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Citizenship, Economy and Social Exclusion of Mainland Chinese Immigrants in Hong Kong[1]

Law Kam-yee* and Lee Kim-ming**

[**Abstract:** Hong Kong is often viewed as a Chinese immigrants' city. This article discusses three interrelated dimensions of the social exclusion of migrants designated as "new" Chinese immigrants in Hong Kong. First, it is argued that globalisation has triggered intense economic rivalry among world cities as they undertake economic restructuring. Second, the political attempts of territorial states to establish their own legitimacy and strengthen their governing capacity are major catalysts that induce the social exclusion of immigrants. Third, the nature and strength of local place-based social identity is vital to determine the difficulties new immigrants face in being included in the host society. After recounting the history of Chinese immigrants and their recent profile in Hong Kong, the article examines the relationships between Hong Kong's economic development and the state's immigration policies, and how Hong Kong's state policies have constructed a form of Hong Kong identity vis-à-vis Mainland Chinese, drawing out the mechanisms that determine the social exclusion of Mainland immigrants since the 1990s.]

KEYWORDS: citizenship economy descrimination Hong Kong identity migration social exclusion

"We asked for workers but human beings came."
Max Frisch (quoted in Hollifield, 2000: 149)

In May 1999, the Hong Kong Special Administrative Region (SAR) government requested a reinterpretation of certain provisions of the Hong Kong Basic Law from China's National People's Congress in order to prevent a flood of immigration of Mainland children born to Hong Kong people. The reinterpretation of the Basic Law stirred up great contention within Hong Kong about the legal system and the autonomy of Hong Kong governance. But this controversy of the right of abode (ROA) is not purely an issue of "constitutional crisis," More seriously, it is an indication of social exclusion that has been constituting and reconstituting Hong Kong society since the late 1970s.

Hong Kong is often viewed as a society of Chinese immigrants. Why, then, could the early migrants be easily included into Hong Kong society, but not the later migrants?[2]

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In this article, the social exclusion of the "new" Chinese immigrants is discussed in three interrelated dimensions. First, given that an economy, at different developmental stages, demands different types of human resources; any viable economic strategy to boost or transform the local economy cannot ignore the composition of different types of human capital embodied in the local population. As economic globalisation has triggered intense rivalry among cities in terms of becoming the commanding and coordinating nodes of the global economy, these global cities are undergoing economic restructuring that creates what commentators call "dual cities" or "divided cities" (Mollenkopf and Castells, 1991; Fainstein, Gordon and Harloe, 1992) in which social, political, and economic polarisation are very serious. Accompanying economic globalisation are the massive waves of migration of people, skilled and unskilled labour, professionals, and others, from economically backward places to these cities. However, not all migrants are considered valuable for the "importing" countries, depending on the economic strategies the countries are employing. Under global restructuring, low-skilled migrants are often considered as a burden to the host society and as competitors of the local working class people. All these precipitate the social exclusion of these migrants.

Second, the political attempts of territorial states to establish their own legitimacy and build up their governing capacity are major catalysts that induce the social exclusion of immigrants. Migrants or minority groups often become scapegoats responsible for a state's failure to boost the local economy as well as its failure to resolve increasing social and political problems. In addition, migrants are also "victimised" when they become the focus of political debates, especially those concerned with immigration policies, among different political groups competing for power. These political debates inevitably stereotype new immigrants, and the media very often helps promote the biased images.

Third, the nature and strength of local place-based social identity or citizenship determines how difficult it is for the new immigrants to be included in the host society. In general, the stronger and more homogeneous the local identity is, the more likely that the new immigrants are socially excluded. However, social identity is often formed with references to other groups, foreign and local, in everyday life. As a result, the local economic conditions as well as state policies, which affect people's life world, inevitably, shape the local social identity that may inhibit new immigrants to be included in the local society.

The article is divided into four sections. The first part will briefly recount the history of Chinese immigration. The second part will describe the profile of recent immigrants. The third section is about the relationships between Hong Kong's economic development and the state's immigration policies, while the final section will discuss how Hong Kong's state policies helped form a particular Hong Kong identity vis-à-vis Mainland Chinese. These two sections aim at drawing out the mechanisms that determine the social exclusion of the new immigrants since the 1990s.

A Brief History of Chinese Immigration to Hong Kong

Hong Kong is a unique immigrant society made up of several waves of migration. When Hong Kong became a British colony in 1842, it was essentially a small fishing village,

with a local population of no more than a few thousand. Since neither the Chinese government nor the British colonial government limited population mobility across the China border, free migration from Mainland China, mainly from villages in South China, occurred whenever there was political and social unrest in China. The first wave of refugees was caused by the Taiping uprising in the early 1850s. The second wave occurred during the 1911 Revolution. The third wave happened in 1938, when the Japanese attacked Guangdong. After the Second World War, the first big wave of immigration occurred, around the period during which the Communists took over China (Podmore, 1971: 23-5).

