

Research for Policy: Mapping Poverty in Hong Kong and the Policy Implications

Maggie K.W. Lau
The City University of Hong Kong

Abstract

There is no official poverty line in Hong Kong. The government has never attempted to formulate an official definition of poverty. It was argued that it was difficult to have an agreed definition of poverty or of who is poor and that any definition of poverty would involve the exercise of subjective value judgment. However, establishing a poverty line is important to evaluate the effectiveness of any current policy to surmount poverty. This article is set in the context of a discussion of how poverty research (i.e., research methodology and research findings) can aid policy formation. It first briefly summarizes where past research on poverty in Hong Kong has got to, its achievements and limitations. Second, it uses a secondary data analysis of the 1 percent sample of the Hong Kong 2001 Population Census to provide an updated profile of low-income households, using the conventional income threshold measurement of poverty, which is measured in term of households with income below 60 percent of the median for the whole equivalized distribution. Third, it illustrates the contributions and limitations of only using conventional income threshold measurement of poverty. Finally, it suggests relevant implications for policy makers drawn from the findings of this study.

Keywords: Poverty, Hong Kong, population census, conventional income threshold measurement, low-income households, equivalization.

Local poverty studies in Hong Kong have utilized ideas from various different methodological approaches to poverty definition in Britain and European countries, namely the professional or expert approach, the relative deprivation approach and the relative income standard approach, to measure poverty (Chow, 1982, 1983; Chua *et al.*, 2002; Estes, 2000; Lui and Wong, 1995; MacPherson, 1994; Mok, 1999; Wong and Chua, 1996; Wong and Lee, 2000). An examination of these previous research studies is useful as showing clearly where poverty research in Hong Kong has got to, its achievements and limitations. They give insights as to how researchers might fill some of the gaps in the existing poverty research.

The first attempt to explore poverty in Hong Kong was Chow's 1982 survey. Townsend's social indicators approach was adopted to explore the needs and living

styles of low-income families in Hong Kong. Although this survey would encounter similar criticisms to those that Townsend's social indicators approach encountered (i.e., the matter of taste and choice), the significance of Chow's study was that the conception of poverty should not simply be interpreted in terms of subsistence levels but it should take more account of the meaning and responsibilities of membership of society.

A conception of multiple deprivations was pioneered by Chow's study (1982) of *Poverty in an Affluent City: A Report of a Survey on Low-income Families in Hong Kong*, and this approach has been further developed by other local poverty studies—namely, MacPherson (1994), Lui and Wong (1995), and Wong and Chua (1996).

Rapid economic growth tended to keep the issue of poverty off the political agenda for a long time. On the other hand, there were some anti-poverty initiatives in Hong Kong. It was evident that low-income families did not receive a fair share of the benefit of economic progress from rapid growth in the economy (Mok, 1993a,b).

The poor living standards of CSSA (Comprehensive Social Security Assistance) recipients also began to arouse some serious doubt as to whether the CSSA Scheme provided an acceptable living standard in affluent Hong Kong in the 1990s. MacPherson's study adopted a Budget Standards Approach to determine what was the minimum acceptable standard of living in Hong Kong and to examine the adequacy of the public assistance rates against these minimum levels. The findings of MacPherson's budget standards study revealed that the CSSA rates were too low, especially for children and single parents, to provide a "minimum acceptable level of living," which was a level that allowed people to participate in social activities and follow customary behavior.

This study would also encounter similar critiques to those that Bradshaw's professional or expert approach (Bradshaw, 1993) encountered. For instance, it was time consuming to update the list of relevant goods and services. On the other hand, MacPherson's study offered a scientific analysis and a useful reference for proposed new benefit rates.

Apart from the poor living standards of CSSA recipients, poor living standards of low-income non-CSSA households in the 1990s also aroused public concerns (Lui and Wong, 1995; Wong and Chua, 1996). Lui and Wong's study indicated that people suffered from economic hardship since they could not safeguard and utilize social resources, namely employment and training, education and getting access to information, to lift them out of poverty. Furthermore, there is a direct relationship between exclusion from attachment to the labor market and economic vulnerability of the working class.

The results also demonstrated the structural causes that excluded some sections of the community from opportunities to improve their living conditions in Hong Kong. Wong and Chua's study revealed that those households who lived in "abject poverty" were unable to meet basic and necessary food expenses. Although those low expenditure households did not suffer from starvation, their living standards

were so low that they were in effect excluded from ordinary living patterns, customs and activities in society. The results aroused public concerns towards the poor living standards of the low-income non-CSSA households in Hong Kong.

The relative income standard approach has been widely adopted by national governments and international organizations, including the European Communities (EC), as well as the Organization for Economic Cooperation and Development (OECD) (Atkinson *et al.*, 2002; Bradshaw, 2001b; Bradshaw and Finch, 2001c; Deleeck *et al.*, 1990, 1992; Saunders *et al.*, 1999; TC, 1998; Townsend, 1979, 1993, 1997).

A number of studies concerning low-income households in Hong Kong also adopted the relative income standard approach to keep track of the number of low-income households by various household types (Chua *et al.*, 2002; Mok, 1999; Wong and Lee, 2000). Wong and Lee's study also reflected that attachment to the labor market did not guarantee to life out of poverty because of long working hours and low-paid jobs.

Past research on poverty in Hong Kong explored the differing aims and nature of the studies and their differing approaches to poverty. It summarized their findings showing a significant amount of what can only reasonably be described as poverty in this rich society – a poverty which was not confined to those dependent on CSSA but also affected those in full-time but low-paid work.

This body of research reflects a developing understanding of poverty and its many dimensions but shows that gaps in knowledge and understanding still exist. As mentioned earlier, Hong Kong has undergone dramatic socio-economic and demographic changes in the late 1990s and there have been significant impacts on the people's livelihood in Hong Kong. The changes have created new patterns of poverty from the 1980s onwards and thus we need to be alert to the impacts of socio-economic and demographic changes if we are to understand the new poverty.

Definition of Low-Income Households

In order to provide an updated profile of low-income households in Hong Kong, the secondary data analysis (cf. CSD, 2001, 2002) of the 1 percent sample data of the 2001 Population Census adopted the conventional income threshold measurement of poverty in term of households with income below 60 percent of the median for the whole equivalized distribution (HIB60 percent) on the grounds that it is the threshold now conventionally used in the EU although the OECD still uses 50 percent of the median for the whole equivalized distribution.

The current study was the first attempt to adopt Gordon *et al.*'s equivalized income measure,¹ which was used for *The 1999 Poverty and Social Exclusion Survey* (the PSE survey) (Gordon *et al.*, 2000). Its equivalization scale was based upon the relativities of budget standards results (the PSE equivalization scale)² (Bradshaw, 1993, 2000a,b; Parker, 1998, 2000, 2002). Equivalization³ is a process of adjusting household income by taking account of household size and composition. Since poverty estimates are sensitive to the use of equivalence scales,

equivalization presents one of the crucial problems when determining the poverty line/threshold (Weir, 1992; Whiteford, 1985).

In the past, the British Government adopted the McClement equivalence scales for measuring poverty⁴ but this scale has been criticized for calculating unrealistic allowances for the costs of children (Muellbauer, 1979). Thus, these relativities were modified to take account of more detailed budget standards results on the cost of children by gender and age (Gordon *et al.*, 2000).

Socio-Economic Characteristics of Low-Income Households from the 1 Percent Sample

Income Distribution

The 1 percent sample was drawn from the 2001 Population Census and the random sample selection ensured the data reliability. This was a special sample that the author has purchased from the Census and Statistics Department, Hong Kong Special Administrative Region at individual level.

There were in total 20,584 households drawn for the 1 percent sample. The mean and median of equivalized income of the whole equivalized distribution for the whole population from the 1 percent sample were HK\$18,845.9 and HK\$12,631.6 per month respectively. More than one quarter below the HIB60-percent threshold with equivalized household income being equivalent to or less than HK\$7,578.9 (26.9 percent).

Household Composition and Number of Working Household Members

Table 1 shows the number of low-income households by household type in 2001 and summarizes the links between household type and low income. As shown in the table, the poverty rate for one-person households (33.6 percent) was higher than for other household types (i.e., 26.5, 22.5, 25.8, and 28.5 percent for 2, 3, 4, and 5 and more person households respectively). The findings also indicated that single elderly people aged 60 and over (75.1 percent) had the highest poverty rates.

As shown in Table 1, one-parent families with children below 15 had a poverty rate of 58.4 percent, compared with a rate of 31.4 percent for two-parent households with at least one child below 15. It is because female/male-headed single parents found difficulties in looking for full-time jobs owing to caring responsibilities. The findings explained that labor market exclusion was a crucial factor leading to poverty.

Furthermore, the findings illustrated that the greater the number of dependent household members, the higher the poverty rate these households had. As shown in Table 1, households with three or more children aged below 15 (56.7 percent) had a higher poverty rate, in comparison with a rate of 24.5 percent for households without children.

Besides, the poverty rate for households with at least two elderly persons in the household (45.1 percent) was higher than for families without (19.7 percent) or with only one (38.7 percent) elderly person in the household. Dependency in the sense of the presence of larger than average number of children or the presence of non working elderly people was strongly associated with an increased risk of being a low income household.

The results also demonstrated the importance of the presence/absence of working household members to levels of income. Households with no working members had a poverty rate of 75.9 percent, compared with, for example, a poverty rate of 11.3 percent with two working household members (Table 1).

While lone parents had a high poverty rate, they only made up 3.8 percent of all poor households. 59.5 percent of all poor households were families without children aged below 15 in household. It could be explained by the fact that almost three quarters of all poor households (73.2 percent) were single elderly aged 60 and over. Over three quarters of all poor households were families without (43.3 percent) or with only one (41.8 percent) working household members.

Housing

As shown in Table 1, the poverty rate for households living in “temporary housing” (52.2 percent) was higher than for households living in other types of quarters (i.e., 43.8 percent, 19.8 percent and 19 percent for households living in “public rental housing,” “government subsidized flats” and “private permanent housing” respectively). In addition, the poverty rates of households who needed to share their quarters with three (47.2 percent) or four and more (46 percent) other domestic households were higher than for households who occupied the whole quarters (26.1 percent).

The findings reflected that the low-income households tended to have poor living conditions in terms of types of accommodation and degree of sharing. While households who needed to share their quarters with more than three or four other domestic households had high poverty rates, they only accounted for 4.7 percent of all poor households. Households living in “temporary housing” only made up 2.4 percent of all poor households while they had a high poverty rate.

Table 1: Socio-Economic Characteristics of Low-Income Households from the 1 Percent Sample 2001

Characteristics	Income Below 60 % of the Median			All Domestic Households from the 1 % Sample	
	N	%	Rate	N	%
<i>Household size</i>					
1	1,066	19.2	33.6	3,172	15.4
2	1,181	21.3	26.5	4,457	21.7
3	985	17.8	22.5	4,384	21.3
4	1,245	22.5	25.8	4,830	23.5
5+	1,067	19.2	28.5	3,750	18.2
<i>One-person households</i>					
Single elderly aged 60+ in household	780	73.2	75.1	1,039 ³	32.8
Non-single elderly aged 60+ in household	285	26.8	13.4	2,133	67.2
<i>Number of working household members</i>					
0	2,399	43.3	75.9	3,162	15.4
1	2,317	41.8	30.2	7,664	37.2
2	711	12.8	11.3	6,274	30.5
3	93	1.7	3.6	2,601	12.6
4	20	0.4	2.9	681	3.3
5+	4	0.1	2.0	202	1.0
<i>Children aged below 15 in household</i>					
0	3,301	59.5	24.5	13,452	65.4
1	1,031	18.6	26.0	3,971	19.3
2	888	16.0	34.3	2,590	12.6
3+	324	5.8	56.7	571	2.8
<i>One-parent family with 1 or more never married children</i>					
Yes	209	3.8	58.4	358	1.7
No	5,335	96.2	26.4	20,226	98.3
<i>Elderly persons aged 60+ in household</i>					
0	2,670	48.2	19.7	13,543	65.8
1	1,822	32.9	38.7	4,706	22.9
2+	1,052	18.9	45.1	2,335	11.3

Table 1: Socio-Economic Characteristics of Low-Income Households from the 1 Percent Sample 2001 (continued)

<i>Type of quarters</i>					
Public rental housing	2,744	49.5	43.8	6,260	30.4
Government Subsidized flats	642	11.6	19.8	3,241	15.7
Private permanent housing	2,005	36.2	19.0	10,528	51.1
Temporary housing	133	2.4	52.2	255	1.2
Others	20	0.4	6.1	330	1.5
<i>Degree of Sharing</i>					
1	5,143	92.8	26.1	19,712	95.8
2	137	2.5	45.1	304	1.5
3	101	1.8	47.2	214	1.0
4+	163	2.9	46.0	354	1.7
Total	5,544	100.0	26.9	20,584	100.0

- Notes:
1. Total number of single person in households whose income below 50 percent of the mean for the whole equivalized distribution is 1,273.
 2. Total number of single person in households whose income below 60 percent of the median for the whole equivalized distribution is 1,066.
 3. Total number of one-person households from the 1 percent sample is 3,172.
 4. There may be a slight discrepancy between the sum of individual items and the total as shown in the table owing to rounding.
 5. Degree of sharing refers to number of domestic households occupied in a quarter.

Socio-Economic Characteristics of Single Elderly People Aged 60+ Living in Low-Income Households

Table 2 presents socio-economic characteristics of single elderly people aged 60+ living in low-income households in 2001. As shown in the table, single elderly people aged 60+ living in “public rental housing” had a poverty rate of 80.2 percent, compared with a rate of 78.6 and 77.8 percent for those living in “government subsidized flats” and “temporary housing” respectively.

The findings also indicated that single elderly people who occupied the whole quarters had a higher poverty rate (74.6 percent) than those who needed to share their quarters with at least three other domestic households (72.7 percent). It could be explained by the fact that single elderly people aged 60+ living in “public rental housing” had a high poverty rate (80.2 percent).

The findings also reflected that single elderly people aged 60+ who did not participate in the labor market (82 percent) had a high poverty rate. Nonetheless, the findings also reflected that attachment to the labor market did not guarantee to lift them out of poverty. An overwhelming majority of all poor single elderly people aged 60 and over (95.6 percent) were non working elderly people. 48.8

percent of all poor single elderly people aged 60 and over were living in “public rental housing” (Table 2).

