and limitations of these measures adopted by various parties and discusses whether these policies are sustainable to promote social stability and balanced social development in the midst of drastic economic restructuring and social transformations.

New Social Risks and New Welfare Policies

In the past, the main function of the welfare state in *industrial society* is to provide for needs which cannot adequately be met by the market, individuals and families, or for needs where public provision is more appropriate. Public actions are partly because of interruption of income (such as unemployment, sickness and retirement) and partly because some services (such as healthcare, education and housing) are costly for market supply and state intervention can ensure service accessibility. Social care is mainly provided through family networks. In other words, the role of the government mainly concerns promoting economic prosperity and full employment. Limited social welfare services were provided when the needs were no longer met by the family and market.

Economic restructuring and social transformations have brought significant changes in *post-industrial society*. As Taylor-Gooby argues, “New social risks are the risks that people now face in the course of their lives as a result of the economic and social changes associated with the transition to a post-industrial society” (Taylor-Gooby, 2004: 2-3). The new social risks arising from increasing global and complex societies and a breakdown of traditional and informal risk sharing mechanisms bring enormous difficulties for certain social groups (such as low-skilled workers, elderly people, single parents with dependent children) (Holzmann & Jorgensen, 2001). High economic growth and low unemployment can be no longer guaranteed and imply uncertainty in employment, especially for those low-skilled and low-educated workers. The impacts of globalization have also led to adopting flexible labour practices, namely streamlining number of employees and hiring workers if and when necessary, resulting in poor terms of employment for low-skilled workers. In addition, a growth of the elderly population, together with low fertility rates, an increase of female participation in the workforce, increasing nuclearisation of families, and a rising number of divorce and separation cases have inevitably weakened family caring capacity (Taylor-Gooby, 2004).

Dramatic socio-economic and demographic changes have engendered a growing demand for public services while there are only limited resources meeting the growing needs. Privatizing and contracting out public services, setting stringent eligibility criteria for public services, initiating privately managed social services (such as healthcare) and retirement protection schemes have been adopted to constrain public spending on social service provision. It is argued that these measures contribute to a divided society. There are new debates on the respective roles and

moral assumptions behind individual and public responsibility – who should bear responsibility for these new social risks (Lee, 2000; Chan, 2004 & 2006b; Taylor-Gooby, 2004). The development of a tripartite partnership with the government, the business sector and the third sector has sought to deal with the issue of growing social inequality and help the vulnerable groups. This paper sets out in this context to discuss major strategies adopted by various institutions to cope with the new social risks in Hong Kong. It also examines the dilemmas and limitations of these measures adopted by various parties and policy implications for social provision in the future. It further discusses how to initiate policies to promote social stability and balanced social development in the midst of drastic economic restructuring and social transformations.

Engendering New Social Risks in HK

After 30 years of rapid and sustained economic growth, the Hong Kong economy began to run into difficulties in the late 1990s, partly as a result of the Asian Financial Crisis and partly as a result of economic changes and increased competition from other cities on the Mainland or from other neighbouring countries in the region. The economic downturn starting from 1997 has contributed to an increasing number of unemployed, working poor and low-income households, which has further intensified income disparities in Hong Kong. Recent economic recovery has not brought about improvements to living standards/conditions for the vulnerable groups. Furthermore, changing family structures have also weakened the caring-giving functions performed by traditional extended families. The family solidarity index¹ compiled by the Hong Kong Council of Social Service has recorded negative growth (from -90 in 1998 to -151 in 2002 and -206 in 2004). Divorce decrees as a percentage of marriages increased from 14.8% in 1991, to 26.8% in 1996, and further rose to 37.8% in 2004². Female or male-headed single parents with dependent children may not find it easy to get full-time jobs because of caring responsibilities and thus they are more likely to

¹ Available at http://www.hkcss.org.hk/pra/Press/060525/PC_fam_060525ppt.pdf (accessed 1 October 2007). This sub-index is composed of three indicators, including 'marriages per 100,000 people aged 15+', 'divorces as % of marriages' and 'reported domestic violence cases per 100,000 households'.