The Hong Kong population was around 500,000 to 600,000 in 1945. It jumped to 1,168,000 in 1946 and reached 2,050,000 in 1953 (Szczepanik, 1958: 153). This huge increase in population created serious shortages of housing, food, clothing, and other necessities. As a result, a stricter immigration policy was implemented. When the *Immigration Control Ordinance of 1949* was put into effect, entrants had to possess valid documents, and the Ordinance criminalised non-compliance. The control on immigrants was supplemented by another regulation, the *Registration of Persons Ordinance of 1949*. The Registration introduced a comprehensive system of registration for all persons who resided in the territory, exempting only travellers in transit and children under 12 years old. It also regulated the introduction of identity cards and requested all of the adult population to register. However, these measures had little effect on the huge influx of immigrants crossing over the border since the Chinese authorities provided no legal control on, and appeared to encourage, the immigrants that poured into Hong Kong in the early 1950s (Destexhe, 1995: 25-6).

In May 1950, the colonial government implemented a quota system to restrict the entry of Chinese citizens. But the effectiveness of the system depended upon the willingness of the Chinese authorities to limit the exit of the migrants. After negotiation, the Chinese and British government reached an agreement. The Chinese government would decide on the number of entrants to be allowed to enter Hong Kong from China and would vet and approve the applications for entry into Hong Kong. The Hong Kong colonial government would accept all Chinese citizens who had been issued exit permits, the so-called "One-Way Permit" (OWP), by the Chinese government for entry into Hong Kong for residence. However, in recognition of Hong Kong's population pressure, the Chinese government would restrict the number of people granted exit permits. With the exception of two brief periods of suspension in 1955 and 1956, this quota system has continued until today (Lam and Liu 1998: 9).

In the early 1960s, another wave of immigration happened. China's Great Leap Forward and the collectivisation movement in agriculture during the late 1950s led to widespread starvation. Consequently, a large number of immigrants who did not have valid exit permits issued by the Chinese authorities, illegally fled to Hong Kong. This was the first wave of illegal immigration from China into Hong Kong since the imposition of immigration control by quota in 1950. From the 1960s onwards, until the 1980s, immigration was mainly illegal because Mainlanders had great difficulty obtaining exit permits, especially after the beginning of the Cultural Revolution (Lam and Liu 1998: 9-11). Even with the large inflow of illegal immigrants, Podmore (1971: 25) has

contended that Hong Kong's population increase was mainly due to natural causes rather than immigration. According to the 1961 Census Report and the 1966 By-Census Report, the proportion of the population born within Hong Kong in 1921, 1931, 1961, and 1966 were 26.7%, 32.5%, 47.7%, and 53.8%, respectively (Podmore, 1971: 37). These figures show that by the 1960s, Hong Kong had become a more localised society, with more than half the population locally-born.

As will be discussed, although the natural increase rate was quite high between 1950 and 1970, there was still a serious shortage of unskilled labour because of rapid labour-intensive industrialisation. Though the state indeed policed the Chinese border to reduce illegal immigration, the government exercised discretion in allowing these illegal immigrants to register and stay in Hong Kong whether they had been apprehended by the police or not. As Destexhe (1995: 28) remarks, "Hong Kong's model for discretionary immigration control resembles that of countries which do not officially admit that they take worker migrants, but do so in practice." Nonetheless, the control was tightened from 1974 onwards. The Hong Kong state discontinued its actual practice of allowing all Chinese immigrants to stay in Hong Kong and replaced it with the "Touch-Base Policy" in 1974. According to new policy, those arrested illegal immigrants were repatriated to China and those who successfully evaded capture and subsequently established a home with relatives or found accommodation in urban areas (i.e. "touched base") were allowed to stay (Lam and Liu 1998: 13).