Table 2: Socio-Economic Characteristics of Single Elderly Aged 60+ Living in Low-Income Households from the 1 Percent Sample (2001)

Characteristics	Income Below 60 % of the Median			All Domestic Households from the 1 % Sample	
	N	%	Rate	N	%
<i>Type of quarters</i>					
Public rental housing	381	48.8	80.2	475	45.7
Government Subsidized flats	33	4.2	78.6	42	4.0
Private permanent housing	334	42.8	70.9	471	45.3
Temporary housing	28	3.6	77.8	36	3.5
Others	4	0.5	26.7	15	1.4
<i>Degree of Sharing</i>					
1	639	81.9	74.6	857	82.5
2	53	6.8	86.9	61	5.9
3+	88	11.3	72.7	121	11.6
<i>Number of working household members</i>					
0	746	95.6	82.0	910	87.6
1	34	4.4	26.4	129	12.4
Total	780	100.0	75.1	1039	100.0

Note: There may be a slight discrepancy between the sum of individual items and the total as shown in the table owing to rounding.

Socio-Economic Characteristics of One-Parent Families with Children Living in Low-Income Households

Table 3 presents the socio-economic characteristics of one-parent families with children living in low-income households in 2001. As shown in the table, one-parent families with children living in “public rental housing” (76.3 percent) had the highest poverty rate.

The findings also showed that the poverty rate for one-parent families with two or more children below 15 (74.5 percent) was higher than for households with only one child (45.2 percent) (Table 3). It illustrated that the greater the number of dependent household members, the more likely they were to be living in low-income households. As shown in Table 3, one-parent families with children without working household member (78.1 percent) had the highest poverty rate. Nonetheless, attachment to the labor market did not guarantee relief from poverty owing to low-paid jobs. The results showed that one-parent families with working household member had a poverty rate of 39.4 percent.

Table 3: Socio-Economic Characteristics of One-Parent Families with Children Living in Low-Income Households from the 1 Percent Sample (2001)

Characteristics	Income Below 60 % of the Median			All Domestic Households from the 1 % Sample	
	N	%	Rate	N	%
Type of quarters					
Public rental housing	116	55.5	76.3	152	42.5
Government Subsidized flats	11	5.3	34.4	32	8.9
Private permanent housing	78	37.3	47.0	166	46.4
Others	4	1.9	50.0	8	2.3
<i>Household size</i>					
2	89	42.6	45.2	197	55.0
3	92	44.0	69.7	132	36.9
4+	28	13.4	96.6	29	8.1
<i>No. of children aged under 15 in household</i>					
1	89	42.6	45.2	197	55.0
2+	120	57.4	74.5	161	45.0
<i>No. of working household members</i>					
0	139	66.0	78.1	178	49.7
1	71	34.0	39.4	180	50.3
<i>Sex</i>					
Male-headed	65	31.1	56.0	116	32.4
Female-headed	144	68.9	59.5	242	67.6
<i>Male-/female-headed single parents' duration of residence in Hong Kong</i>					
< 7 years	40	19.1	69.0	58	16.2
7 years and over	169	80.9	56.3	300	83.8
Total	209	100.0	58.4	358	100.0

Note: There may be a slight discrepancy between the sum of individual items and the total as shown in the table owing to rounding.

Moreover, female-/male-headed single parents who have resided in Hong Kong less than 7 years (69 percent) had the highest poverty rate. A number of local studies argued that feminization of poverty in Hong Kong resulted from inadequate support from social welfare and social services (Chan, 1999; Lee and Edwards, 1998; Leung, 1999a,b). For instance, insufficiency and inflexibility of child care service provisions hinder the single mothers from finding full-time jobs.

While female-/male-headed single parents who have resided in Hong Kong less than 7 years had a high poverty rate, they made up almost one-fifth of all poor

households (19.1 percent). Female-headed single parents accounted for 68.9 percent of all poor households. One-parent families with children without working household member had a high poverty rate made up two-thirds of all poor households (66 percent).

Conclusions

Limitations of Using Conventional Income Threshold Measurement

The analysis of the 1 percent sample was an example of the conventional income threshold measurement of poverty. The strength of this approach is its simplicity since it is not necessary to collect special data on the living standards of the population. Most European states have collected income and expenditure data which are available for analysis and could be compared on a standardized basis. The relative income standard method yielded more or less comparative poverty lines for countries with different levels of economic and social development. Therefore, it seemed to be more suitable for international comparative studies.

Nonetheless, it is important to emphasize that income is not the only indicator measuring poverty. Various poverty studies in Britain and European countries demonstrated that using both income and deprivation indicators, rather than income alone, contributes to better understanding of poverty measurement (Bradshaw, 2001a,b; Bradshaw and Finch, 2001a,b, 2003; Halleröd, 1995a,b; Layte *et al.* 2000; Ringen, 1987, 1988).

The results of the survey of the living standards in Hong Kong⁵ (LS survey) also illustrated the importance of using multidimensional indicators, including income data, social indicators (i.e., socially perceived necessities) and subjective measure of poverty (i.e., perceptions of UN definitions of absolute and overall poverty), to grasp a more complete picture of the life style of the poor in Hong Kong. This study defined poor as those people who were financially deprived and lacking two or more socially perceived necessities. Nonetheless, further analysis illustrated that twenty out of eighty households claimed that they were lacking no socially perceived items although being financially deprived (Lau, 2005).

In other words, looking at income is not necessarily sufficient to determine whether someone is poor when poverty is defined more broadly as relative deprivation. This is because there is not always a direct relationship between economic resources and standards of living. The actual living standards may be different among different households with identical economic resources because of different expenditure pressures and patterns and differing ability to transform money into living standards.

Therefore, using both income and deprivation indicators offers the opportunity to measure poverty more accurately and to provide a more complete picture of the living standards of the poor.

Relevance to Policymakers

Historically, the lack of government concern about poverty in Hong Kong has been the result of a number of factors—a growing economy and full employment over most of the last 30 to 40 years, the willingness and ability of families to support family members in short term need, the small number of elderly people. There has also been deep seated concern about the potential impact of more generous social security policies on economic competitiveness and family solidarity. In recent years, rapid economic, social and demographic changes have radically altered the situation.

No longer is there full employment. Families are less able to care for dependent members. There are increasing numbers of elderly people. In the past, Hong Kong has managed with only limited formal social security systems. This study shows the need for a review of the role and responsibilities of government in this field.

The issue for the policy makers can no longer be a debate as to whether or not poverty exists but is now about how to tackle it. It suggests that the government's newly established Commission on Poverty⁶ should initiate various anti-poverty policies for three different target groups in low-income households, including (1) children in one and two parent families; (2) workers who are low skilled and low educational attainment; and (3) elderly people.

There has been growing public concern about the impacts of child poverty in Hong Kong (HKCSS, 2003; SCO, 2001; BGA, 2000, 2004). 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. Support for families with dependent children living in poverty is important to ensure children have an equal chance of growth and development and avoid being trapped in an individually and socially damaging cycle of deprivation.

The government should not only ensure that all children go to school, but should also allocate more resources to schools, as well as children and youth centers so as to enable them to strengthen support services and co-operation at the local level to organize related after-school learning and interest activities. They can 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 labor force.

The results of this study also demonstrated that labor market exclusion is a crucial factor leading to poverty and broader social exclusion. Exclusion from the labor market resulted in narrower social relations and networks for these poor households. It is because people with attachment to the labor market not only earn their living, but also maintain social contacts and social interaction with other people in their work.

Job-related training/on-the-job training is clearly important to enhance the employability and competitiveness of vulnerable groups, especially the low-skilled

unemployed and those with low educational attainment. Besides, the findings indicated that it is difficult for female/male-headed single parents to look for full-time jobs owing to caring responsibilities. Insufficiency and inflexibility of child care service provisions hinder one-parent families with dependent children from holding down full-time jobs. Thus, provision of more flexible child care services and a more “family friendly” working environment (i.e., job-sharing, part-time working and flexitime), for those employees who are parents/carers, is crucial for increasing their economic participation in the labor market—and so to tackling their poverty.

Nonetheless, attachment to the labor market did not guarantee a life free from poverty owing to the considerable problem of low-paid jobs. Thus, the government should study the possibility of setting minimum wages in particular industries, for particular jobs and for contracted out posts (such as, cleaning services and security guards) in order to reduce the numbers of working poor.

The results of this study also implied the importance of comprehensive retirement income protection in Hong Kong. The existing (CSSA) scheme in Hong Kong is a policy of minimum expenditure with minimum intervention in the market. The primary concern of those setting the rates of CSSA benefits in Hong Kong is to maintain work incentives among the working class, to encourage family responsibility for the support of elderly people who can no longer work and to hold down public expenditure and taxation.

On the other hand, smaller families and increasing nuclearization of families and a rising number of divorce and separation cases have weakened family capacity to take care of elderly members in terms of both financial and social support. These important trends look set to continue and so to increase the problems. It is necessary, therefore, to review the adequacy of the existing CSSA Schemes in Hong Kong, including the issue of the rate of benefits, disregarded earnings and the establishment of regular review mechanisms.

In addition, the government should re-consider the possibility of establishing an Old-Age Pension Scheme so as to meet the basic needs of existing elderly people. The existing Mandatory Provident Fund scheme will take many years to deliver worthwhile benefits so must not be used as an excuse for government inaction.

The existing social welfare and social service policies hinder the vulnerable groups from receiving services in cash and in kind, and make their integration into society much more difficult. For instance, eligibility criteria of applying CSSA⁷ and public rental housing⁸ hinder those low-income groups from receiving financial assistance and service in kind and make their integration into society much more difficult. The government should introduce policies to ensure people having resided in Hong Kong for less than 7 years can enjoy equal access to public services and labor market participation.

This research shows very clearly the continuing existence of significant poverty in HK. Several groups in particular have a risk of poverty which is unacceptable in a society as rich as HK—children in one and two parent families, the low paid, the

unemployed, and elderly people. Abolishing poverty is difficult as all industrial societies have found but that is no excuse for not starting on the task. The arguments for doing nothing no longer stand up. The policy implications of this research are clear and simple. The government should form the beginning of a concerted anti poverty strategy—for two reasons. First, the extent of poverty in HK is unnecessary—the result of the government not taking the trouble to try to do something about it. Secondly, poverty also has very heavy costs for the community.

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Notes

1. Equivalized income has been used in UK national and comparative poverty studies for a very long time. The only thing that Gordon *et al.* did was to adopt a budget standards based scale.
2. According to PSE equivalization scale, each member of the household is assigned a value: head of household = 0.7; partner = 0.3; each additional adult = 0.45; first child = 0.35; each additional child = 0.3; and if head of a household as a lone parent = 0.1 (Gordon *et al.*, 2000: 86-87).
3. The equivalized income is equal to the household's gross income divided by the equivalence value.
4. Since 2004/05, the British Government has adopted the Modified OECD Equivalence Scale used by Eurostat for the European Union for measuring child poverty.
5. The author conducted a research study to develop and test new methods of studying poverty and investigate the extent and prevalence of poverty in a changing society and give insights to policy makers for allocating resources to those people who are in real need. The study has three research elements, including (1) the 1 percent sample; (2) the LS survey; and (3) a comparison of similarities and differences of the key results of the 1 percent sample and the LS survey, and of the findings of the LS survey and the PSE survey. The author adopted Bradshaw and Middleton's equivalized income measure to identify the number of low-income households in Hong Kong so as to examine and compare the socio-economic characteristics of low-income households of the 1 percent sample and the LS survey. The LS survey, which was conducted between March and mid-September 2000, aimed at investigating public views on issues of poverty and social exclusion in Hong Kong to gain a more complete picture of the life style of the poor in Hong Kong. The objective of this comparative study is to examine and compare the socio-economic and demographic characteristics of low-income households of the 1 percent sample and the LS survey partly to check their reliability. It also sets out to illustrate the limitations of only using conventional income threshold measurements of poverty. In addition, comparison of similarities and differences of the key results of the 1 percent sample and the LS survey, and of the findings of the LS survey and the PSE survey were conducted. The comparative study alerted us a wide range of variables, such as culture, history, climate and living standards that affects the definition, understanding and meaning of poverty. Differences in socio-economic, cultural, climate related issues offer explanations of how and why the differences and similarities exist.
6. The former Chief Executive, Tung Chee Hwa, announced the decision to establish a Commission to alleviate poverty to be chaired by the Financial Secretary in January 2005 (CP, 2005).
7. From 1 January 2004, to be an eligible CSSA recipient, an applicant must have been a Hong Kong resident for at least seven years, and he/she must have resided in Hong Kong continuously for at least one year immediately before the date of application (SWD, 2004).
8. One of the eligibility criteria of applying public rental housing for ordinary families includes "at the time of allocation, at least half of the family members included in the application must have lived in Hong Kong for seven years and are still living in Hong Kong" (HA, 2005).

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Policy Deficiencies and Hong Kong's Mandatory Provident Fund: Security for Retirement or Road Map to Disaster?

Kwong-Leung Tang
The Chinese University of Hong Kong

Abstract

This paper looks at the history of social policy making for retirement in the city-state of Hong Kong and argues that the current Mandatory Provident Fund (MPF) is inadequate to provide for retirement protection for all citizens. In the past, various options such as central provident fund, social insurance, and a semi social insurance plan were examined. By choosing the MPF, the interests of businesses and industrialists were protected and enhanced. China implicitly endorsed this plan when pro-Beijing trade unions in Hong Kong threw their support behind the plan. Since the state was a strong one and the labor movement was weak, its passage was guaranteed. The introduction of the MPF signified a learning process on the part of the post-colonial state whereby important political players such as the state, businesses, and Communist China dominated the agenda. After some five years of implementation, the MPF program is now deemed as inadequate and there have been discussions about how to introduce further reforms in this area.

KEYWORDS: Hong Kong, social security, old-age pensions, poverty, welfare needs, social rights, Mandatory Provident Fund.

Introduction

Hong Kong became the Special Administrative Region (SAR) of the People's Republic of China in 1997, after some one hundred and thirty five years of British rule. Prior to the transition, her spectacular economic performance has contributed much to the "Asian miracle." Both the SAR state and its predecessor attributed its great success to a long-standing non-interventionist policy in social and economic matters.