² There have been some crucial factors contributing to a significant increase in divorce decrees as a percentage of marriages since 1997. First, there has been a mass migration among middle-class/professionals because of political uncertainty after hand-over the sovereignty of Hong Kong to China and Tiananmen Square Incident in 1989. It has weakened family relationships since many couples might need to be separated from Hong Kong and other countries (such as Canada and United States) for a long period. Second, an increasing number of marriages with across the boundary between Hong Kong and the Mainland, as well as the current policy of admitting 150 One-way Permit Holders per day have intensified the relationships between the couples with different living custom and expectations. Finally, economic hardships resulting from the negative effects of economic restructuring (i.e. increasing number of unemployed and low-paid jobs) is also a crucial factor contributing to breakdown of family relationships.

encounter financial difficulties. The proportion of single parent families with dependent children receiving Comprehensive Social Security Assistance³ (CSSA) significantly increased from 5.8% in 1991 to 13.3% in 2005. Growing number of abuse and neglect cases also aroused public concern about adequacy of social services to foster family caring capacity. The results demonstrate that social and demographic changes have dramatically altered the social structure and socio-economic life of Hong Kong citizens. The following sections will discuss the emergence of new social risk arising from socio-economic and demographic changes in association with the transition to a post-industrial society and examine whether the existing welfare policies are effective and sustainable to address these new challenges.

Uncertainty in employment and job security

Hong Kong has turned itself into an economy heavily relying upon the service sector. Since the late 1970s, the manufacturing sector of Hong Kong has begun to lose its competitiveness, especially when many Hong Kong-based industries migrated to Mainland China to set up their operations⁴. The number of people engaging in manufacturing industry has dropped significantly while the numbers of people serving in the financial and business sectors, the wholesale and the retail sectors have grown steadily. This transformation shows that a dual process of “de-industrialization” and “re-commercialisation” has evolved in Hong Kong’s economy, characterized by “a continued retreat from its industrial base while there developed an expanding tertiary service sector.” (Ng and Poon, 2004: 20) As a consequence, the growth of advanced finance and producer services, such as legal services, accounting and auditing services, is accompanied by the increasing number of professional and managerial jobs, while the decline in traditional manufacturing industry has resulted in the growth of low-skilled, low-paid, part-time jobs (Ngan, 2002; Ng and Poon, 2004; Chan, 2006b). In addition to the drastic economic restructuring that Hong Kong was confronting in the mid-1990s, the Asian financial turmoil in October 1997 adversely interrupted the high-growth rate of the economy. Severely hit by the crisis, growth rate of Gross Domestic Product (GDP) decreased from 14.8% in 1991 to -4.8% in 1998. The prevalence of Severe Acute Respiratory Syndrome again adversely affected the

³ The CSSA Scheme, which is tax-funded and mean-tested, provides a safety net for those who cannot support themselves financially. This scheme is designed to bring the income of those individuals and families up to a prescribed level to meet their basic needs.

⁴ A decline in manufacturing industry was due to economic reform in Mainland China since 1978. The reform offered foreign investors a massive labour force and industrial areas. The low production cost in Mainland China has attracted more Hong Kong investors to relocate their factories to the Mainland. In addition, the open door policy that the Chinese government has adopted has allowed an increasing number of visitors from the Mainland to go to Hong Kong, the development of which has facilitated the growth of the service sector in Hong Kong.

economies of Hong Kong and regional Asian countries. GDP growth dropped from -1.2% in 2001 to -3.4% in 2003. In order to enhance Hong Kong's competitiveness and productivity, companies adopted flexible labour practices to streamline their size by employee cutbacks or hire workers only when needed. The restructuring exercises initiated by companies increased the unemployment rate in Hong Kong from 2.2% in 1997 to 6.2% in 1999, and further rose to 7.9% in 2003. In the meantime, the median duration of unemployment also increased from 70 days in 1997 to the high level of 109 days recorded in 2003. Recent economic improvement in the economy has contributed to a reduction in unemployment rate (from 6.8% in 2004 to 4.8% in 2006). Nonetheless, the negatives impacts of globalization and economic vulnerability have contributed to increasing uncertainty in employment and ever-decreasing salaries for certain social groups. Various issues of the *Quarterly Report on General Household Survey* indicated that an overwhelming majority of the unemployed are either young people or people aged 40 or above. Young unemployed people were typically of low education attainment and did not have much working experiences, while those unemployed aged over 40 were non-skilled or semi-skilled workers with low education attainment. Undoubtedly, they found difficulty in looking for another job once they were laid off or were unemployed.