The "Touch-Base Policy" finally came to an end when China adopted the "Open-Door" policy in 1978. China's economic reform gradually eroded social and political controls at the local level, especially through the relaxation of the household registration (*hukou*) system, thus making population movement easier (Siu 1996: 340). Consequently, Hong Kong was again bombarded by an onslaught of illegal immigration that was even more massive than the one in the early 1960s. The state recognised that the existing immigration policy could no longer control the influx. Thus the Hong Kong state announced the abolition of the Touch-Base Policy on 23 October 1980; all illegal immigrants were subject to repatriation (Lam and Liu 1998: 14-5). Besides, the Immigration Ordinance was amended with urgency on the same date of the announcement. The amended Ordinance required all people residing in Hong Kong to carry identity cards or some other acceptable proof of identification at all times, otherwise, a maximum fine of HK$1,000 would be levied. Moreover, the new law also imposed heavy fines, the maximum of which was HK$50,000 or imprisonment for one year, on employers who hired illegal immigrants (Destexhe 1995: 29). Accompanying the amendment of the Ordinance, the Hong Kong government and the Chinese government reached an agreement to restrict the issuance of OWP to 150 a day. This daily quota was subsequently revised downwards to 75 in 1983 and remained the same for ten years (Lam and Liu 1998: 16-7).

After the abolition of the Touch-Base Policy, the only way for Mainland Chinese to migrate to Hong Kong was to obtain the OWP. Even so, it remained common for illegal immigrants to cross the border. There are two forms of illegal immigrants. Besides OWP, the Chinese authorities can issue an unlimited number of Two-Way Permits (TWP), which

allow holders to visit Hong Kong for the purpose of visiting family or doing business but require that they return to China after a designated period. However, the two-way permit system creates a loophole for illegal immigration. There are numerous overstayers. For instance, in 1991 there were 22,566 Mainlanders, 5% of which were TWP holders who overstayed. Many of the female overstayers aimed at giving birth in Hong Kong so that their children would be Hong Kong residents. Another mode of illegal immigration is the illegal entry by sneaking into the territory by land or by sea. Although the Hong Kong government has tightened border control since the 1980s, many illegal immigrants were successfully smuggled into Hong Kong by well-organised criminal networks to labour in construction sites, factories, and service establishments like eateries (Kwong, 1993: 169).

The problem of immigration through illegal entry, which can be approximated by the declining figures of the number of illegal immigrants arrested as shown in Table 1, has been greatly reduced in the 1990s. In the 1990s and 2000s, the most hotly debated issues concerning immigration are the labour importation policies and the ROA of spouses and children of Hong Kong residents who stay in the Mainland. Hong Kong's labour importation policies can be dated back to the late 1980s and early 1990s when Hong Kong experienced acute labour shortages in many sectors. The General Labour Importation Scheme was introduced in 1989 on the basis of an industry quota system. In light of the rise in the unemployment rate the government terminated the General Scheme in October 1995 and replaced it with the Supplementary Labour Scheme. But in July 1990, the Special Labour Importation Scheme was introduced to facilitate the timely completion of the new airport. These labour importation policies, though welcomed by business, have been condemned by labour interest groups for creating unemployment among Hong Kong's workers as well as lowering the wages.

Table 1: Number of Illegal Immigrants Arrested Territory-wide

Year	No. Arrested	Daily Average	% compared with previous year
1995	26,824	73	-14.90%
1996	23,180	63	-13.58%
1997	17,819	49	-23.23%
1998	14,613	40	-17.99%
1999	12,170	33	-16.72%
2000	8,476	23	-30.35%
2001	8,322	23	-1.82%
2002	5,362	15	-35.57%
2003	3,809	10	-28.96%
2004	2,899	8	-23.9%

Sources: Security Bureau, Hong Kong Special Administrative Region (HKSAR), at http://www.info.gov.hk/sb/bound/iimm.htm (accessed 20 May, 2000); Security Bureau, HKSAR, at http://www.info.gov.hk/sb/eng/special/bound/iimm.htm (accessed 30 March 2005); and Immigration Department "Publications and Press Releases: Immigration Department Review 2004," at http://www.immd.gov.hk/chtml/20050128b.htm (accessed at 30 March 2005).

Although about 60% of Hong Kong's population is locally born, as an immigrant society, many Hong Kong residents have family ties in China. Indeed, most legal immigrants and overstayers come to Hong Kong for family reunion. The large number of overstayers is basically caused by the daily OWP quota system. The processing of applications for OWP has been poorly managed by the Chinese authorities: corruption has been widely reported; eligibility criteria are not applied consistently; and some eligible applicants have to wait for a very long time for approval. Most importantly, the Chinese authorities treat applicants individually rather than treating a family as a whole. As a result, there have been many young children being issued OWP, but not their mothers. This creates numerous single-parent families, and defeats the purpose of family reunion (Lam and Liu 1998: 29-34).