There is a downside to this non-interventionist approach. Social welfare has been underdeveloped and urgent social needs remain unmet. A case in point is the looming ageing crisis (Chou and Chow, 2005). Hong Kong has a rapidly ageing population. People aged 65 and above accounted for about 10 percent of the population in 1999

and it will increase to 13 percent by 2016 and to 20 percent by 2036 (Tang and Lee, 2006; Chow, 2003). Numerous surveys done in the 1990s showed that of Hong Kong's three million workforce, only about one third had some form of retirement protection or provision for their later years. The imperative for a retirement program was hardly questionable.

However, the colonial state struck down all retirement proposals in the 1970s and 1980s. But after two decades of intense discussions, the colonial state finally adopted the Mandatory Provident Fund (MPF) in 1995, the implementation of which was left with the post-colonial state. The post-colonial government did endorse this program toward the end of 2000 (Tang, 2000).

As far as retirement provisions are concerned, other Asian tigers were doing much better. Singapore introduced its Central Provident Fund (CPF) in 1955 while Taiwan had its social insurance programs in place in the 1950s (Chan, 1985). South Korea, the least developed of the four tigers, was able to introduce a comprehensive pension program in the late 1980s, though a smaller program had been already in place in the 1950s (Wong *et al.*, 2004; Tang, 2000, 1998b, 1996; Deyo, 1992).

Ever since the Asian financial crisis in 1997, rumors had been flying that the post-colonial state might stall the retirement program until prosperity returned. After some uncertainties, the SAR state introduced the MPF in December, 2000. This program is patterned on the Chilean model. The aim of this paper is to examine how the colonial state rejected with different models of retirement program in the last three decades. Furthermore, it analyzes why the colonial state chose this particular kind of private retirement program. It is argued that confronted with rising social needs, the colonial state could not afford to ignore the problem.

However, the impetus for the MPF lay in the main with the development ideology and the nature of the colonial state. Significant societal forces were important in the process since the state took their interests into consideration. The distressing and unfortunate fact remains that some five years after its implementation in 2000, most players including the public, NGOs and the post-colonial government discount the effectiveness of the MPF and they are actively looking at new solutions to the problem of retirement needs. This paper looks at the history of social policy making for retirement in the city-state of Hong Kong and argues that the current Mandatory Provident Fund (MPF) is inadequate to provide for retirement protection for all citizens.

Colonial Approach to Social Policy

The colonial state in Hong Kong adopted a productivist orientation, which was not much different from the other developmental states. Immediately after World War II, all of these developmental states gave primacy to economic development and left major social provisions to the families and voluntary efforts. Due to their unique colonial political structures where powers were centralized, a residual social welfare policy was kept in place (Tang, 2000, 1998b; McLaughlin, 1993). The state would not intervene in the social market unless the needs were not met by the individuals or their

families. And the development of any social policy was mainly depended on Hong Kong's economic progress (Chow, 2003; Walker, 1988). On the whole, when public revenues had risen in an economic boom, social services would be allocated more funds for development, but when government revenue was reduced owing to an economic recession, social expenditure also fell. As long as social services planning was dependent on the performance of the economy, the meaning of long-term planning was lost (Scott, 1989). Because the colonial state argued consistently that the export-oriented nature of its economy was highly vulnerable to international economic conditions, there was an unwillingness to conduct long-term economic planning for the colony. Further, following the *laissez-faire* tradition, the colonial state was not willing to use social expenditure as a fiscal tool to regulate the economy (Chen, 1979).

Ideologically, the colonial state firmly believed that its low tax policy was the main factor determining the rapid growth of the economy. As a result, it consistently ignored the arguments of those critics calling for a higher level of taxation which might contribute to a fairer redistribution of wealth and make possible a less conservative approach to financing. The state was able to draw on considerable support for its policies. Local industrialists, businessmen, and even some local academics supported its position. In this regard, social welfare policies were formulated within financial constraints. Financial priorities would reflect the preference of Hong Kong planners and decision-makers for incremental planning. Hodge (1980) pointed out this predisposition since in Hong Kong so much effort and attention was given to the process of implementing plans rather than to the plans themselves. Therefore, instead of master plans and intentional social policies, change was embraced only if plans were confined to redesigning structures, broadening or flattening hierarchies, and grouping together or breaking-up responsibilities so that everything remained virtually the same.

As identified by Lo (1990), the colonial doctrine of financial self-sufficiency was considered sacred. This principle was used to balance the budget, to accumulate reserves, and to avoid running into debt. This policy was strongly adhered to for decades after World War II. A second feature was that budgeting (in the final analysis, dependent on economic growth) was essentially top-down. There were several critical actors: the Governor, the Financial Secretary and senior officials who constituted the ruling elite. One golden rule could never be breached: public sector spending as a proportion of gross domestic product must not be allowed to go beyond 20 percent. Further, the "trickle down" philosophy of development was strongly upheld by the colonial state. The main thrust of development theory after the Second World War was focused on the dynamics of national income growth, often indexed by GNP per capita or change in GNP over some specifiable period of time. The policy was on infrastructure development on the expectation that benefits would flow throughout the population in the developing countries. Some theorists contended that the benefits of continuing economic growth will eventually "trickle down" to even the poorest people. There was strong conviction that economic planning would raise incomes through real growth. Government intervention to meet social needs would be unnecessary. Social needs would be met by rising national income.

Colonial social policy was made in the context of a particular political climate. The nature of the political regime in colonial Hong Kong was examined by Davis (1977). He rejected the notion that the bureaucracy headed by the governor had a complete monopoly of political power in Hong Kong. Instead, he argued that the state was run by an elite class of top civil servants, wealthy businessmen, and professionals. By virtue of their similar social background and common interest in preserving their privileged position and lifestyle, the elite class constituted a generally homogeneous and cohesive social group. Socially and economically isolated from average citizens, the elite was therefore predisposed to represent its own interests. Empirically, the political domination of the elite class was evidenced by the overwhelming presence of top bureaucrats, wealthy businessmen, and professionals in the Executive, Legislative and Urban Councils and on a number of important advisory boards and panels. Davis' conclusion was supported in another study by Leung (1990) who found the same social, economic and political links between the civil bureaucracy and big business. Increased democratization in the late 1980s initiated by the colonial state modified this political structure to some extent when the legislature was opened up for direct election. But business groups remained influential. A review of the social security options examined by the colonial state at different periods of time would illustrate their potent influences.

Social Security Options (1977-1995)

In the last three decades, several attempts were made in introducing statutory retirement plans to Hong Kong. In the early 1960s when there was no pressure of aging but social program was long overdue social needs were massive and emerging. There were signs that the traditional Chinese family ideology of mutual support was disintegrating. As a result, Gertrude Williams, a British expert in social security, was invited by the colonial government to Hong Kong to advise on social welfare provision in 1966. After an exhaustive study, she held that there was a powerful case for introducing social insurance in respect of short-term risks. Subsequently, her ideas on social security were referred to an inter-departmental working group on social security (Tang, 2000; Jones, 1990). This working group finally recommended to the government the creation of a social security commission, the progressive introduction of compulsory social insurance, starting with health care, and moving on to old age income protection and other areas (Lam, 1994). Furthermore, this compulsory social insurance scheme would be backed by "a modern and uniform system of public assistance from public funds." This working group rejected the idea of CPF, arguing that it was not able to give assistance to the low-paid workers.

This proposal was quickly overshadowed by the 1966-67 Riots, which were orchestrated by the Communists in Hong Kong, possibly an overspill of the Cultural Revolution in China (Scott, 1989). This prompted the British to expand social welfare services, including a public assistance scheme to help the poor. The program was finally launched in 1971. This was soon followed by the introduction of a social allowance scheme for old age and disability. But a very tight definition of eligibility

for public assistance was adopted. The introduction of public assistance did not indicate any change in government policy toward social welfare. Hong Kong was a free enterprise, with the government adopting a “hand-off” approach toward the private sector. It was primarily committed to economic growth and development (Henderson, 1993). To stimulate foreign investments, a stable structure of very low corporate and personal taxation was maintained. The colonial state saw its roles as restricted to maintaining law and order and building social and physical infrastructures to facilitate economic development. In the realm of social policy, the colonial state was an ardent believer of trickle-down economics, believing that governmental action would not be needed to help those poor people.

Despite official opposition, there was continued interest and advocacy for an old age program. There were some factors that favored the introduction of a retirement plan. Economic growth of the colony after the 1966/1967 Riots was strong. The colonial state started to accumulate more and more financial reserves. The needs of the aged became more and more manifest, as more and more people get old. In this context, it was not surprising that another semi-compulsory social insurance plan was proposed and then rejected by the colonial state in 1977. Under this proposal, employees would contribute 2 percent of their income, matching an equivalent amount from the employers. This proposal was patterned on the social insurance model taken by the industrialized countries. Interestingly enough, social groups which pushed for a coherent retirement program did not like this proposal since it was not comprehensive in coverage. They argued that a lot of needy people were left out. In response, the colonial state relied on their criticisms to scrap this proposal. It further argued that the impending handover of Hong Kong to China actually discouraged people from participating in this kind of “savings” scheme. Government action was backed by strong business groups.

Central Provident Fund and Old-Age Pension

The rejection of this semi-compulsory social insurance was followed by a long period in which the option of CPF was championed by advocacy groups (social workers, university students, labor activists and church leaders, etc.). They were inspired by the Singapore model of CPF, which had proved to be highly successful in stabilizing the community and fostering a sense of belonging. The government of Singapore benefited from the availability of financial reserves for investment purpose. Under a CPF, both employers and employees would contribute to the government that would pull together the money to invest on behalf of the contributors. Each employee would keep a separate account and his money would be there for withdrawal when he reached the age of retirement. Prior to that, he could draw out money for the purpose of purchasing a house or paying for medical bills.

The idea of CPF sparked intense debates over the desirability of introducing either a centralized provident or a private provident fund to meet the needs of retirement (Tang, 1998a,b). While social activists and labor unions were in favor of CPF, businesses and industrialists were vehemently against it. The colonial state

remained non-committed. The state intended to rely on expanding the present social security system (notably public assistance) and changing labor legislation to meet the needs of retirement. Since 1987, the colonial state tried to promote a private sector provident fund (based on voluntary action) and encourage private funding of long service payments to workers.

As argued above, the killing off of retirement proposals did not mean the colonial state and other interest groups were not aware of the impending aging crisis. They were also aware that public spending on elderly services and public assistance for aged poor had been increasing faster than other social welfare spending. This was going to be a time bomb for the future government. However, their mood was one of keeping the status quo. The handover in 1997 cast a strong shadow over them. Any long term planning would not be acceptable to the government. Nor the businesses that looked for short-term economic gains. In this respect, it was also doubtful if the growing middle class would be supportive of such plan. As a group, the middle-class often considered saving for their own retirement. Nevertheless, in 1991, another bid to examine the setting-up of a compulsory retirement plan was made but it was killed off in the Legislative Council (STD, 1991). Proposed by a left wing councilor who represented the local trade unions, the motion, which called for immediate steps to re-examine the setting up of a central provident fund or other compulsory retirement schemes, was defeated by 29 votes to 11. This was the fourth debate on the establishment of a CPF in the Legislative Council in the last 25 years. On each occasion the proposal was defeated.

The colonial state was against the notion of a CPF because employers would face higher costs if they were required to contribute to the fund, and business losses caused by such an increase would have an adverse effect on the economy. They also feared that this kind of social programming could turn Hong Kong into a Western-style welfare state. Rejecting the CPF, the colonial state could not afford to do nothing. Under public pressure, the state proposed a new retirement protection scheme ("Retirement Pension Scheme") in 1992. The plan would introduce a compulsory and decentralized system in which employers and employees would contribute to a pension fund. Such a contributory scheme would allow workers to draw money from the fund upon retirement. Those groups that supported either a CPF or a social insurance scheme strongly opposed to this form of private pension. There were two main criticisms. First, such plan would take some time to accumulate fund and hence it would leave out a large number of retirees. Second, low-income earners could not benefit from it since they were living on their meager income. The colonial state swiftly dropped this proposal and turned to an insurance scheme in 1994.

Soon afterwards, the colonial state proposed the establishment of a compulsory old-age pension plan (OAP), which would involve contributions from employees, employers, and the government. It was essentially a version of social insurance schemes popular with the industrialized countries. This was a bold move on the part of the colonial state. For one thing, colonial rule was going to end soon. For another, this proposal represented a more elaborate social insurance scheme than the one tabled in 1977. According to this proposed plan, workers and their employers had to

contribute 3 percent of the wage bill to the government. The money would be used to pay each person over 65 years old an amount equal to 30 percent of the then current median earning in Hong Kong. The pension level would be set at HK\$2,300 a month in 1994 dollars. Income earners making less than HK\$4,000 a month would be exempted from contribution but their employers had to pay the employees' share of the contributions. The Hong Kong government would inject a contribution to the scheme as a start-up fund (Hong Kong Government, 1994).

The benefits of this retirement plan were obvious. First, it would provide immediate benefits to the eligible since it was a "pay as you go" scheme. Moreover, it would provide some security for all eligible elderly citizens including low-income earners, housewives, and retirees. Basically, it would provide inflation-proof income at a guaranteed basic level. Finally, its contribution would be lowered than that of CPF or retired pension scheme (Mok, 1994). But there was no lack of criticism of this proposal from conservative economists and businesses. Some of them charged that the plan would fail because it represented a tax on the payroll, which would trigger a drop in demand for industrial workers. This, in turn, would lead to reduction in employment and a reduction in real wages. Others felt that it was not a good investment.

As some economists (Suen, 1994) put it, the internal rate of return from the compulsory OAS for a typical person was calculated to be 1.5 percent in real terms, which compared unfavorably to investments in equities or real estate. A third argument against this plan was that only 70 percent of the population in the relevant age groups had to pay contributions. A fall in the dependency ratio could occur. In 1991, there were 8 people between age 15 and 64 to support each person over 65. Because of declining fertility and mortality, this ratio would be projected to fall to 6:1 by the year 2011. Consequently, there was a strong likelihood for this plan to raise contributions. The program would then be subject to a "ratchet effect" which made it highly possible for benefits to increase in good time but could not be reduced in time of recession.