Suffering from working poverty

Alternatively, these laid-off workers with low education attainment and working skills are more likely to find part-time, temporary or low-paid jobs (Ngan, 2002; Ng and Poon, 2004; Chan, 2006b). The number of part-time employees as a percentage of all employees increased from 2.7% between November 1994 and March 1995 to 5.2% between April and June 2005. The median age of these part-time employees also increased from 39 to 42 (Census and Statistics Department, 2006: 38). The recent economic recovery has not brought about improvements to living standards/conditions for people from all walks of life since 2004. A small proportion of the population has enjoyed the fruits of the economic recovery while a large number of low-income families continue to suffer from low level of living standards. As the World Bank argues "increased global integration has increased the relative demand for skilled labour, in particular as foreign direct investment has concentrated in skill-intense sectors and has introduced new technologies. Relative wages for skilled labour have also tended to increase because of the less elastic supply of such labour." (The World Bank, East Asia and Pacific Region, 2007: 33) The globalizing economy has further widened the gap between the rich and the poor since the demand for professionals is on the increase but it has also marginalized people with less skills

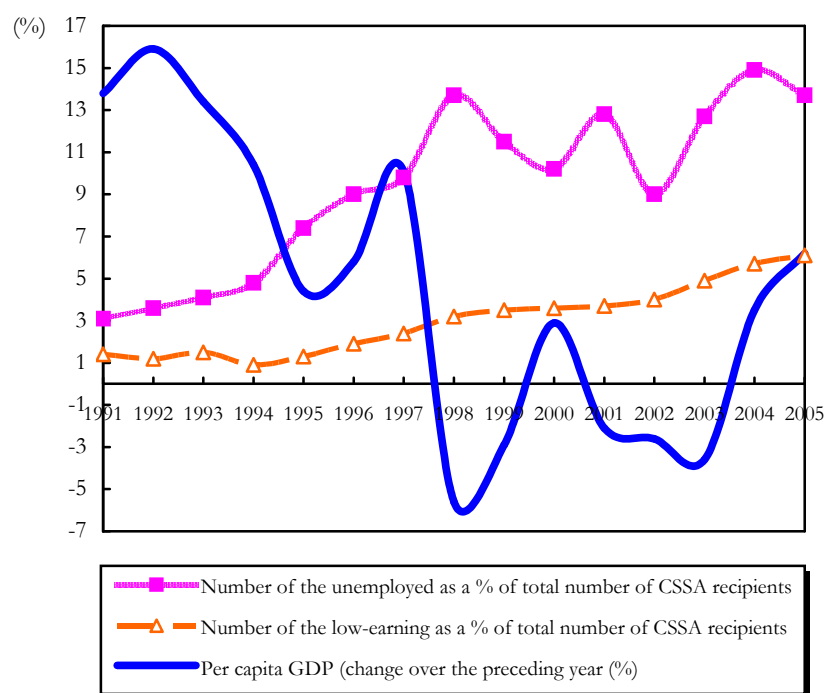
and low education. Those low-skilled and low-educated workers continue to suffer from being poorly paid. With reference to the *Quarterly Report of Wage and Payroll Statistics* in March 2007, as for the real payroll indices, there were between 0.4% to 1.6% year-on-year decreases in the manufacturing sector, the wholesale, retail and import/export trades, restaurants and hotels sector, and the community, social and personal services sector, in comparison with 2.4% and 4.2% year-on-year increases in the transport, storage and communications sector, and the financing, insurance, real estate and business services sector respectively. The findings of *Report on Working Poverty* also reaffirm that attachment to the labour market does not guarantee a life free from poverty owing to the considerable problem of low-paid jobs. The number of employed persons in working-poor households slightly increased from 191,500 in 1998 to 193,000 in the second quarter of 2005. Nonetheless, the employed persons in working-poor households earn much less than they did in 1998. There were 74,100 persons earning less than HK\$5,000 (i.e. US\$641) in the second quarter of 2005, compared with 37,900 persons in 1998. The number of persons with monthly employment earnings less than HK\$3,000 (i.e. US\$385) increased from 17,000 to 39,100 at the same time span (Legislative Council, Subcommittee to Study the Subject of Combating Poverty, 2006).