Dreams of family reunion were greatly stimulated by the handover of Hong Kong's sovereignty to China in 1997. According to the Basic Law (Hong Kong's constitutional document), Article 24 para 2(3), children of permanent Hong Kong residents have the right of abode in the SAR. Just after the handover ceremony, a number of children of permanent Hong Kong residents who "illegally" stayed in Hong Kong went to the Immigration office to claim their ROA. As a result, on 9 July 1997, the Provisional Legislative Council quickly amended the Immigration Ordinance in a way that Mainlanders are required to hold OWPs, which are issued by the Chinese authorities, before they could exercise their ROA in Hong Kong. As for children born in the Mainland to the people of Hong Kong, one of their parents must be a Hong Kong permanent resident at the time of the birth. The amendment made a lot of ROA claimants who had "illegally" re-united with their families confront the fate of repatriation to the Mainland.

After numerous ROA court cases, on 29 January 1999, the Court of Final Appeal (CFA) gave a landmark judgement that these Mainland claimants were eligible for ROA. Nevertheless, the government immediately released an estimated and exaggerated figure of 1.67 million people in China who were eligible for entry, and threatened that if the CFA ruling were to be implemented, it would have great negative impact on Hong Kong's overall economy, employment, and various social services and facilities, like housing, education, medical, and health and welfare services. As a result, public support and sympathy for the claimants on their right of abode collapsed almost overnight.

Nonetheless, OWP is not the only way that Mainlanders can gain residence status in Hong Kong. For a privileged group of skilled workers, professionals and overseas Chinese originally from the Mainland, they can migrate to Hong Kong by employment through various channels. One such method is to stay in Hong Kong continuously for seven years. Once they have done so, they are eligible to apply for permanent resident status. Various schemes have promoted this.

First, because of the "brain drain" in the late 1980s,[3] in September 1990, the colonial government and the Chinese authorities reached an agreement that Chinese citizens who had resided overseas for two years or more could enter Hong Kong with employment visas. Presumably, those persons are high level talents with overseas exposure and are desirable to Hong Kong during the "brain drain" crisis. Second, Mainland enterprises established in Hong Kong are allowed to recruit employees from the Mainland without

any quota limitation (Lam and Liu 1998: 34-5). Third, in March 1994, a Pilot Scheme for the entry of 1,000 Mainland professionals was introduced. Entry was restricted to graduates of the Mainland's 36 key tertiary institutions who also had relevant working experience (Education and Manpower Bureau, 1998). Later, an Admission of Talents Scheme was carried out after the new Hong Kong SAR government decided to promote Hong Kong's technological development. The scheme is quota-free and non-sector specific, and the successful candidates can also bring along their families to Hong Kong.[4]

The Social Exclusion of the New Chinese Immigrants

Even though the ROA issue clearly indicates that the right of many new immigrants to family reunion, which is granted by Basic Law, has been denied, it constitutes only a small part of the social exclusion experienced by new immigrants. By the time of the handover in 1997, Hong Kong people had been deeply divided, despite the fact that these social divisions were temporarily submerged by the economic boom in the 1980s. And, with the impact of the Asian Economic Crisis, and the end of Hong Kong's economic bubble, divisions were exacerbated.

Table 2: Monthly Family Income of New Arrivals

	Percentage of households					
HK$	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Below 3,000	13.1	15.0	18.4	28.7	20.7	18.3
3,000-4,999	11.8	10.1	11.6	11.7	10.3	9.0
5,000-6,999	20.3	19.2	19.4	17.8	18.0	21.7
7,000-8,999	23.6	22.5	19.7	26.1	29.4	21.2
9,000-10,999	17.1	16.6	14.5	12.2	13.7	15.0
11,000-12,999	6.6	7.9	7.2	5.4	5.6	5.8
13,000-14,999	3.3	3.7	3.5	2.8	3.3	2.8
15,000+	3.4	4.8	5.7	5.2	6.7	6.4
Not known	0.7	0.2	0.0	0.0	2.2	0.0
Median monthly family income for new arrivals [A]	7,400	7,500	7,100	6,100	7,000	7,100
Median monthly family income of all Hong Kong families [B]	18,000	17,500	18,000	18,000	16,500	15,500
Percentage of A/B	41.11	42.86	39.44	33.89	42.42	45.81

Sources: Home Affairs Department, *Survey on New Arrivals from the Mainland*, Quarterly Reports, various issues and *Hong Kong Annual Digest of Statistics*, 2004.