This OAP proposal was supported by many groups including labor unions, social workers, pro-China labor organizations, and women's groups. Reactions from middle class and professionals were mixed. On one hand, they knew that this kind of protection was needed. On the other hand, they were worried about the unpredictable future. Hong Kong would be returned to China in three years' time. Such uncertainty prodded many of them to be cautious. Fanned by the predictions of some conservative economists, people were worried about the possibility of default. Thus they desired to hold more liquid assets to prepare for any emergencies before or after the Communist take-over. More importantly, government enthusiasm quickly ran out when both the business sector and the Communist China voiced their dissent. The opposition from China was overriding. China was not on good terms with Governor Patten, the last governor, who put forth this proposal, since he advocated strongly for the democratization of political structure in Hong Kong. China was suspicious of every move taken by him, including his proposal for social insurance. This plan would have obvious financial implications. Public spending in elderly had been rising rapidly. In

dollars terms, social welfare spending increased from HK\$6 billion in 1992 to HK\$16 billion in 1996. This rise in social welfare spending was slammed by a Chinese official in 1995 who compared the welfare budget to a Formula One racing car out of control. He argued that it would crash and its passengers die in a few years if it continued at such speed. The colonial state was thus warned not to take any drastic action that would harm the territory's investment (Tang, 2000).

The colonial state took another drastic turn, dropping the OAS after sensing strong opposition from influential groups in society and the Chinese government. It quickly revived the concept of private provident in 1995 when the MPF, was introduced. At first, the colonial state set up an advisory committee to look into the newer pension plan. A preliminary plan was proposed to the legislature, stipulating that individual firms start up their own employee funds using at least 5 percent of an employee's wage and matching that with an employer contribution. The legislature was under strong pressure by the state to pass it. The government warned that any rejection of the plan would lead it to scrap the scheme and wash its hands of finding an alternative. In the end, the plan was approved. The state argued that this form of retirement program was equitable to all scheme members, as the amount of accrued benefits was directly related to the contributions made. This served as a positive incentive for members to make additional voluntary contributions. Finally, it was cost-effective because schemes were privately managed under a free competition environment and it was suitable for Hong Kong because it had a well-established financial services sector.

Not surprisingly, this new plan received much support from the large businesses and insurance sector that were ready to jump in to reap benefits. Specifically, big businesses were supportive of the plan now because at this time, many had been offering equivalent retirement plans for their employees. Labor bodies, unionists (including those pro-China people), social service agencies, and the Democratic Party (the leading opposition party in the Legislature, making up of liberals) were not happy with this proposal since it would take some years before a provident fund could be built up and give benefits to the contributors. People (for instance, those who retired) who were in great need at the moment could not benefit from this kind of retirement scheme. Housewives and low-income earners would not get much help from this kind of scheme since it is earnings-linked. Two recommendations were put forth by these groups to the state. Firstly, the state should drop the MPF plan and introduce a centralized retirement scheme with contributions from employees and employers as well as the state. Secondly, the MPF plan should be complemented by a social insurance scheme, which catered for the needs of low-paid workers and recent retirees. As expected, such proposals were rejected by the state. Under pressure from labor groups and the legislature, the state promised to oversee that the administrative costs for this plan would be kept to a minimum. It further agreed to tighten up the rules relating to the investments by the private insurance companies.

Given years of intense public debate for a statutory retirement program and the lukewarm interest from the colonial state, only a tentative plan was left when the colonial rule ended on 30 June, 1997. The SAR state under Chief Executive Tung

Chee-Hwa promised to follow through the MPF plan and implemented it. The SAR state soon contributed to an initial set-up fund of HK\$600 million. Further, a levy of 0.03 percent of net asset value of the scheme's asset value to compensate members for loss due to misfeasance or the illegal conduct of service providers was put in place.

Mandatory Provident Fund

According to the legislation governing this program, the MPF is a defined contribution scheme. Employees (full-time and part-time) between the age of 18 and 65 and who have been employed for 60 days or more (irrespective of hours worked) are covered. Employers are required to enrol their employees who have been employed for 60 days as members of registered MPF schemes. Employers of casual employees (those who are engaged in a trade for which an industry scheme is set up) must also enrol their employees irrespective of the duration of employment. Contributions are calculated on the basis of 10 percent of the employee's relevant income, with the employer and employee each paying 5 percent. The employer is required to make contributions in respect of the employee from his own funds. He must also deduct from the employee's relevant income his or her contribution for each contribution period.

For the employee, he is not required to contribute for the first 30 days of employment. In respect of the casual employee, employer/employee contributions start from the first day of employment. Afterwards, if the relevant income of an employee is less than HK\$4,000 per month, the employer must still pay the 5 percent mandatory contribution. The employee is not required to make a mandatory contribution. If he elects to make a contribution, this will be regarded as a voluntary contribution. If the relevant income of an employee is more than HK\$20,000 per month, the mandatory contributions for both the employer and employee are limited to HK\$1,000 each (5 percent of HK\$20,000). With any level of relevant income, however, both employer and employee can opt to make more voluntary contributions.

If an employee changes jobs, the benefits from one MPF scheme can be transferred to another MPF scheme. The employee can stay with the current scheme provider or move the accrued benefits to the new employer's scheme. An employee determines how his or her contributions are invested. The choice of investment funds will depend on the MPF provider that the employer has chosen. Mandatory contributions are tax deductible. Under normal circumstances, the retirement age is set at 65. The benefits will be paid in lump sum. An employer who fails to pay mandatory contributions would be punished.

After its implementation, there is a high compliance rate: some 97.7 percent of Hong Kong's employers and 96.7 percent of the employees have joined MPF schemes. For the self-employed, the compliance stands at 79 percent. As of 2004, the total net asset values of all MPF schemes are close to HK\$100 billion. Every month, some HK\$2 billion are added to the MPF accounts (MPFA, 2005).

At first, this program did not receive top priority from the SAR state. It probably came at an inopportune time. The development of a private provident fund was

closely linked with the labor market. In Hong Kong, labor market conditions declined drastically after October 1997 when the Asian economic crisis hit the region. The unemployment rate stood at 5.1 in the first quarter of 2000, which was high by Hong Kong standard. At one time, unemployment shot up to a high of 6.2 percent in early 1999 (reaching 8.7 percent in 2003). Consequently, the numbers of unemployed and poor people have risen considerably.

Small business owners who were affected by the crisis were very much opposed to the MPF. Large businesses and foreign companies had no problem with the MPF since many of them had their own occupational retirement plans. Labor activists were not opposed to the MPF but they wanted refinements to the program. They argued that the poor and the low-income groups would not be protected. They asked for a contributory social insurance program alongside the MPF.

Immediately after the MPF was passed in the legislature, there were protests from grassroots groups that argued that the scheme left the elderly barely money enough to live on. A church leader commented that the program gave people a false sense of security since it would not be able to support them in retirement (SCMP, 2002). The deficiencies with the MPF could be overcome if the government adds 5 percent of its own money to the 5 percent contributed by the employees and employers. Further, contributions from the employers should be increased over time.

Studies displayed a general lack of interest and knowledge on the part of the ordinary citizens toward the MPF. A survey study done in late 1999 on 2,219 respondents (Ngan and Cheung, 2000) showed that only 39.4 percent of the people were able to tell the implementation year of the scheme. Some 41.3 percent of the respondents correctly answered the contribution rate of employers and employees. More importantly, less than half of the respondents considered that the MPF could allow them to have their retirement needs met. A considerable number of them did not have faith to put their monies into the hands of the private MPF operators.

The findings of this study were hardly surprising. Earlier, not long after the MPF was passed by the colonial state, a survey found that more than half of people questioned thought that the MPF could not provide sufficient fund for retirement needs (SCMP, 1995).

The primacy of social democratic party and working-class mobilization in the development of major social welfare programs in industrial democracies is well documented (Tang, 2000; Williamson and Pampel, 1993). Social democratic policies depend on the political power of labor, which depends on the strength of trade unionism and/or in a centralized neo-corporatist industrial relations system. Unlike other industrial countries, neither the trade unions nor the working class movement are found strong in Hong Kong. For a long time, the colonial state consciously limited the influences of the trade unions. This was made easier by the sharp division among the trade unions, with some giving allegiance to China while other unions adhered to Taiwan. Additionally, the colonial state in Hong Kong planned for effective deployment of labor and maintained low labor costs by effectively suppressing labor movement (Deyo, 1992). The last goal was realized by repressive labor laws and the introduction of labor dispute mediation machinery.

The colonial state was a crucial determinant for the choice of MPF but it would be simplistic to solely attribute the origin of the MPF to a strong state. The state action must be seen in constant interaction with societal forces. Important political players in the shaping of the MPF included the state, the business, trade unions, insurance companies, workers, social activists, and the Beijing government. They have the power to affect the outcomes of the program and they are situated in both the political and economic systems (Bowles and White, 1993). In other words, the development of the MPF was best approached by a political economy perspective. As seen by Bowles and White (1993:7), such an approach “recognizes the inextricability of politics and economics in the real world of policy and institutions and tries to identify and explain the specific ways in which they interact to promote or inhibit policy reform and institutional change.”

After its implementation, the MPF quickly boosted the economy by creating more jobs for the financial services sector and by providing more business opportunities for banks and insurance companies. Thus, the MPF spurred the Hong Kong’s capitalism by socializing and incorporating the whole working population in the market economy while providing little protection for their old age (Chan, 2005).

The relatively smooth passage of the MPF was made in the context where mass challenge to the state was missing. To the common people, the *laissez-faire* policy of the colonial state was another impetus for engaging one’s resources in economic enterprises. To the Chinese community, the launching of any economic venture required the joint efforts and resources of family members and relatives. To survive and prosper, the family had to stand together against the outside world. The force of circumstances gradually rendered the family the centre of the individual’s world, a world which was shaped primarily through material gains. The significance of people and things in the larger society was evaluated in terms of their usefulness to the family, for the well-being of the family meant the well-being of the individual. Such an ethos meant that the family absorbed the energy which otherwise might have been directed to the larger society, instilling an attitude of apathy toward political issues. Academics call this “utilitarian individualism” (Lau and Kuan, 1988). Traditional Chinese political attitudes included avoidance of government and deference to authority (Miners, 1995). To Leung (1990), the apathy of the public could be attributed to people’s realization of their powerlessness to change the situation.

Given the apathy of the public and the dominant position of the ruling elites, the development of social policy was much constrained. Nevertheless, the colonial state made substantial improvements in social policy in the early 1970s. Clearly, these changes were dictated by the political reality engendered by the crisis of the 1966/1967 Riots. The elite class hoped to survive by implementing reforms. But there were inherent limits to such reforms. Leung (1990) argued that these limits were imposed by the very nature of the capitalist system. Welfare spending must not disrupt the process of capital investment vital to Hong Kong’s prosperity and on which its stability rested. There was thus an inherent dilemma in Hong Kong’s welfare policy. Social welfare had a politically stabilizing function, and yet too much welfare would

adversely affect Hong Kong's economy and bring about instability. In sum, the state sought to kill two birds with one stone by keeping welfare spending at a level where the disadvantaged could be pacified and the rich and powerful could be appeased.

The Critique of MPF

Given this context, the introduction of the MPF was consistent with the economic ideology of the state that placed strong emphasis on individual responsibility, hard work, and economic growth. Economic growth would allow the people to contribute monies into their accounts and over time, their retirement needs could be met through this kind of "occupational benefits." The role of the state should be kept to a minimum: regulating and overseeing the retirement program. Also, the passage of the MPF is able to fend off attacks from critics for the lack of a retirement program.

Supporters of MPF argue that it is suitable for Hong Kong that has a well-established and sound financial services sector. A privately managed retirement system under prudential regulation and supervision can increase efficiency and reduce costs, which would benefit scheme members ultimately. Further, the MPF is equitable to all scheme members as the amount of accrued benefits is directly related to the contributions made. This also serves as a positive incentive for scheme members to make additional, voluntary contributions so as to accrue more benefits for their retirement (MPFA, 2005).

In all, the MPF launched by the Hong Kong government was a limited and ineffective policy to cope with an ageing population. At the same time, however, this program could enhance economic development and benefit some influential interests groups (Chan, 2005). However, many researchers like Chan (2005), Lee (2003) and Tang (2000) commented that the MPF was not generous and was not able to cater to retirement needs. It only provided limited protection for a limited number of employees (Chan, 2005; Leung, 2003). The benefit from MPF would only be effective till the next decade. In fact, many older people still had to depend on financial support from their families or have to work.

Relying on the same line of argument, researchers like Kam (2003) contended that the residual welfare system of Hong Kong was not able to counteract the unfavorable impact of the capitalistic economic system. In actuality, it deprived many older people of the necessary financial resources and social service supports that would enable them to lead independent and dignified lives.

A recent empirical study confirmed this prediction. The telephone survey examined retirement planning behaviors and retirement satisfaction of 1,078 middle-aged respondents in Hong Kong (Lee and Law, 2004). The findings showed that, in general, middle-aged Hong Kong adults did little retirement planning. The respondents no longer felt that they could depend on their family for support for retirement planning or satisfaction during retirement. There was a sense of doubt since the lack of private and public support for retirement planning made the respondents feel uncertain of their future retirement.

A more trenchant critique comes from the women's groups and feminists. They argue that women remain vulnerable to poverty despite the introduction of the MPF. Studies done in the West highlight the fact that formal social security systems often target male workers and disadvantage women.

The MPF is principally employment-related and contributory (coming from employees and employers), benefiting those who have a long work record. Thus, the MPF excludes half of the Hong Kong's women population (homemakers and part-timers) from its protection as well as lower income groups, represented disproportionately by women in the case of Hong Kong. In a recent study, Lee (2003) found that Hong Kong's women were living longer. Because of their lack of financial retirement planning, they were easy candidates for poverty. In defense of the MPF, a top official of the government argued that:

“Let us remind ourselves that the MPF is one of the three pillars. It is neither designed, nor intended, to be the panacea for all the retirement problems of our entire population. In Hong Kong, we have the CSSA (Comprehensive Social Security Assistance) as a basic social safety net and a well-developed financial market that channels savings and investments efficiently and is open to all. The three pillars reinforce each other. We should not lose sight of this broader picture when discussing MPF-related matters like the mandatory contribution rates, scope of cover and withdrawal of benefits” (Miller, 2004).

Interestingly, the institution of the MPF was raised in public discussions when other social needs were discussed. In health care delivery, the concept of individual medical savings account was brought up by the post-colonial government in 2001 in order to solve the problem of long-term financing for health care (HK, 2001).