The income disparity between the rich and the poor has been clearly indicated by the increase in the Gini Coefficient and income distribution between different income groups in Hong Kong. The Gini-coefficient was 0.453 in 1986 but it rose to 0.518 ten years later. The situation became worse in 2006 when the Gini-coefficient rose to 0.533. The widening income gap is clearly reflected by the income distribution according to deciles. The 20% of the households with the lowest income in 1986 earned 5.0% of total household income and this figure significantly dropped to 2.9% in 2006. The 20% of the households with the highest income increased their share of total household income from 50.7% to 57.0% in the same period of time. Compared to other neighbouring countries in the region, Hong Kong has the worst income disparities in the Four Asian Tigers (i.e. Hong Kong, South Korea, Singapore and Taiwan) and it is even worse than the situation in China (Census & Statistics Department, 2007a; HKCSS, 2007: 14).

The negative impacts of socio-economic changes contributed to an increasing number of families receiving CSSA in the 1990s. CSSA cases as a percentage of the number of domestic households increased from 4.6% in 1991, to 11.9% in 1998 and further rose to 13.4% in 2003. The proportion of CSSA single parents, low earnings and unemployed cases has increased since mid-1990s. The recipients in these three

categories rose significantly in 1998 and 2003. It reflects that these vulnerable groups with low-skills and low-education are easily laid-off in the context of the economic downturn. Figure 1 also indicates that neither the unemployed nor the working poor have benefited from the economic recovery in Hong Kong. Although there has been a decline in the proportion of CSSA claimants who are unemployed since 2003, the percentage of those claiming CSSA because they are on low-earnings has actually increased since the mid-1990s.

Figure 1: Per capita GDP and proportion of the CSSA unemployed and low-earnings



Source: Census and Statistics Department, *Hong Kong Annual Digest of Statistics*, various issues, Hong Kong: Government Printer.

Growing concern about child poverty

In 2005, the Hong Kong Council of Social Service estimated that there were 17.7% of people living in low-income households with monthly household income less than or equal to half of the median monthly domestic household income of the corresponding household size, compared with 15.0% in 1996 and 18% in 2001. There have been at least one-fifth of children aged 0-14 living in low-income households in Hong Kong since the mid-1990s. Children in low-income households not only encounter financial deprivation but also suffer from service exclusion and non-participation in common social activities because of their unaffordability (Midgley and Tang, 2001; Pantazis, *et al.*, 2006). There has been growing public concern about the impacts of child poverty in Hong Kong. Children living in low-income households are deprived of equal

chances of growth and development, such as the use of IT and access to the information-abundant Internet, and taking part in activities and tuition classes after school (*Hong Kong Economic Times*, 19 June 2007). The Subcommittee to Study the Subject of Combating Poverty also recognizes the negative impacts of children living in low-income households and highlights that,

“the working-poor family will tend not to participate in social activities, or attend training or self-enhancement programmes because all these entail expenses. Their children will also not take part in school activities if they are not eligible for subsidies on the expenses. In the long run, such families will be excluded from the mainstream activities, and have less chance to enhance their skills and find new opportunities to improve their living. Being socially excluded will make these families and their children even more difficult to break away from generational poverty.” (The Subcommittee to Study the Subject of Combating Poverty, 2006: 22)

Increasing demand for care of elderly people

Hong Kong has already confronted an aging population resulting from a low fertility rate and an increase in life expectancy. The official statistics show that the proportion of elderly people in the population (aged 65 and above) is expected to increase significantly from 12% in mid-2006 to 26% in mid-2036. Meanwhile, the proportion of the population aged 0-14 is expected to decrease from 14% in mid-2006 to 12% by mid-2036 (Census and Statistics Department, 2007c). It implies that there will be fewer young people available to provide financial assistance and caring support to their parents in the future⁵. The anticipated rise in the elderly population will create additional social needs and demand for medical and social care. Nonetheless, the rising number of divorce and separation cases, together with smaller families and increasing nuclearization of families, have undoubtedly weakened the abilities of families to fulfill the obligations of filial piety and led to growing demand for formal systems.