As Hong Kong's economy has become "post-industrial," just like other global cities, income distribution has become increasingly unequal.[5] In 1986, the lowest decile group earned only 1.6% of total household income. The figure decreased to 1.1% in 1996. The highest group, however, earned 35.5% of total household income in 1986, a figure which increased to 41.8% in 1996. During the same period, the Gini Coefficient increased

from 0.453 to 0.518, indicating the widening income gap between rich and poor (Telephone interview, Hong Kong Census and Statistics Department, 5 May 2000). The income gap continued to widen during late 1990s. In 1999, the 200,000 families in the lowest income bracket earned an average income of HK$3,000 per month, while the average family income was HK$70,000 per month for the top 200,000 families with the highest income. The high income bracket average is 23 times that for the low income bracket, as compared to having been only 13 times as much in 1996 (Hong Kong Social Security Society, 2000). The 2001 Population Census shows a wider gulf between rich and poor. The percentage of poor families – those earning less than HK$6,000 a month – rose from 10.8% in 1996 to 12.5% in 2001, while only 24.9% of households made more than HK$30,000 a month in 1996, rising to 29% in 2001. Meanwhile, families in the middle range of incomes fell from 64.4% in 1996 to 58.6% in 2001 (*South China Morning Post*, 21 October 2001, p. 1).

New immigrant families constitute a major proportion of Hong Kong's impoverished underclass. Newly arrived families earn much less than the average income of Hong Kong families. As indicated in Table 2, the median monthly family income for new arrivals is about 34%-46% of the overall Hong Kong median household income for years from 1998 to 2003. Over half of the new immigrant families have an income that is less than half of the overall Hong Kong median family income.

Table 3: Educational Attainment Mainland Children Born Within Registered Marriages to Hong Kong Residents

	Total			Entitled to ROA*			Not entitled to ROA#		
	No. ('000)	%	%	No. ('000)	%	%	No. ('000)	%	%
Aged under 15	**63.8**	**22.3**		**46.4**	**47.5**		**17.4**	**9.2**	
Aged 15 and over	**222.5**	**77.7**	**(100.0)**	**51.2**	**52.5**	**(100.0)**	**171.3**	**90.8**	**(100.0)**
No schooling/ kindergarten	11.2	3.9	(5.0)	2.0	2.0	(3.9)	9.2	4.9	(5.4)
Primary	66.3	23.3	(29.8)	20.0	20.5	(39.0)	46.3	24.6	(27.1)
Secondary	120.3	42.0	(54.1)	24.1	24.6	(47.0)	96.2	51.0	(56.2)
Tertiary	20.8	7.3	(9.3)	3.5	3.6	(6.8)	17.3	9.2	(10.1)
Unknown	3.9	1.7	(1.8)	1.7	1.7	(3.3)	2.2	1.2	(1.3)
Total	286.3			97.6			188.7		

*Mainland children born within registered marriages to Hong Kong residents with one or both parents being born in Hong Kong or having ordinarily resided in Hong Kong for seven years or more at the time of their birth.
#Mainland children born within registered marriages to Hong Kong residents with both parents not being born in Hong Kong or having ordinarily resided in Hong Kong for less than seven years or more at the time of their birth.

Source: Census and Statistics Department (1999: 39, 46 & 53).

Other than lower family income, the educational level of the new arrivals is also, on average, lower than that of the Hong Kong population. Table 3 shows that about 90% of the Mainland children aged 15 and over only attain secondary school educational

level or below. Almost 30% of them have only primary school education or below. Comparing those entitled to ROA and those not entitled to ROA (after the re-interpretation of the Basic Law by China's National People's Congress in 1999), it is found that the latter have lower educational levels than the former. That means the latter group is even more vulnerable to economic disadvantages. This was one of the main reasons why the SAR government resisted granting ROA, claiming that ROA for poorly educated Mainlanders would increase Hong Kong's unemployment rate by 2%, and would threaten Hong Kong's high-tech and high value-added industrial development strategy (see Baark and So, 2006). Henry Tang, then Executive Councillor and chairman of the Hong Kong General Chamber of Industry, estimated that unemployment would double if the government failed to stop the "flood" of poorly educated Mainland children born to Hong Kong people (*Hong Kong Commercial Press*, 30 April 1999, p.B01).[6]

The trend for new immigrants to be mainly of people with lower educational attainment still continued. In 1996, only 10.7% of new immigrants have tertiary education, while the figure for their local counterparts was 15.2%, about 40% higher than the new immigrants.' Five years later the proportion of new immigrants with tertiary education dropped to 5.7%, while the figure for locals was three times higher than that (Table 4).

Table 4: Highest Educational Attainment of the Persons from the Mainland Having Resided in Hong Kong for Less Than 7 Years (PMRs) and Hong Kong Population Aged 15 and over (%)

Educational Attainment	1991 PMRs	Whole population	1996 PMRs	Whole population	2001 PMRs	Whole population
No schooling/ kindergarten	10.3	12.8	6.4	9.5	6.7	8.4
Primary	24.2	25.2	23.7	22.6	25.3	20.5
Lower secondary	32.8	19.2	32.6	18.9	38.4	18.9
Upper secondary/ Matriculation	24.9	31.7	26.6	33.8	23.9	35.8
Tertiary	7.8	11.2	10.7	15.2	5.7	16.4

Source: Census and Statistics Department (2002: 26).