As the economy was still staggering at this time, many people criticized this proposal, with the conviction that the government was trying to reduce its commitment on health care expenditures and that individual medical savings accounts is paving the way for an eventual “user-pay” financing system. People and community organizations expressed strong reservation on the proposal for a health protection account, commenting that it imposed additional financial burden on households on top of the MPF.

Conclusions

After some five years of implementation, the growing public consensus is that the MPF has failed to provide comprehensive retirement protection to all. The most vulnerable people (disabled, long-term invalid, housewives, low-income workers) could not enjoy its benefits.

To many, this program has to be either redesigned or complemented by other retirement programs, if needy older people are to get sufficient support from it. Some of them would have to seek for government's assistance.

Table 1: Hong Kong's Comprehensive Social Security Assistance (in percent)

	1994	1996	1998	2000	2002	2004
Old age	64.2	61.9	57.3	58.4	56.3	50.7
Blind	1.0	0.3	0.3	0.1	0.1	0.1
Deaf	0.4	0.1	0.1	0.1	0.1	0.1
Physically disabled	2.8	1.9	1.9	1.2	1.6	1.6
Mentally ill	6.0	5.1	4.5	3.7	3.7	3.7
Temporary disability	10.6	10.6	11.0	8.8	8.1	7.7
Single parent family	6.0	6.6	8.8	11.0	11.9	13.0
Low Earnings	1.5	1.3	2.4	3.5	3.7	4.9
Unemployment	4.1	7.4	9.8	11.5	12.7	16.7
Others	3.1	4.8	4.1	1.7	1.5	1.5

According to the government own estimates, half of the total cases of public assistance are aged poor (Table 1).

Not surprisingly, both NGOs and the government started to examine viable alternatives to the MPF. In this regard, the Hong Kong Council of Social Service (2004) recently called for the establishment of a universal non-means-tested social insurance program to assist low income and poor people as well as homemakers.

Some critics of the MPF program have resorted to international human rights law to argue for greater protection for older people in Hong Kong. They use the International Covenant on Economic, Social and Cultural Rights (generally considered as an international bill of rights) to build their case. This Covenant, applicable to Hong Kong, is a multilateral treaty adopted by the United Nations General Assembly in 1966 and commits states parties to work toward the granting of economic, social, and cultural rights to individuals.

In particular, the right to social security is the only right in the Covenant that generates any explicit protection for older persons (Rodriguez-Pinzon and Martin, 2003). Thus Article 9 of the Covenant implicitly specifies that States parties should, within the limits of available resources, provide non-contributory old-age benefits and other assistance for all older persons who are not entitled to old-age pension or other social security benefit or assistance, and who have no other sources of income to protect the family.

Importantly, the United Nations Committee on Economic, Social and Cultural Rights (1995) is of the view that States parties to the Covenant are obligated to pay particular attention to promoting and protecting the economic, social and cultural rights of older persons.

It is still too early to predict whether the SAR government would be responsive to these requests. For the government to come round and openly accept the necessity of a new and comprehensive retirement program would probably take some time.

Most important, it also requires the Hong Kong SAR government to shift gear and pay more attention to social development, a feat which is rather hard to achieve. There are two confounding factors. First, after the Asian financial crisis, there had been a slowing down of the economy, rising unemployment and surging fiscal deficits. The post-colonial government was eager to achieve the goals of balanced budgets and economic recovery, thus rendering it necessary to concentrate its welfare resources on the most needy people (Chow, 2003).

Internationally, a neoliberal paradigm has become increasingly dominant in many advanced industrialized countries, including the United States, UK and Canada (Midgley and Tang, 2001). This ideology accuses welfare states of having failed and gives primacy to the marketplace as the determinant of individual choice, freedom and well-being.

Followers of neoliberalism (in particular international organizations like the World Bank and International Monetary Fund) argue that government spending, especially on welfare, undermines the market, drains the economy and reduces individual initiative.

This ideology has found its way into the Asian countries (including HKSAR), which have adopted an adverse attitude toward social welfare—an attitude that blends well with the dominant ideology of modernization in the 1960s. The result is that there has been an apology for modest state intervention (or even non-action) in the social sphere in many Asian countries (Tang and Wong, 2003).

Seen in this light, retirement protection for all will probably not capture the immediate attention of the post-colonial government. Yet, the hard reality of growing number of aged people who fare badly after retirement and poor would serve as a constant wake-up call to the government.

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Legislating Parent Support in Singapore

Ngoh-Tiong Tan
National University of Singapore, Singapore

Abstract

Singapore has long been an inspiration for many countries in the world—even the United States—especially when it comes to social security and social policy, such as, extensive provident fund systems, asset-building schemes in anti-poverty policy, and, last but not least, legislating parent support. This paper sets out to depict latest developments in Singapore with regard to establishing a legal system that ensures parent support. In so doing the law text, the procedures, and the policy rationale will be discussed in greater detail, while also emphasizing the special role of mediation in the new system of parent support. The paper concludes that in the light of the aged society Singapore the legislation of parent support can help to alleviate the problem of elderly persons being neglected and abandoned by their families, but this is far from being a panacea. It is noted that there are also other, alternative ways of addressing this problem, such as, private agency and government intervention. It is suggested that the tool of legislation may be paired with other intervention methods of working with families.

Keywords: Singapore, social policy, parent support, social legislation, tribunal for maintenance of parents.

Introduction

It is a moot point whether a bill mandating adult children to provide for their parents should ever be passed or whether the moral responsibility of children to take care of their elderly parents should be legislated (Tan and Bentlespacher, 1995). The Singapore parliament, by an overwhelming majority, ushered through the Maintenance of Parents Act in 1995.

The idea of adult children providing for their parents is a very natural one in most societies. Reciprocity in human relationship is a prevalent norm particularly strong in Asian countries (Yum, 1988; Radakovich, 2005; Samiul and Lyons, 2004). However, the idea of a legal obligation to provide for one's parents was actually first introduced by Lee Kuan Yew, the former Prime Minister of Singapore, in the early 1980s. There was much debate prior to the bill being passed in Parliament. The key question is: "Should family disputes over maintenance matters be subjected through the adversarial procedure of the legal system?" The dubbed

“filial piety bill,” was viewed as a preventive intervention or even as a way of stating the policy of who should have the primary responsibility of elder care.

In this paper, the policy aspect of the Maintenance of Parents Bills will be discussed alongside with the societal rationale behind it. The importance in mediation as being the primary channel for resolving this inter-generational conflict will also be highlighted.

Rationale for Legislating Parent Support

Singapore has, over the years, become an ageing society. The proportion of population aged 65 years and above has risen from 5.9 percent in 1970 to 8.5 percent in 1990, and recently, in 2004, to 11.7 percent (DS, 2005). There has not only been an increase in the number of senior citizens, but also in their life expectancy rate.¹ As the elderly population increase further in age, there is a high tendency that they will become more financially dependent because they are unable to work and support themselves. As such, the care-takers of the elderly will be expected to have a heavier and greater responsibility.

The family has always been the basic building block in Singapore society. Hence, with the increasing concerns for the welfare of the elderly population, it is important that the grown-up children have the sense of responsibility of caring and providing for their elderly parents instead of expecting the government to do so on their behalf. Minister Lim Boon Heng (1998: 1) in terms of policy, stated the government’s view that “we want to keep intact the family unit and extended family structure, and strengthen community solidarity so that individuals can coalesce together naturally to help support each other in times of need ... aimed at helping family members to help each other.”

However, the weakening of relationships within the family, especially that which is between the children and their parents makes it difficult for such an ideal to be fulfilled. The breaking down of structural family relations does not happen overnight, but over years. As the family structure in Singapore changed from that of extended large family settings to small nuclear family settings,² each family now has lesser children than in the past to share the burden of caring for their elderly parents.

Such changes in the family have spiraled into broader social implications. As the grown-up children feel that the providence for their elderly parents becomes too much a burden to them, they are then likely to shirk responsibility. Some of the elderly people are abandoned or not being cared for by their children financially. Others expect that the government has a greater share the burden of care for the elderly.

Although the respect of elderly and the resulting unquestioned obedience is deeply rooted in the cultural and religious beliefs in each community, the increasing pace of change facing Singapore society is putting the traditional status of the elderly under tremendous strain. Modern lifestyle and technology have eroded the

traditional socialization process and have reduced the time that parents and children spend together.

The transformation of Singapore into a highly industrialized and modernized society has contributed toward the perceptual shifts in the meaning of “respect” from “obedience” to “courtesy,” reciprocity and in conformity to the laws and regulations of the society. This can be seen as both a reduction in the power of the elderly as well as a process of accommodation of elder and younger generations to the changing times.

Out of this societal transformation comes a whole host of problems or conflict areas such as behavioral issues, religious practice, marriage, parenting, financial responsibilities and others. Of these, financial responsibility has emerged as one of the major concerns especially in relations to the government and their policies implications in a country with emphasis on the primacy of economics. It is this issue of care for the dependent elderly that the Maintenance of Parents Act was enacted.

The Maintenance of Parents Act is an entirely new field of law in Singapore though similar laws had been passed in Israel, India, Taiwan and some American states. The Maintenance of Parents Act was proposed in 1994 and by a Nominated Member of Parliament, Walter Woon, and was targeted at “the recalcitrant, small minority” (Whuting, 1996) who were thought of as unreliable in doing what was right.

The key question behind this proposed Maintenance of Parents Bill was who should support the vulnerable old people, who cannot maintain themselves adequately. Thus, it was hoped that this Bill would empower the elderly, who are of or above the age of 60, and are unable to maintain themselves sufficiently to seek support from family members. The Maintenance of Parents Bill will enable this group of elderly to receive a “periodic allowance or a lump sum” (Whuting, 1996) payment for their maintenance from one or more of their children. The financial resources are for the provision of their basic amenities and physical needs, which may not only include food, clothing and shelter.

Whatever the rationale, the adversarial approach was not intended. From the outset, mediation, with its various advantages, was regarded to be most appropriate channel for resolving the family support for the elderly (Tan and Lee-Patridge, 2000). Before applications for maintenance are referred to the Tribunal for the Maintenance of Parents Act, it is an obligation for such applications to be first referred to conciliation officers for mediation.

It is with the concern to provide a non-adversarial approach that all applications be made to a Tribunal, instead of a court. Under the Act, the officers are authorized to issue summonses so as to ensure the attendance of the participants to the mediation sessions. If the mediation fails, the applications are referred to the Tribunal.

Maintenance of Parents Act

The Act is summarized below:

1. Applications for Maintenance Orders May be Made by:

1. “Any person domiciled and resident in Singapore who is of or above 60 years of age and who is unable to maintain himself adequately may apply to the Tribunal for an order that one or more of his children pay him a monthly allowance or any other periodical payment or lump sum for his maintenance.
2. An approved person (member of the family) or an organization or person in whose care the parent resides in.”

2. Maintenance Orders Can Only Be Made if It Is Considered to Be “Just and Equitable.” In this, It Is Meant that:

“The respondent is able to provide maintenance to the applicant after his own requirements and those of his spouse and his children have been supplied; and ... the applicant is unable, in spite of efforts on his part, to maintain himself through work or from his property or from any other source.”

3. Factors Considered When Ordering Maintenance:

1. Financial needs of the applicant.
2. The income, earning capacity, property of the applicant and his pattern of savings and expenditure.
3. Any physical or mental disability of the applicant.
4. The income, earning capacity, property of the respondent, including expenses incurred in supporting his own family.
5. Other previous or existing provisions (financial or otherwise) which the respondent has made for the maintenance of the applicant.

4. Tribunal for the Maintenance of Parents Is Set Up for the Purposes of Enforcing this Act. The Powers of the Tribunal Are:

1. To dismiss frivolous or vexatious claims.
2. To summon any person to appear for mediation.
3. To summon any person to give evidence deemed crucial to the case.
4. To make an order by consent of the parties.
5. “All powers of the District Court with regard to the enforcement of attendance of witnesses, hearing evidence on oath and punishment for contempt.”

This act essentially provides for the right of the parents to seek redress in terms of financial provision from their adult children. Under girding this is also the principle of responsibility of the adult children towards their parents.

Applicant

Section 3 of the Maintenance of Parents Act states that the applicant must be “domiciled and resident in Singapore who is of or above 60 years of age and who is unable to maintain himself adequately.” In other words, only an aged dependent parent may apply. If below 60 years, the dependent parent must be “suffering from infirmity of mind or body which prevents him from maintaining or makes it difficult to maintain himself or any other special reason.” Where the aged parent lives in an institution, “an approved person or organization” may apply “for the purpose of defraying the costs and expenses of maintaining the parent.”

In subsection (4), it explains that dependence means “his total or expected resources are inadequate to provide him with basic amenities and basic needs including (but not limited to) shelter, food and clothing.”

Basis of Liability

In Section 5(1), it is noted that the Tribunal may make a maintenance order if it considers that it is just and equitable that the respondent should maintain the applicant and that the respondent is able to provide maintenance to the applicant after his own requirements and those of his spouse and his children have been supplied; and that the applicant is unable, in spite of efforts on his part, to maintain himself through work or from his property or from any other source.

Section (5) states: “If the Tribunal is satisfied upon due proof that the applicant abandoned, abused or neglected the respondent, it may dismiss the application or may reduce the quantum of maintenance ordered by such amount as may be just.”

Hence, it appears that the Tribunal should find two characteristics of the applicant. The first characteristic is that the parent must be about 60 years or older, and financially dependent. Secondly, he or she must not have been irresponsible as a parent. It may be preferred that the cycle of irresponsibility is officially broken by ordering able mature children to provide some maintenance to their aged dependent parent even if the parent had been irresponsible himself or herself when younger. After all, good parents nurture good children; hence they are unlikely to resort to this law.

The Tribunal, being administrative and its proceedings “close-door,” we are unlikely to learn much more of its decisions. It is hoped that with better parenting, there will be little need for this law.

Court Procedures

According to court proceedings, a person seeking maintenance or enforcement of a maintenance order has to appear before a District Judge or Magistrate to make a “Magistrate’s Complaint.” Before appearing before the judge, the Complainant should complete the appropriate standard application form. The completed form should be submitted to the Family Court Registry. The Complainant has to pay \$1 for the issuance of the summons. The Registry will fix an appointment for service of the summons on “the service date.”

It is during this time that the Respondent is given notice that a suit has been started against him. If the Complainant is absent on the service date, it will be presumed that the complainant is no longer interested in pursuing the case and hence it is struck off. If the Respondent is absent, the complainant will accompany the court process server to the Respondent’s place. If the Respondent is present on the service date, the summons will be handed to him personally.