Hong Kong has never had any comprehensive retirement protection schemes for the elderly. Despite the implementation of the Mandatory Provident Fund Scheme in recent years, the scheme will not offer any benefits to those people who have already retired or will retire in the near future. It explains why about one-third of elderly

⁵ The average domestic household size gradually decreased from 3.3 in 1996 to 3.0 in 2006 (Census & Statistics Department, 2007b).

persons aged 65 and above are living in low-income households in Hong Kong⁶. According to various issues of the *Hong Kong Annual Digest of Statistics*, the number of Old Age Allowance⁷ (OAA) cases increased from 411,220 in 1991 to 461,024 in 2005. More than 50% of CSSA recipients are old people. An increasing number of OAA cases and a massive number of CSSA old age cases clearly demonstrate the financial / economic difficulties confronted by a rising number of senior citizens looking for government support. The recent study on the need of elder scavengers shows that a number of elderly persons (aged 60 and above) in low-income households have to scavenge for newspapers, carton paper and drink cans to supplement household income. The study also indicates that some female elderly people who had spent time caring their family members when they were young can neither receive sufficient family support nor benefit from employment-related retirement protection schemes⁸. Women are more vulnerable to living in poverty since they are living longer but they will not benefit from any contributory basis and employment-related retirement protection schemes (Tang, 2005). Besides, ageing population resulting in growing demand for the medical services exert a heavy financial burden on the elderly people who are non-CSSA claimants.

Response to New Social Risks in HK

The foregoing discussion illustrates that new social risks target certain social groups. Nonetheless, in the context of globalization and economic restructuring, the government has remained committed to its governing philosophy of “small government, big society”. Privatization and contracting out public services have been carried out so as to restrain public spending and enhance Hong Kong’s competitiveness. These policy measures may further generate new social risks when the quantity and quality of private service provisions are adversely affected and poorer terms of employment are offered to those marginalized groups. The following section focuses on major strategies adopted by various institutions addressing the negative effects of socio-economic transformations in a globalized post-industrial society. It also identifies dilemmas and limitations of these measures.

⁶ It is drawn from the secondary data analysis on the low-income domestic households conducted by the Hong Kong Council of Social Service. Available at <http://www.poverty.org.hk/> (in Chinese) (accessed 12 September 2007).

⁷ Those aged 65 to 69 may be eligible for normal old age allowance if they declare that their income and assets do not exceed the prescribed levels. Nevertheless, it is non-means-tested for those aged 70 and above who have been residing in Hong Kong for more than 5 years.

⁸ Available at [http://www.hkcss.org.hk/prs/Press/scavenger_PressConf_070305\(10am\).ppt](http://www.hkcss.org.hk/prs/Press/scavenger_PressConf_070305(10am).ppt) (in Chinese) (accessed 12 September 2007).

Policy initiatives for the unemployed and the working poor

The increasing number of CSSA cases places a large financial burden on the government and thus creates pressures for welfare reforms from a passive system of benefit payment to the unemployed to an active system encouraging personal responsibility and facilitating return to employment. The workfare programmes were first introduced for CSSA recipients in 1999⁹ and further extended to both employable CSSA recipients and other near-CSSA level recipients¹⁰. Initiatives to enable and encourage non-employed claimants on CSSA to better prepare them for employment are indisputable. The effectiveness of these workfare programmes depends upon whether the government can properly cope with some crucial issues, including how to improve claimants' employability (i.e. through job creation, upgrading work skills and provision of supportive services), how to define the meaning of work and how to make work pay (Gilbert, 2005; Pantazis, et al., 2006). The evaluation of these workfare programmes reveal that some CSSA participants have only changed their status to CSSA "low-earners" instead of leaving the CSSA net (Legislative Council, Subcommittee on Review of the Comprehensive Social Security Assistance Scheme, 2005). The evaluation raises several key issues about the effectiveness of these workfare programmes: how to enhance the employability and competitiveness of the unemployed with low-skills and low educational attainment; how to create more employment opportunities; how to reduce the number of the working poor; and how to ensure accessibility of support services. In other words, different policy strategies should be adopted to get people back to work (i.e. training, retraining and availability of support services) and address the issue of working poverty (i.e. income protection policies).

First, market-oriented job training/on-the-job training is clearly important for the vulnerable groups with low education and no professional qualifications (The Commission on Poverty, 2007). In the past, the criticism was made that there was a mismatch between the job training courses and the demands of the labour market. Local Domestic Helper Scheme and Personal Care Worker Retraining are two typical training programmes to respond to growing service needs in the community. Second, it is also crucial to create more employment opportunities. It is proposed that the government should work to develop a dual economy. Apart from creating a high

⁹ The Support for Self-reliance (SFS) scheme is composed of three key elements, including Active Employment Assistance (AEA) Programme, Community Work (CW) Programme and Disregarded Earnings (DEs).