The new arrivals' disadvantages in the labour market are shown by the sectors in which they work and by their skill levels. From the 1996 data, presented in Tables 5 and 6, new arrivals are mainly concentrated in either the sunset industries (such as manufacturing) or the low-paid and low-skilled service sector (wholesale, retail, import/ export trades, restaurants and hotels). Their most frequent occupations are low-skilled ones; nearly half of the new arrivals are elementary workers, service workers, and shop sale workers. However, less than one quarter of the overall Hong Kong population works in these occupations. Moreover, almost 30% of the whole population are managers, administrators, professionals, and associate professionals, but only 15% of the new arrivals are in this category.

Table 5: Proportion of Persons from the Mainland Having Resided in Hong Kong for Less Than 7 Years (PMRs) and Overall Hong Kong Population Aged 15 and over by Industry (%)

Industry	1991		1996			2001	
	PMRs	Whole population	PMRs	Whole population	Hong Kong Residents Married in the Mainland*	PMRs	Whole population
Manufacturing	48.0	28.2	25.3	18.9	19.5	10.4	12.3
Construction	5.4	6.9	7.8	8.1	24.5	11.7	7.6
Wholesale, retail & import/export trades, restaurants & hotels	31.2	22.5	42.9	24.9	32.1	51.9	26.2
Transport, storage & communication	3.4	9.8	5.4	10.9		4.0	11.3
Financing, insurance, real estate & business	3.4	10.6	6.9	13.4	23.3	5.0	16.1
Community, social and personal services	7.6	19.9	10.8	22.3		16.2	25.5
Other	1.0	2.1	0.8	1.5	0.7	0.7	1.0

Source: Census and Statistics Department (2002: 34) and Siu (1999: Table 10).

Table 7 shows an obvious income inequality between the new arrivals and the whole working population according to their highest educational attainment; as the educational attainment gets higher, inequality becomes more serious. Indeed, as Siu (1999: 220) observes, the disadvantaged labour market position of new arrivals is due to local people's discrimination against their educational attainments. According to a survey conducted by Human Resources Management Association in 1997, 65% employers admit that new arrivals were employed mainly due to their lower pay in comparison with locals (*Ming Pao*, 29 September 1998, p. A04). This result is confirmed in another study (Society of Community Organization [SoCO], 2001: 24); 40% of the new arrival respondents report lower wage and poorer welfare than their local counterparts. Even worse, 26% of the respondents have experienced rejection from employment simply due to their status as new immigrant.

Table 6: Proportion of Persons from the Mainland Having Resided in Hong Kong for Less Than 7 Years (PMRs) and Overall Hong Kong Population Aged 15 and over by Occupation (%)

Industry	1991		1996			2001	
	PMRs	Whole population	PMRs	Whole population	Hong Kong Residents Married in the Mainland, 1995-96	PMRs	Whole population
Managers and administrators	4.9	9.2	8.5	12.1		3.0	10.7
Professionals	0.9	3.7	1.8	5.0	13.0	0.9	5.5
Associate professionals	3.2	10.3	5.2	12.1		4.1	15.3
Clerks	10.3	15.9	13.5	16.8	6.7	10.9	16.3
Service workers and shop sales workers	15.2	13.2	22.0	13.8	15.6	30.7	15.0
Craft and related workers	15.7	14.7	14.7	12.3	27.1	11.0	9.9
Plant and machine operators and assemblers	24.0	13.5	8.3	8.5	11.2	4.1	7.3
Elementary occupations	25.4	18.5	25.3	18.6	25.7	34.9	19.5
Skilled agricultural and Fishery workers; and Occupations not classifiable	0.5	1.0	0.7	0.8	0.7	0.3	0.3

Source: Census and Statistics Department (2002: 33) and Siu (1999: Table 10).

Table 7: The Median Monthly Income of the New Arrivals and the Whole Working Population According to Their Highest Educational Attainment

Educational Attainment	Average monthly income (HK$)					
	New arrivals			Total population		
	Male	Female	Total	Male	Female	Total
No schooling/kindergarten	8,000	4,600	4,700	8,000	4,500	5,500
Primary	7,000	5,000	5,300	9,500	5,500	7,500
Lower secondary	7,500	5,700	6,000	10,000	6,499	9,000
Upper secondary/Matriculation	8,000	6,500	7,000	12,000	9,500	10,500
Tertiary	12,000	9,500	10,000	25,000	17,000	20,000
Total	8,000	5,700	6,000	12,000	8,645	10,000

Source: 2001 Population Census, cited in Hong Kong (China) Task Force Policy (2003: 24).