At this point of time, the District Judge may mediate the case with the parties’ consent to see if it can be settled and a consent order made. If it cannot be settled, summons would be served on the Respondent immediately.

The Complainant has to be present on the mention date. If he were absent, it would be taken that the Complainant is no longer interested in pursuing the case. However, if the Respondent is not present on the mention date, the court will issue a Warrant of Arrest against him. If both are present, mediation takes place whereby the summons is being heard.

A trial will be conducted if parties are not able to settle their maintenance dispute. The parties will each have to give evidence in open court to prove their respective cases. They will also have to call witnesses to support their case. All in all, the total time taken for all these procedures to follow through would be approximately a month.

Figure 1: The Court Process

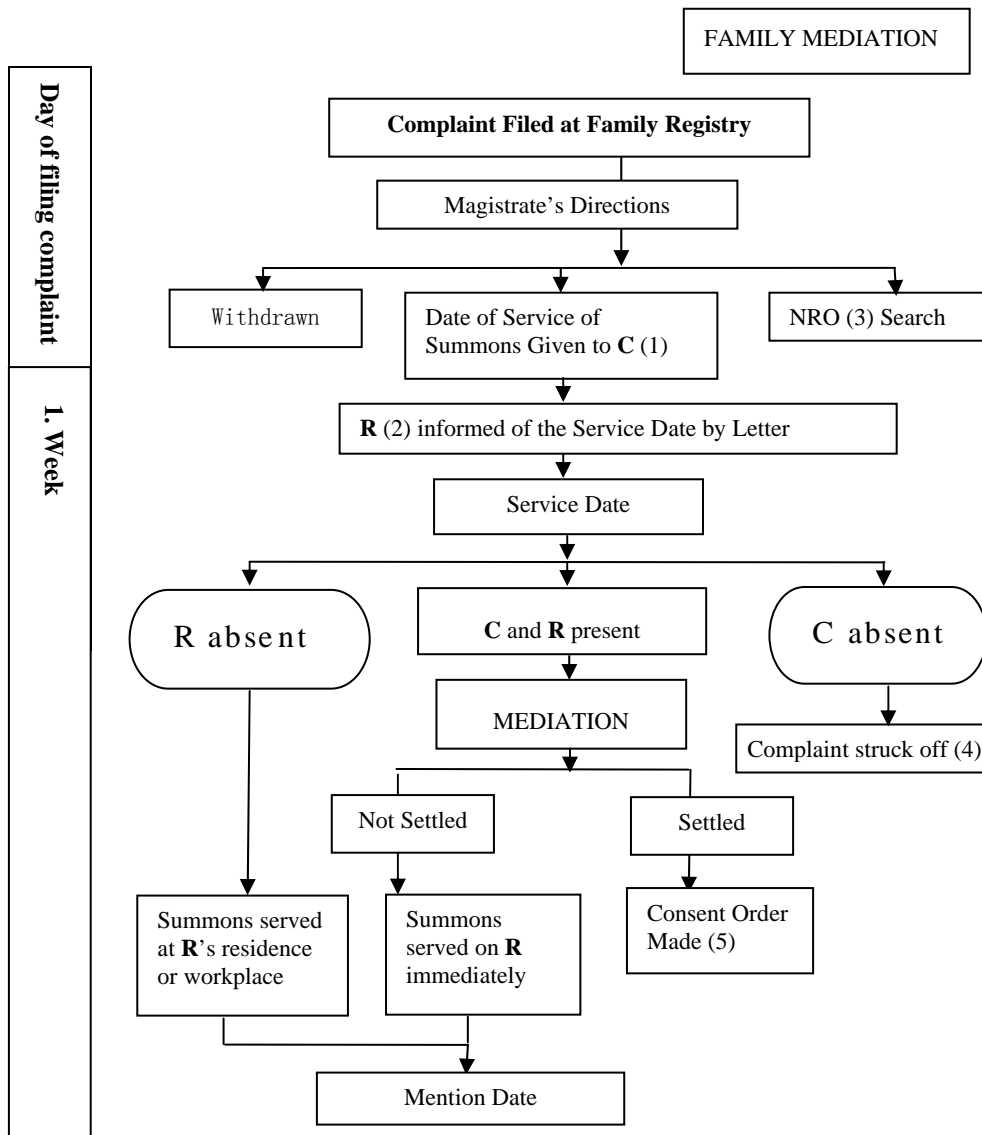
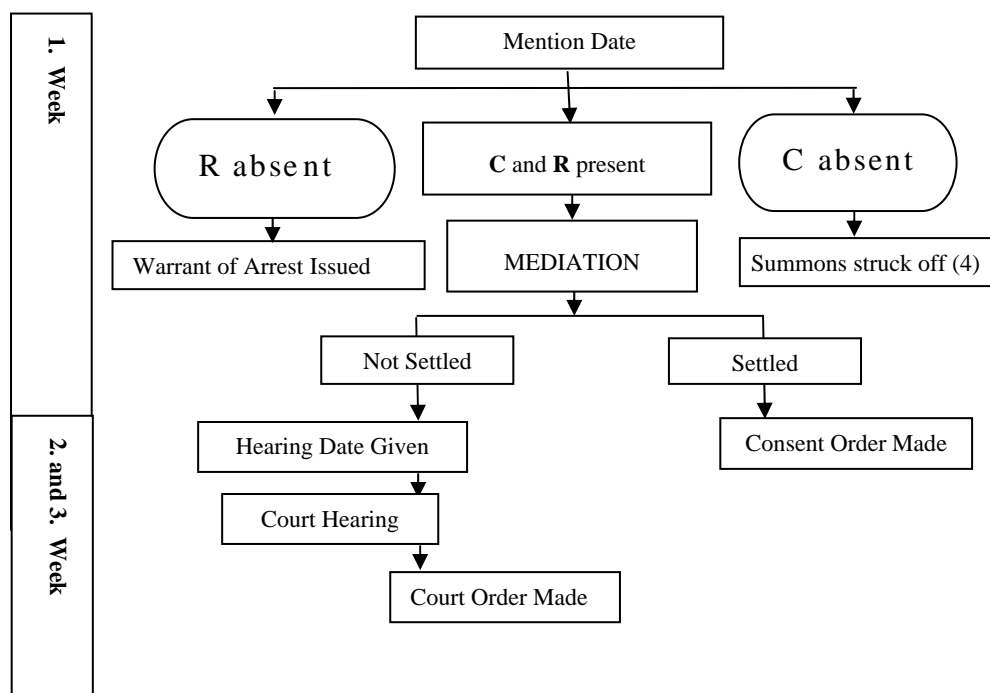


Figure 1: The Court Process (continued)



Notes: (1) C = Complainant; (2) R = Respondent; (3) NRO search is conducted by the Family Registry as a service where R cannot be located; (4) This does not prevent C from filing another complaint; and (5) Consent order may take the form of summons withdrawn, or grant of order(s) applied for.

Source: The Singapore Law Gazette.

The Tribunal

The Tribunal for the Maintenance of Parents, established under the Maintenance of Parents Act 1995, comprises a president who must have the qualifications required for a district judge, and a minimum of two members who are appointed by the minister. The Tribunal has a secretariat comprising a secretary, conciliation officers and other support staff. These form the core personnel to provide both mediation and conciliation services.

The latest statistics in terms of application for maintenance is reported in Table 1, averaging 120 cases a year. However, from June 1996 to June 1997 it received a total of 221 applications: 38 of these were either dismissed or withdrawn, 140 maintenance orders were issued (Ng, 1998). Whether this number of cases was high or not for a country with a population of 3 million is debatable but the numbers are higher than expected. Certainly, the influence of the law reaches much further than the number of cases filed at the Tribunal.

Recently, there has been a decline in the number of applications, and a number of these cases have visited the Community Mediation Centre instead of the Tribunal (ST, 2003). As reported by Ng (1998) the breakdown for the maintenance orders in the earlier years are listed in Table 2.

Table 1: Number of Applications for Maintenance and No. of Applications for Variation of Maintenance Orders (June 1996 to December 2003)

Year	No. of applications for maintenance	No. applied for variation*
Jun-Dec 96	152	8
1997	138	48
1998	134	75
1999	127	80
2000	102	75
2001	120	58
2002	103	101
2003	88	98
Average	120.5	67.9

Source: TMP (2004).

Table 2: Maintenance Orders by the Tribunal

Complete settlement through mediation	79	56.4%
Partial settlement through mediation	17	12.2%
Unsuccessful mediation	44	31.4%
Total number of maintenance orders made	140	100%

Source: Sue (2000).

The settlement rate through mediation is 56.4 percent and together with partial settlement forms 68.6 percent of the total cases. The success of mediation could be attributed to the general ethos for harmony in Asian society. The need for “face-saving” which a mediated outcome may provide may be another reason for higher settlement. About a third of cases for which maintenance orders were made were not settled through mediation. It is interesting to follow up with data on compliance by the different groups based on settlement. Generally compliance is expected to be high especially for the group which settled through mediation.

Mediation as a Means of Conflict Resolution

Mediation through legal means may be one of the many channels of conflict resolution. To date, there are a number of community based and government initiatives instituted to resolve the inter-generational problems such as counseling, grass-

roots assistance, religious and clan organizations mediation services, family court as well as the Parents Maintenance Tribunal.

The process of mediation is an alternative form of conflict resolution in which a third party is involved. The responsibility of the mediator is to facilitate the discussion of the issues to be resolved and enable the disputants to come to a decision on problem solving.

The premise of mediation is the empowerment of the participants to settle their own disputes. The mediator's main responsibility is to facilitate effective communication among the family members. Through this process, the family members are given opportunities to listen to one another and deal with the issues objectively, generating their own solutions. They are also "forced" to act in a civil manner, due to the presence of a stranger, thus reducing the negative effects of conflict. Through mediation, the problems are resolved with agreeable novel solutions that meet the needs of the parties. Hence, through such a structure, mediation aids in the maintenance of "continuing civil relationships" (Haynes, 2000) among the family members.

Another advantage of mediation is that it is provided free of charge (a token registration fee is charged) at the TMP. Mediating rather than going directly to the Family Court helps to save time and costs for both the applicants as well as the respondents. The case becomes more complicated if both parties have to resort to going to courts. They may have to employ lawyers to represent them and they will have to abide by the court dates and forfeit the flexibility of fixing a common time that mediation affords.

Moreover, through mediation, both parties will have a greater say in the outcomes. Both parties can work at a consensus that they would agree to and can negotiate a decision that is to their best interests. If they had gone on to the court hearings, they can only abide by the ruling that is meted out by the judge.

Success of Mediation Through the Maintenance of Parent Act

Though a bill such as the Maintenance of Parents Act has legal teeth, the intent is one of resolving the situation presented in as amicable a way as possible. Thus from the beginning mediation between the parties is provided for under Section 5(6) of the MPA which states: "The Tribunal shall, before hearing an application under this section, refer the differences between the parties to a conciliation officer for mediation between the parties." Mediation is thus an integral part of the process that determines the outcome on all applications for maintenance.

Mediation as a third party intervention with family disputes has taken off in Singapore in a most remarkable way (Tan and Lee-Patridge, 2000). With the setting up of the Family Court and development of Appropriate Dispute Resolution in Singapore, great interest and training resources has been harnessed for mediation. Mediation will certainly grow in popularity and practice as an appropriate forum of settling domestic disputes.

Mediation, as has been pointed out, helps the parties in dispute to identify the fundamental issues, reduce misunderstanding, vent emotions, calm anguish, discover new grounds for compromise, recognize the essential, reveal the true cause and settle the difference in the best ways possible (Sue, 2000). Through this process, the impact and indignation of the law and the legal sanction against the respondent would be greatly reduced or softened. It also provides an amiable atmosphere for the parties to settle the matter peacefully.

Sue (2000) outlined the use of mediation in the implementation of the work of the Tribunal for Maintenance of Parents. Mediation is viewed as a constructive way of bringing all parties together not only to focus on an issue which may be causing pain or distress to a member of the family, but to help each one learn something about the other as well. The presence of a neutral party, such as a conciliation officer, facilitates communication between the parties. Direct communication may often be lacking in the family system and functioning.

As discussed, mediation provides an opportunity as well as a channel for communication between the members of the family involved in the maintenance claim. In a modern and affluent society like Singapore, most people may not have time to accord attention or priority to family interaction. It can therefore be easily overlooked that some members of the family need help sometimes, particularly when needs are not expressed or verbalized. Mediation in a way requires them to take the time and effort to come together to talk about the issue at hand.

Mediation is thus a channel through which an expressed need is made known to the family and it is for the family or the relevant members of the family to gather and discuss it. Generally, it is not easy for someone to freely and openly express his needs to someone else, particularly for a parent to tell his children that he needs money. It may be for fear of the loss of "face", since he used to be the main provider and was more in a position to give than to ask. Children can be so used to receiving that sometimes they forget to give to their parents who are financially in need, especially when they are no longer economically active and have no savings to fall back on.

Mediation also offers a platform for aged parents and their children to negotiate on what is acceptable to both sides and how the matter can be resolved. Often parents do not know very much about their children's financial position and commitments to their own families. Some believe that their children are doing well and command very good incomes. On the flip side, some children also do not know about their parents' needs for financial support, particularly one who suffers from ailments and weak health. At the mediation sessions they get to learn some new things about each other, which might not have been made known before. Sometimes such new knowledge can evoke a new sense of compassion and empathy. This can make them more ready and open to negotiations.

Conclusions

With a greying of populations all over the world, governments and policy makers are intimately concerned for adequate provision for the elderly. The thrust of the Maintenance of Parents Act places the burden of care to the family first. The bill sought to resolve the legal and financial obligation of adult children to their parents. There are, however, many dimensions of care for the elderly which the bill cannot provide for and for which mediation and other social intervention attempts to identify and restore. Real needs of people, which may otherwise not be known, are met through the services provided by the Tribunal. As and when appropriate, referrals to other social service and family agencies are also made.

Strange though it may be that the family situation is unraveled in the public domain through this law, safeguards of the family privacy is maintained. Not only is the individual and family's interest protected, society's interest in providing for the needs of its citizens are also ensured.