¹⁰ The SFS scheme measures were intensified to commission non-governmental organizations to launch Intensive Employment Assistance Projects (IEAPs) in 2003.

value-added economy, the government should also make efforts to development labour intensive industries to create jobs for those with low skills and low qualifications. For instance, the government can provide tax incentive and assistance to tourism and recycling industries, social and personal services, and those relocating manufacturing industries. Supporting the development of community economic development (CED) projects and social enterprises (SEs) is an alternative to help to solve the problems resulting from unemployment and a sense of disempowerment. However, both CED projects and SEs initiated by the non-governmental organizations (NGOs) suffer various constraints, namely lack of management skills and techniques for operating business, difficulty of getting loans from the banks, and striking a balance between social objectives and economic gain (Chan, 2006a:491). Third, there is also growing concern about the socio-economic costs of non-action, such as an increasing number of child abuse and neglect cases and a drop in labour force participation rate because of caring responsibilities. Provision of child care services can avoid child abuse and neglect cases while employment services can offer support to job seekers.

There is also growing concern about the considerable problem of low-paid jobs. In order to protect the wage level of particular posts, the government launched the Wage Protection Movement for cleaning and security workers in 2006. However, the scheme is on *by voluntary and is not backed up by legislation*. In order to improve the standard of living of the working poor, the government should examine the possibility of setting minimum wages in specific areas of industry, for particular jobs and for contracted out posts (such as cleaning services and security guards). It is also important to provide suitable work incentives, such as implementation of the pilot Transport Support Scheme and relaxing the existing arrangements for disregarded earnings (The Commission on Poverty, 2007).

Policy response to intergenerational poverty and elderly in poverty

In order to avoid being trapped in an individually and socially damaging cycle of deprivation, the government should ensure not only that all children go to school but also should allocate more resources to schools and children and youth centres so as to enable them to strengthen support services and co-operation at the local level to organize suitable after-school learning and interest activities. These proposed measures would provide the children with more learning opportunities, improved interpersonal skills and what is perhaps most important to the government, raise the quality of the future work force (Cheng, 2007). The Asian Development Bank also

argues that human capital development is crucial to fight against poverty. It is because:

“Without such access, the poor and their children will have little opportunity to improve their economic status or even to participate fully in society. It is also necessary to ensure that the relevance, quality, and quantity of education provided is designed to effectively increase participation, both in the workforce and in society at large.” (ADB, 2004: 10)

As discussed earlier, there has been a rising elderly population and this will result in a corresponding increase in need for economic support and social and medical care. Socio-economic changes have weakened family caring capacity to provide social and financial support. The three pillars of old age protection for Hong Kong are publicly funded CSSA and OAA, the Mandatory Provident Fund schemes and voluntary private savings. Nonetheless, housewives and the unemployed cannot benefit from the existing MPF system, which is employment-related. It is minimal protection for those low-paid workers. In addition, the existing social welfare policies hinder the vulnerable groups from receiving services in cash, and make their integration into society much more difficult. It is necessary, therefore, to review social security systems in Hong Kong. Furthermore, the elderly people mainly depend on publicly funded healthcare services but it still exerts heavy financial burden on non-CSSA elderly people when they are suffering long-standing illness or become frail.

Future policy direction

Requiring changes from the government in attitudes, ideology and approach

Hong Kong can no longer rely upon steady economic growth, low unemployment and families to meet social needs. The social transformations in general and the demographic changes in particular have created additional pressures for welfare reforms. In the past, Hong Kong managed with only limited formal social security systems. However, the rising disparities in income show that the worse off have failed to share in the general rise in living standards and prosperity. In the aftermath of the financial crisis and economic restructuring, the government policies are mainly dominated by neo-liberalism, which puts more emphasis on contracting out public services, minimizing the role of government, streamlining and restructuring

organizations through downsizing and merging (Tang, et al, 2006: 50-51). However, this distorted pattern of development further generates new social risks and not only endangers social and political stability but also reduces equality of opportunity and retards mobility. It is argued that the limited role of the government can no longer work and will not respond to the emergence of the new social risks. A social investment approach should be adopted and the government should recognize that public expenditure as a kind of social investment can contribute positively to economic development (Midgley & Tang, 2001: 245-246).