The 2001 Population Census further demonstrates that the labour market situation of new arrivals are worsening. One reason for this is the decline of Hong Kong's manufacturing sector. The percentage of the labour force in manufacturing shrank from 47% in 1971 to 14% in 1996, and has continued to decline. Few capitalist economies have experienced such a rapid decline in the size of their industrial labour force (Lang et al. 2001: 110). However, this decline has been even quicker and has had an even more drastic impact on new immigrants. In 1996, manufacturing was still the second largest employment sector for new immigrants (25.3%). By 2001, the percentage shrank to 10.4%. Even if new arrivals can retain their jobs, these jobs are now concentrated in the low-skill, low-paid, and unstable service sector (e.g. retail, catering, and shop sales). There has been an increase in the proportion of the new arrivals working in those sectors, rising from 42.9% to 51.9% between 1996 and 2001. These rates have been greater than for the Hong Kong population as a whole. The declining situation for new immigrants can also be seen in the decline in the percentage of the new arrivals working as managers and professionals. The figure declined from 10.3% in 1996 to merely 3.9% in 2001; there has been no significant change for the overall Hong Kong population over the same period. On the other hand, the percentage of the new arrivals working in elementary occupations and working as service workers and shop sales workers rose rapidly from 47.3% in 1996 to 65.6% in 2001. It may be inferred that Hong Kong's economic restructuring towards a post-industrial economy and a global city has meant both structural downgrading and marginalization for new arrivals.

Table 8: Types of Housing of New Arrivals (%)

Housing types	Jan-Mar 98	Apr-Jun 98	Jul-Sept 98
Public rental housing	45.3	44.4	41.6
Sublet rooms/ bed-spaces/cocklofts (a)	26.0	25.8	28.9
Stone squatter, wooden squatter, hostel/ rooftop squatter (b)	9.3	9.4	10.3
Renting whole flat	7.9	8.4	8.6
Self-owned private flat	7.9	8.0	6.9
Home-ownership-scheme flat	2.0	2.3	2.1
Government temporary housing (c)	1.6	1.7	1.6
(a) + (b)+ (c)	36.9	36.9	40.8

Sources: Home Affairs Department, *Survey on New Arrivals from the Mainland*, Quarterly Reports, various issues.

The issues of social exclusion and mobility do not just impact on recent migrants. As can be seen in Tables 5 and 6, Hong Kong residents who marry Mainland Chinese face these issues, having rather low socio-economic status when compared with the whole population. As most new arrivals migrated to Hong Kong for family reunion, as the spouses or children of Hong Kong residents, it is not too surprising to find such similarities. As Siu (1999: 226-7) argues, as most of the new immigrants who came in the late 1970s were from the rural areas, and lacked adequate education and skills, they could only take up low skill occupations. Only a few of them can climb up the social

ladder and escape the lower strata of society. As a result, many of the new male immigrants cannot get married in Hong Kong, and take wives from the Mainland, reinforcing a cycle of economic disadvantage. Indeed, the current social exclusion of Chinese immigrants has its roots in the late 1970s and early 1980s.

The new immigrants are not only disadvantaged in terms of income, education, and labour market opportunities, they are also disadvantaged in terms of housing. The quarterly surveys on new arrivals conducted by the Home Affairs Department show that their living environment is often very poor. Between 37% and 41% were living in sub-let rooms, bed-spaces, cocklofts, or temporary housing, or as squatters (Table 8).[7]

Most of the new arrivals reportedly face adaptation and integration problems. According to surveys conducted by the Home Affairs Department through the years 1998 to 2003, about 70% to 78% of new arrivals report difficulties in adapting to Hong Kong's way of life (see Table 9).[8] In the late 1990s, the most frequently faced problem was the living environment, affecting over 50% of the new immigrants.[9] From 2001, the most encountered problem was finding a job. The third most encountered problem is family finance; more than one-third report this problem. The survey results again show that new Chinese immigrants are disadvantaged in their housing, labour market conditions and subsistence living (see Table 10).

Table 9: Difficulties in Adapting to Way of Life in Hong Kong (%)

	1998	1999	2000	2001	2002	2003
No difficulties	30.7	32.3	34.2	22.5	22.0	24.3
Have difficulties	69.3	67.7	65.8	77.5	78.0	75.7

Sources: Home Affairs Department, *Survey on New Arrivals from the Mainland*, Quarterly Reports, various issues.