Mediation is not a panacea to solving domestic disputes. However, it has taken off in great strides, in Singapore, like a whirlwind romance. Its popularity as an appropriate dispute resolution method in the workplace, community and family is undisputed. While it is effective, the gains are also more short-term in the sense that it helps disputing parties to focus on very specific problems and finding solutions to these problems in the here-and-now situation. Resolution of family disputes may require other types of intervention that offer more long term and in-depth work with the family as a whole and this should not be disregarded.

Family support is multidimensional—emotional support is as important as physical support. Thus, legislation may be a limited measure enforcing the financial obligations of only the errant ones. Legislation cannot mandate emotional support and may even create problems of distancing parent-child relationship and cause conflicts among siblings as to who should be the responsible party (Tan and Bentelspacher, 1995).

For Singapore, legislation is a limited act to ensure that no elderly person is abandoned. Besides social legislation, there is a need to carefully determine if the desired results could be attained in alternative ways, be they private agency intervention or government action (Tan and Bentelspacher, 1995). Mediation should therefore be used hand-in-hand with other intervention methods of working with the family.

When the honeymoon romance with mediation fades, one still contends with the effectiveness of the practice in meeting real needs of the people, whether the elderly or their adult children. Both people and time will tell the story (Tan and Lee-Patridge, 2000).

Notes

1. According to the Department of Statistics (2005), life expectancy increased from 65.8 years in 1970 to 79.3 years in 2004.
2. Household size decreased from 4.2 in 1990 to 3.7 in 2000 (DS, 2000).

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Between China's Overseas Chinese Policy and Malaysia's Ethnic Policies: Cultural Identity of Malaysian-Chinese Students in Mainland China

Kam-ye Law and Kim-ming Lee
The City University of Hong Kong

Abstract

This article focuses on the politics of cultural identity, with special reference on the younger generation of Malaysian-Chinese, particularly those studying in Mainland China. The respective policies of Malaysia and Mainland China are discussed in greater detail, while also drawing attention to the socio-cultural aspect of those policies. Then, the paper discusses the development, limitations, and possible changes on China's overseas Chinese policy over the years by using the case study on a specific group of young Malaysian-Chinese who are pursuing their higher education studies in Mainland China.

Keywords: Overseas Chinese, Malaysia, Mainland China, identity politics, ethnic policies, tertiary education.

The ethnic cleavages between Malays and non-Malays, especially the Chinese, are well-known to students in Southeast Asian studies.¹ Each of the ethnic groups maintains its own culture, and most of their social conflicts, even those which are socioeconomic or political in nature, are coined in ethnic terms. In other words, class conflicts and power struggles, though sometimes overlapping within ethnic divisions, are often directly or indirectly reduced to ethnic problems. Accordingly, the politics of ethnic identity is inevitably a part of the daily life of Malaysians, *bumiputra* ("sons of the soil," indigenous inhabitants) or non-*bumiputra* alike.

The Malaysian government has pursued what may be called as "pro-Malay" policies, and it is doubtless that ethnic categories remain important in institutional life. Higher education is one of the critical domains; since it disfavors the ethnic Chinese from acquiring tertiary education domestically (Cohen, 2000; Lee, 2002: 5-6) many well-off Chinese send their children to Western universities where

education is quite expensive (Pong, 1993: 247). However, the less well-off Chinese send their children to Mainland China.

The economic ties between China and Southeast Asia have greatly improved in recent years.² For their children to establish a certain social capital (or the so-called “*guanxi*”) for their future career has become the prevailing mentality of Malaysian-Chinese parents. Meanwhile, the overseas Chinese policy of the Chinese government has become more proactive in recent years with the aim of establishing institutionalized relations and strengthening the emotional ties between overseas Chinese and their *qiaoxiang* (the respective hometowns where many overseas Chinese originated from) in Mainland China.

Cultural identification in this dy-namics is similar to a kind of push-and-pull politics: for the young generation of Malaysian-Chinese, the country where they were born and where they grew up (i.e. Malaysia) is implementing several policies which do not seem to be favorable for their future, while the policy (and the principle behind) of their racial homeland is composed with welcoming posture, and educational institutions play a vital role here.

This study attempts to examine this “push-and-pull” politics of cultural identity which is possibly being experienced by the younger generation of Malaysian-Chinese. We are not assuming that any “zero-sum” change in their cultural identity would happen. Rather, this specific group of Malaysian-Chinese is an interesting research target for students in Southeast Asian studies who would want to explore the newly argued logic of cultural identity of the younger generation of ethnic Chinese from the transnationalism perspective.

On the other hand, the socio-cultural implication of China’s overseas Chinese policy could be investigated as well, other than just dwelling on the economic aspect. In Section 2, three theoretical perspectives to examine the implications of Malaysia’s ethnic policies are reviewed, with emphasis on transnationalism. In Section 3, the socio-cultural aspect of China’s overseas Chinese policy is discussed. Sections 4 and 5 include the report from our original case study on a specific group of young Malaysian-Chinese who are pursuing their higher education studies in Mainland China; based on this study, discussions are made regarding the development, limitations, and possible changes on China’s overseas Chinese policy over the years.

Implication of Malaysia’s Ethnic Policies

Three distinctive but not mutually exclusive theoretical perspectives in studying the identity of the Malaysian-Chinese are used, namely, the ethnic, the class, and the Chinese transnationalism approaches.

The Ethnic Conflict Approach

According to the ethnic perspective, the Malaysian political economy is characterized by communalism in terms of ethnic identity that is based on rather static

primordial attachments (Crouch, 1996; Bowie, 1991; Jesudason, 1990). Ethnic tensions were legacies from the colonial period. On the other hand, the British perceived the Malays to be culturally unprepared for any economic role other than as rice-growing peasantry (Alatas, 1977). Thus, the British imported the presumably hardworking Chinese and Indians to Malaya to deepen their territorial exploitation, and this created a division of labor on a racial basis.

As a result, ethnic cleavages developed between the urban mercantile and professional classes of the predominantly non-Malay population and the rural Malay peasantry. This enabled the colonial state to employ a “divide and rule” strategy (Abraham, 1997) by using the ethno-class consciousness resulting from the ethnic division of labor to inhibit any possibility of the emergence of challenging forces, especially the communist threat, that could have transcended racial lines and disrupted the orderly decolonization process (Brown, 1994: 214).

On the other hand, the colonial state, in seeking to monopolize the means of coercion and the means of building the colonial state apparatus, co-opted the Malay rulers (sultans, rajahs, etc.) and elites to facilitate its rural as well as urban governance and to quell any possible challengers (Kahn, 1996: 54-55). As a result, a different ethnic division was deliberately demarcated along the political dimension. The subsequent post-war ethnic conflicts and fissures, as well as state policies were, in part, the consequences of the superimposition of these two totally divergent political and economic ethnic divisions.

However, the thesis that ethnic demands, in terms of equilibrating Malay political and Chinese economic power, are the key to understanding Malaysian political economy cannot be established without questioning first the ethnic categorization of the “*bumiputra*,” the “Chinese,” the “Malay,” and the “Indian.” Indeed, the very concept of ethnicity is often manipulated by political and economic elites, as well as middle classes, for mobilizing resources to pursue their own interests. As Brown (1994: 5) puts it, ethnicity should be depicted as an ideology which provides people with “a simple psychological formula which resolves the ambiguities and uncertainties as to the relationship with society and with the state,” and the “psychological formula employed is that of the kinship myth: the endowment of the “imagined” cultural community with the attributes of the real family.”

Brown’s arguments are further substantiated by scholars who tried to explain the failure and the continued efforts of the ruling Malaysian elites to construct a national identity that encompasses all ethnic groups (Watson, 1996), to delineate the variety of ideas of nationhood (or nations-of-intent) within each ethnic group (Shamsul, 1996), and to expose the ambiguities and myths of the ethnic category *bumiputra* (Means, 1985; Nagata, 1993).

All in all, these works argue that simply using the static and ideal-typical ethnic categories, like Chinese versus Malay, is inadequate in understanding the ever-changing complex political economy of Malaysia.

The Class and Ruling Elite Approach

From the class perspective, emphasizing too much about the ethnic divisions within Malaysia risks missing the class dimension in explaining the intra-ethnic variations of involvement in the Malaysian and the world political economy, as well as the making and remaking of their cultural identity. Kahn (1996: 71) reminds us that the political demands of culture building, of drawing boundaries within and between cultures, and of defining the content of different cultures, are in fact the very aims of certain members of the middle class. The New Economic Policy (NEP), in fact, has its roots in the pressure exerted by middle-level Malay bureaucrats and businessmen rather than in the involvement of all ethnic groups (Jomo, 1990: 469-71). However, even under the supposedly discriminating New Economic Policy, not all the Chinese suffered (Brown, 1994: 247-48; Jesudason, 1990: 139), as NEP was more purposeful in reaffirming the “superiority” of ethnic Malays.

In addition, the class dimension intertwined with state institutions created and maintained by a small number of the ruling elite is indispensable in understanding how and why ethnic divisions are maintained and even reinforced. After decades of independence, Malaysia still fails to establish a national identity or instil cultural plurality; instead, cultural separatism is maintained. Freedman (2001) attributes the unsuccessful acculturation of the Malaysian-Chinese to state policies and institutions, especially to educational institutions and policies that inhibit the acculturation of the Chinese. Even worse, the ruling elite and state managers prefer to reinforce ethnic and cultural boundaries so as to avoid the Malaysian society from being structured along class lines, which may jeopardize their class interests. Thus, in order to fully understand cultural and identity politics in Malaysia, ethnicity cannot be treated as a static primordial attachment, but one that is constantly constructed and remade by class and elite struggles.

The Chinese Transnationalism Approach

Besides the class and state interest dimensions, the effects of globalization, especially in the cultural aspect, have been neglected within a simple static ethnic framework. As summarized by Waters (1995: 136-37), cultural globalization is a dual process, both differentiating and homogenizing, through the rapid mediation of ideas by electronic communication and personal mobility. On the other hand, globalization makes certain previously territorially bounded national cultures to become transnational and deterritorialized, thus facilitating the emergence of a common global culture. However, the negative impact is globalization “weakens the putative nexus between nations and states thereby releasing absorbed ethnic minorities and allowing the reconstitution of nations across former state boundaries” through its differentiating effects.

Ong and Nonini (1997: 326) argued that the identity of overseas Chinese is constituted through transnational systems rather than through stable cultural entities. As some overseas Chinese have been tremendously successful in the global economy, especially in the Southeast Asian region and in China recently, a Chinese

transnationalism discourse that revives old images of Confucian Chinese culture to characterize and romanticize the Chinese culture and identity has emerged (Chan, 2000; Ong and Nonini, 1997; Weidenbaum and Hughes, 1996; Redding, 1993).

In this discourse, Chinese transnationalism is often explained or examined under the umbrella of the peculiar Chinese culture and identity that foster entrepreneurship as well as business networks. Chinese words like *guanxi*, and terms like “bamboo network” and “Greater China” frequently occur in popular and scholarly literature as well as mass media. Both the discursive effects from this Chinese transnationalism discourse and the “real” transnational Chinese interactions, exchanges, and business activities influence the cultural and identity politics in Southeast Asian states, especially in ethnically divided Malaysia.

As Ong and Nonini (1997) demonstrated, the discourse has produced transnational imaginaries of ethnic self-celebration, which deeply affect the constitution and remaking of the identity of all Chinese, overseas or otherwise. Specifically, Nonini (1997) illustrated how this discourse about Chinese transnational capitalists, and the associated diasporic Chinese identity and culture is constituted in the remaking of the identity of the non-elite Malaysian-Chinese, through providing alternative and opposed positions to the notion of citizenship and indigenism that was set by the Malaysian state. However, the “escape” rather than the realization provided by these alternative identifications merely recasts class, gender, race, and nationality differences in new ways rather than liberate the non-elite Malaysian-Chinese.

The Socio-Cultural Aspect of Overseas Chinese Policy

The pragmatic ideology during the era of economic reform which started in the late 1970s has been overwhelming. Economic development is the core concern of almost every social policy of the Chinese government, and overseas Chinese policy is not an exception. Policy-makers are mainly concerned about its function to attract foreign investments (or finance capital in various forms) and to develop trading business (Guo and Nie, 2004; Xia, 2004). Fairly speaking, its success in these aspects has been remarkable. For instance, two decades since the onset of economic reform, more than 70 percent of foreign capital has come from overseas Chinese, the total of which is about \$160 billion. Taking Guangdong Province as an example during the same period, the officially approved donations from overseas Chinese amounted to 15 billion RMB, while charitable establishments launched by overseas Chinese totaled to more than 26,304 projects (Liu, 2005: 49).

However, the sustainability of the policy’s economic function has drawn certain concern from the policy’s think-tanks in recent years. The management of overseas Chinese capital, sooner or later, will be shifted from the elder generation comprised of immigrants who originated from Mainland China to the younger generation comprised of local-born nationals of societies abroad. In order to utilize the special racial linkage of the new generation of overseas Chinese with China in the economic domain, in addition to further improving the investment conditions of

the Chinese market, strengthening emotional ties and the identity of “Chineseness” among ethnic Chinese should be a proactive strategy of the policy (Zhao, 2004: 9).

Another function that the overseas Chinese policy has especially emphasized in recent years is partnership with overseas Chinese in strengthening the Beijing government’s united front to engineer unification with Taiwan. Beijing hopes to instill patriotism toward Mainland China among overseas Chinese in order to isolate Taiwan’s independence ideology. Hence, the instrumental-value of overseas Chinese policy’s socio-cultural aspect is rising to a higher agenda. The think-tanks of policy advocates, in working on overseas Chinese affairs, should consider promoting “affection” among overseas Chinese as the solid foundation for the policy (Shi, 2004: 82).

Higher education in China is expected to play a certain role in establishing this new strategic orientation, especially for institutions run by the Overseas Chinese Affairs Office on the State Council. In Jinan University which is renowned as the “highest academy for overseas Chinese,” the principal spirit it evokes is patriotism (toward the Chinese nation) (Xia and Liang, 2004), which is assumed to “promote the superior traditional culture of the Chinese nation and to unite overseas Chinese into contributing to the nation” (Sun, 2004: 73). This is a strong justification for our case study on Malaysian-Chinese students in Jinan. In a group of young students assumed to be disfavored by their own country’s ethnic policies, would a special kind of cultural identity be nurtured among them as they pursue their higher education in China which is shouldering the mission of building up their “Chineseness”?

Who Cares About “Chineseness”?