Fostering tripartite partnership

The government cannot solve all social new risks on its own. A tripartite partnership with the government, the business sector and the third sector is needed to address growing social inequality and help the vulnerable groups. It is crucial to identify the dilemmas and limitations faced by various institutions and specify roles of the government, third sector and private sector (Mitchell, 2000; Chan, 2003: 192; Powell, 2007). In the context of the globalization, the ability of the government in raising revenues and adopting independent economic policies becomes limited. The government faces new challenges to address growing demand for public services with the scarce resources. The NGOs also encounter difficulties in continuing the CED projects and SEs. In order to enhance productivity, the private sector tends to adopt flexible labour practices. But all these measures have increased uncertainty in employment and contributed to low wage poverty for certain social groups. It is argued that concerted efforts among different actors can actively promote the overall well-being of society in association with an ongoing process of economic development. For instance, offering a family friendly working environment to their employees, taking part in voluntary services and providing management skills and techniques to facilitate the development of SEs are typical examples of corporate social responsibility which aims to offer help to the vulnerable groups. All these contributions from the government and private sector (such as provisions of financial subsidies/loans, management skills and techniques) can facilitate services provided by the NGOs which have better understanding of the needs of the vulnerable groups.

Complementing prevention and coping strategies addressing new social risks

The foregoing discussion shows that the existing *reactive policies strategies* are not effective and sustainable to cope with the new social risks arising from increasing global and complex societies. The government should not limit its policy approach to

ad hoc coping strategies but also further extend to risk prevention and mitigation strategies¹¹. The government can initiate some *short-term strategies* dealing with immediate situation. She can relieve the disregarded earnings for the CSSA claimants so as to motive their work incentives. In addition, law and regulations should be regularly reviewed so as to ensure service quality (such as regulation of service quality of private-run residential care homes for the elderly) and provide a business-conducive environment (such as the constraint imposed by the existing legislative requirement for forming a cooperative). In order to address immediate financial difficulties of the elderly people, the government can relax criteria for those living with families but who receive minimal or no support from their children to apply for CSSA and offer a reduction in fee charging of healthcare services for the elderly people aged 65 and above.

A series of *long-term strategies* should also be initiated to address predictable risks, including old age, sickness and long-term unemployment in the midst of economic restructuring and social transformations. First, a regular review on manpower projections which facilitate market-oriented training, retraining and education with collaboration of the third sector and private sector is needed to ensure a good match between labour supply and demand. Second, the possibility of setting minimum wages in specific areas of industry should be re-considered to safeguard the wage level of the low-skilled and low-educated workers. Third, a universal non-means-tested social insurance programme and a contributory healthcare insurance system are crucial policies to address the problems arising from the ageing population. The former is a complement to the MPF scheme to meet the basic needs of existing elderly people¹² while the latter aims to deal with the issue of financial sustainability of tax-funded healthcare in Hong Kong.

As Chan argues, “mere increases in public spending and reliance on individual efforts cannot adequately address the new social risks. More successful management of risks requires *concerted efforts* among different sectors *covering the areas of risk prevention, mitigation and coping.*” (Chan, 2006: 218) Concerted contribution among

¹¹ Social risk management strategies include reducing risks, mitigating the potential impact of a risk (especially predictable risks, such as old age, sickness and unemployment), and coping strategies for unpredictable risks (Mitchell, 2000; Neubourg & Weigand, 2000; Holzmann & Jorgensen, 2001).

¹² It is proposed that contributions can be drawn from the government (i.e. the expenses on the standard rates of the CSSA for the recipients aged 65 and above, and the OAA), the employers and the employees (a transfer of 2.5% of the contributions from the MPF scheme to the Old Age Income Protection scheme). Available at http://www.pensionforall.org.hk/html/uploads/old_age_income_protection.ppt (accessed 8 October 2007). Also refer to the findings of *the Study on the Need of Elder Scavengers* conducted by the Hong Kong Council of Social Service.

various actors in the community can enhance ‘opportunity’ (such as employment opportunity, equal chances of growth and development for children), ‘empowerment’ (through CED projects and SEs) and ‘security’ (such as adoption of protectionist labour policy; introduction of the MPF and universal retirement protection; caring services for the child and the elderly) of the vulnerable groups (Wong, 2007). A tripartite partnership strikes a balance between collectivization and individual responsibility and is a more efficient way to address the new social risks generated by economic restructuring and social transformations.

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