The data for this research were collected from Jinan University in the spring of 2005 through questionnaire surveys and group interviews.³ For decades in Mainland China, Jinan University has been the most popular destination of ethnic Chinese students from Southeast Asian societies, and Malaysian-Chinese students have always comprised the largest group. As this specific target group is in the core of the above-mentioned “push-and-pull” politics of cultural identification, this study is primarily concerned with what constitutes the making and remaking of Malaysian-Chinese identity. What aspects of “Chineseness” do Malaysian-Chinese identify with? Specifically, our research subquestions are as follows:

1. How do ethnic tensions, class backgrounds, and state policies in Malaysia affect the identity of the Malaysian-Chinese, and how do they respond to these?
2. How does China’s overseas Chinese policy, especially in terms of its measures in higher education, advance Malaysian-Chinese affection to “Chineseness” and cultural identity to China?
3. How does globalization, especially Chinese transnationalism, shape/reshape their identity formation?

Most of the respondents said they belong to lower-middle class families in Malaysia. As such, they cannot afford the expensive tuition fees in Western and Taiwanese universities, including the high standards of living in these countries. In addition to this, their English language proficiency is not good enough for them to gain admission to universities in the west. In light of these, Jinan has carried out several admission and recruitment activities, and has enjoined the alumni's effort in attracting Malaysian-Chinese students to study in Jinan. In comparison with the larger alumni network of Taiwan, and the greater cohesiveness and higher portfolios of the alumni in Malaysia's Chinese community, Mainland China is a practical but reluctant choice for these students' overseas education. Their self-identification as non-elites in Malaysia, which is obvious, is also noteworthy.

Quite a number of the interviewees' families say that they send their children to Mainland China because the economic ties between China and Southeast Asia have greatly improved in recent years, and they are hoping that their children will establish themselves there or at least nurture certain "social capital" for their future careers. Nonetheless, for most students, establishing transnational economic ties is not their reason for studying in China. They may enjoy the prosperity of Guangzhou City, and the efficiency of Guangzhou's urbanization in recent years impresses them quite much. However, Mainland China is still far beyond their prospects in terms of their pursuit of a transnational career.

The interviewees' perceptions about Mainland Chinese were also not good. Sometimes, they feel that Mainland Chinese are quite uncivilized, and some even said that the Malays are far more civilized. The most frequently mentioned example is the Mainland Chinese's notorious habit of spitting in public places, whereas Malay-Muslims are generally clean and tidy. In contrast to Guangzhou City's untidy and noisy streets, the interviewees also feel that the quality of life in Malaysia is much better, even in suburban areas.

Getting closer to China strengthens the Malaysian-Chinese's consciousness of being ethnic Chinese. However, this new identification is not nurtured by improved communication and appreciation of China and of the Mainland Chinese. The interviewees complained that Mainland Chinese do not understand them in almost every aspect of life. In spite of their fluent *putonghua* and their Chinese features, the interviewees expressed dissatisfaction with Jinan University and their school-mates, some authorities in Guangzhou City, and occasionally, some Mainland Chinese who treat them as "outsiders" just like other racial groups. In fact, their relationship with Hong Kong students is even much better as compared to their ethnic relationship with Mainland Chinese students, no matter how poor Hong Kong students' *putonghua* is and how weak their "Chineseness" is. In daily communication, Hong Kong's highly globalized economic prosperity and Malaysia's less-developed economy seem to be much "useful" dynamics for establishing a relationship with Mainland Chinese.

As a result, a "wall" has been deliberately built between the Malaysian-Chinese and the Mainland Chinese. This "wall" has become a "mirror" which reflects that in comparison with Mainland Chinese, the Malaysian-Chinese have a stronger

“Chineseness” that is reflected in their attachment to Chinese customs and traditions, and have better knowledge, understanding, and admiration of Chinese culture.

An incident happened to one of the interviewees (coded “M”) who is well-known among Malaysian-Chinese students in Jinan. This incident is very illustrative of the feeble inter-identification between Malaysian-Chinese and Mainland Chinese students. M once participated in a debating contest. The motion statement was derived from a piece of classical text written by the very famous literate Tao Qian (365-427 AD). M’s teammates, who are all Mainland Chinese, had little knowledge of the statement and knew nothing about the full text, its historical background, or even its author. M has very good knowledge of it; hence he tried hard to thoroughly explain it to his teammates during the preparation. However, they all ignored M’s contribution and wasted hours in the library to research on it, until they found out that M’s explanation was correct. The reason for the teammates’ undermining suspicion of M is obvious; they just do not believe (or accept the fact) that a “Malaysian” would have such good knowledge of classical Chinese literature.

In each of the group interviews, this story made the interviewees express their own disappointment toward their Mainland Chinese schoolmates regarding the issue of “Chineseness.” They were surprised that seldom do Mainland Chinese students celebrate the Dragon Boat Festival (*Duan Wu*) and share their experiences of ancestor worshipping. They were also declined by Mainland Chinese students in their invitation to accompany them in visiting historical sceneries in Guangzhou. Even after months of interaction, Mainland Chinese students still perceived them as Malays and not as Chinese. The interviewees believe that the Mainland Chinese students’ perception of the level of development in Malaysia is a factor for the “wall” in cultural identity. Malaysia is a less-developed economy. Hence, it is assumed that the process of civilization there is slow. Mainland Chinese students also prefer Hong Kong students as friends over the Malaysian-Chinese. They believe that Hong Kong students have better taste in Japanese/Western fashion, computers, and other Japanese/European high-tech electronic equipment, and Japanese/Korean/Hong Kong/Taiwanese TV drama and pop music which all comprise the “culture” that Mainland Chinese students respect.

The interviewees also believe that to a certain extent, the university’s policy is part of the cause of the problem. Malaysian-Chinese students are *hua qiao*. University authorities do not emphasize their identity as *hua* (“Chinese”) but as *qiao* (from overseas). Therefore, they are encouraged to organize their own student association but are not encouraged to be involved in the student unions of Jinan. The university has classes for overseas students, but the school seldom integrates them with ordinary Mainland Chinese students. The Malaysian-Chinese students do not perceive this measure as an act of caring for them or promoting their welfare but as an act of differentiating them from the rest.

Meanwhile, the interviewees fully recognize the difficulties and the slim chances of cooperating with the Malays back home. As one of them remarked, “of

course we can live peacefully with the Malays. However, doing something more than everyday life routine interactions like greetings and casual conversation is difficult. You see, we have different cultures, different religious beliefs, and different outlooks (in life).” Generally, though, they think the Malays and the Malaysian-Chinese can co-exist peacefully. They also said that the elite groups of the Malay and the Chinese are similar with respect to learning English as their major language, studying overseas especially in Western countries, and investing in businesses without any regard for ethnic factors. However, they recognize that there is class division or discrimination between the Malay and the Chinese population in their country. A lot of state policies affecting all citizens, may they be Chinese, Malay, or Indian, are influenced by the elite groups. The ordinary Malay population has no voice in the creation of state policies. In urban areas, for example, the impact of NEP three decades ago was that the well-educated Malays earned more than the well-educated Chinese, while the poor Malays earned less than the poor Chinese (Mazumdar, 1981: 201).

It is also a very common experience for Chinese people to be asked by Westerners whether he/she is Japanese or Korean. Despite recognizing the unfair treatment of Malaysian state policies toward the ethnic Chinese, most of the interviewees still identify themselves as Malaysian when asked if they are Malaysian, Malaysian-Chinese, or Chinese. Only two identified themselves as Malaysian-Chinese, and one identified herself as Chinese. The interviewees’ national identity has not been changed by their experience of studying in Mainland China except for two who said it was. They were born and raised in Malaysia and as such they think it is but proper that they say they are Malaysians and that they identify with Malaysia in a national sense.

Most of the interviewees also noticed that their parents would identify themselves as Chinese but in a cultural sense only. They were encouraged by their parents to study in Mainland China to establish transnational economic ties but without any patriotic aspiration. Except for the parents/families of two interviewees who have business experience, all of the interviewees’ parents know China through the local mass media in Malaysia only. However, most of the information provided by the mass media is focused solely on economic growth while other aspects are neglected. The interviewees believe that their parents do not know much about China’s problems on economic disparities, environmental destruction, governmental bureaucratism, and the perceived low quality of being “civilized” which may hinder the country from further development sooner or later. Hence, families do not identify themselves in a strong sense with China. The interviewees are also of different major areas of study like clinical medicine, journalism, international politics, economics, foreign trade, management, and Chinese Language. Interestingly, most of them do not have any ambition of staying in Mainland China to pursue their careers, nor do they have any optimism toward the so-called “social/cultural capital” they may possibly earn in Guangzhou.

In fact, our survey found out that more than 80 percent of the Malaysian-Chinese respondents assert that they are Malaysians, which is much higher than

their counterparts from Indonesia (less than 11 percent). More than 70 percent of Malaysian-Chinese students think that they would stay in Malaysia to develop their careers in the future, while less than 2 percent would move to Mainland China. About 44 percent of Malaysian-Chinese students think that the Chinese would always be Chinese and would remain with their ethnic characteristics forever, while 56 percent think that the ethnic Chinese would successfully be assimilated by society in the long run, though the current conditions are not yet mature enough to allow this. Our findings are generally similar to those of a previous study conducted in 1999 (Cao *et al.*, 2004).

Limitation of China's Overseas Chinese Policy

The overseas Chinese policy, i.e. mobilizing the Chinese overseas to support China's modernization thrust through financial investment, realizing reunification, and facilitating the development of better relations with various countries in support of China's "peaceful rise" strategy, is China's central government policy to strengthen emotional ties and to promote Chinese cultural communication and enrichment between the *qiaoxiang* (the hometowns where many of the overseas Chinese originated) and overseas Chinese communities (Ngok *et al.*, 2004: 175, 182). Guangzhou is the capital city of one of two major *qiaoxiangs* of the Malaysian-Chinese, yet it is not that successful in achieving the goals mentioned.

The Chinese government's effort in using traditional festivals or occasions like "root-seeking" summer and winter camps to strengthen the emotional ties between the *qiaoxiang* and overseas Chinese communities is probably instrumentally meaningful for the older generation which has business with China (Cheng and Ngok, 1999). However, for the younger generation, "Chineseness" in Mainland China is not that "real." Paradoxically, Guangzhou's advanced economy and highly globalized urban setting attract the young ethnic Chinese of Southeast Asia to pursue their higher education there, but these undermine the transnational imaginary of this historic Chinese city in the minds of the ethnic Chinese. In contrast to this, Malaysian-Chinese students from the lower-middle class are able to enjoy studying abroad with lesser expenses, and their life is no less different from that of their rich counterparts in Western societies.

Regrettably, after the Malaysian Chinese students' experiences of a deeper level of cultural exposure, the expected influence of "Chineseness" to their transnational identity has been nonexistent, if not at all impossible to achieve. Guangzhou is a typical globalizing city. As compared to the economic setback experienced by Malaysia after the Asian Financial Crisis in 1997 (Case, 2003), Guangzhou's rapid economic growth is admirable, yet a potential crisis arising from further and long-term development is inevitable.

Cultural globalization in Guangzhou (and Jinan as a "miniature"), hand in hand with economic globalization, is reduced to shallow admiration of Western popular culture (with Hong Kong and Taiwan style "translation"), exclusion of less-globalized/Westernized "others," and showing least cultural logic between China

and “Chineseness.” Over the past two and a half decades of economic reform, both Guangzhou City and Jinan failed to extend their capacity of facilitating the emergence of a new face of “Chineseness” across different Chinese societies, and of inspiring the identity imaginaries of the ethnic Chinese, not to mention the enhancement of their transnationalism. “The university’s foremost responsibility is to hold out against the current trend of remodelling itself as a business organization. At the same time, it should alert society against transferring the norms of commerce to cultural institutions,” Subramani argued (1998: 161-62). From the experience of our interviewees, Jinan University indeed specializes in the education of the ethnic Chinese of Southeast Asia, but it failed in its mission of cultural transnationalism.

Meanwhile, the issue of racial disintegration raised by the younger generation of ethnic Chinese in Malaysia today is not viewed in the same manner by the older generation, especially the lower-middle class, whose expectation regarding their upward social mobility may not be as strong as the elite class (Cao, 2004; Mu, 2005). Their national identity as “Malaysian-Chinese” is much stronger than as *huaqiao* in Malaysia,⁵ and they are more tolerant of Malaysian government policies (Phoon, 2004).

While the Malaysian government’s “pro-Malay” policies are undeniable, plans for the resolution of problems on inequality and ethnic difference, without option for a discourse on “multiculturalism,” are set in place (Fenton, 2003: 135). An example of which is allowing private-financed higher education and Western institutions to establish branch campuses in the country, which has already been the practice in recent years (Lincicome, 2005: 199-200). In light of all of these new changes in Malaysia, a certain degree of prudence is expected from the younger generation as they cultivate closer relations with China. In the old cultural logic of “tug-of-war,” globalizing China’s “Chineseness” seems to be too weak in pulling the affection of the young generation of Chinese from Malaysia to mobilize across and “reproduce” a transnational identity.

Notes

1. The Chinese comprise a more significant minority in Malaysia than elsewhere in Southeast Asia (except Singapore). Currently, the ethnic composition of the Malaysian population is about 58 percent Malay, 26 percent Chinese, 7 percent Indian, and 9 percent others.
2. China-Malaysia bilateral trade has increased by 258 percent since 1999, the worth of which is US\$18.8 billion, and is currently at the top among all countries in Southeast Asia. Malaysia is China’s seventh largest trading partner (Beeck, 2005).
3. A survey was done to gather basic information and the opinions of ethnic Chinese students in Jinan University. Over 80 percent of our target population responded. The study covered not only the Malaysian-Chinese but also the ethnic Chinese from other Southeast Asian societies (such as Indonesia), and some comparisons

were derived. Four sessions of group interviews were held, with each session attended by four to seven students (totally over one-fifth of our target population was involved) and lasting for 1.5 to 3.5 hours. These were conducted to gain an in-depth understanding of their reasons for going to Mainland China for university education and their reflections on cul-

tural/national identity in the light of their experience in China.

4. For many years, it has been argued that, sooner or later, the term “Chinese Malaysians” would replace “Malaysian Chinese” in the discourse of identity politics. The new generation’s national identity is firmly rooted in Malaysia; hence they would become one of the hosts of the society; cf e.g. Tan (2004).

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