Table 10: Difficulties in Adapting to Way of Life in Hong Kong Reported by New Arrivals (%)*

	1998	1999	2000	2001	2002	2003
Living environment	53.1	49.8	53.0	44.2	39.6	38.4
Work	34.3	46.0	32.0	53.2	50.8	49.9
Family finance	34.9	30.6	32.7	27.0	29.1	31.8
Living habits	26.6	23.5	19.3	14.9	16.0	18.2
Language	25.3	20.3	16.9	15.0	17.4	16.2
Education system	25.0	17.5	20.0	12.6	15.4	14.5
Others	0.4	1.1	0.9	7.7	5.4	3.3

* As the new arrivals may claim more than one item of difficulty, the percentages do not add to 100.
Sources: Home Affairs Department, *Survey on New Arrivals from the Mainland*, Quarterly Reports, various issues.

Finally, examining Table 11, while more than 50% of the new immigrant families have a household income that is less than half of the overall Hong Kong population median income, for the years 1998 to 2003, only about 11% to 13% applied for Comprehensive Social Security Assistance (CSSA), the only public assistance available in Hong Kong. In 1998, CSSA cases constitute about 10.7% of the Hong Kong

population,[10] meaning that there is no difference between new arrivals and Hong Kong natives in applying for public assistance.

Table 11: Major Source of Family Income of New Arrivals

Income source	1998	1999	2000	2001	2002	2003
Wages	80.7	73.7	73.6	63.8	71.1	74.2
Public Assistance	10.7	11.5	12.4	13.1	11.2	11.5
Financial assistance from relatives	7.8	7.3	8.9	18.6	11.1	8.4
Others	0.8	7.4	5.1	4.4	6.6	5.9

Sources: Home Affairs Department, *Survey on New Arrivals from the Mainland*, Quarterly Reports, various issues.

Can it be the case that new arrivals are really just as likely as locals to receive the CSSA? In reality, the figure for those receiving the benefit is surprisingly low when quite a number of new immigrant families are highly impoverished. Indeed, a majority of new immigrant families live mainly on their wages. Only a few of them have financial assistance from relatives. This can be interpreted that most new arrivals are self-reliant, despite poverty. However, it can also be interpreted that their resources, in terms of both public and private supports, are very few. Thus after looking at the new immigrants' income, labour market situation, education, and public and private support, we see that they are multi-dimensionally disadvantaged, often for a long duration. This disadvantage involves dissociation from the major social and occupational milieus of society. The following sections will try to delineate the mechanisms that create social exclusion of the new arrivals from a historical perspective.

Immigration Policies and Economic Development

According to Brochmann (1999a: 12), there are two kinds of immigration control: external and internal. External control refers to the measures of visa restrictions, legislation against illegal trafficking and clandestine immigration, information campaigns designed in major emigration regions to inform potential migrants of the minimal chances of entering countries, and negotiating with the authorities of emigration countries for controlling the exit of potential immigrants. Internal control includes the requirement of residence and work permits, the use of ID cards, employer sanctions, and inspection of work sites or of public places. Immigration control is a mixture of external and internal controls. The following will discuss how Hong Kong's immigration control has been related to its economic development.

Immigration and economic development are inseparable in Hong Kong. Historically, border controls between Hong Kong and the Mainland were loose, often absent. In earlier times, the migration pattern can be described as circular. A lot of young men from the rural areas of southern China came to Hong Kong looking for work. When demand contracted, or when they earned enough money, these men would go back to their Mainland homes. However, when they experienced economic hardship or political turbulences in the

Mainland, they would again migrate to Hong Kong. In other words, Hong Kong always maintained a flexible pool of migrants who provided sufficient and politically timid labour essential for establishing Hong Kong as the major trading port in the "Far East."

Since Hong Kong's economic development up until the 1960s was contingent upon low labour cost, a constant flow of Chinese from the Mainland was required, and it can be argued that a more permanent Chinese population might have posed social problems for the colonial state, including the potential for increased service provisions. The colonial authorities might also have encountered political challenges as the Chinese immigrants became more concerned about local affairs. Adopting a hands-off immigration policy ensured that most migrants' main social and political concerns lay in China.

The situation changed dramatically after the Communist takeover of the Mainland. Most immigrants preferred not to return to China and settled in Hong Kong. According to Hambro (1955: 185, 188), over half of the post-war migrants preferred to remain in Hong Kong, while two-fifths preferred emigration (although just 16% had attempted to emigrate. In other words, the transient nature of the Hong Kong migrant population ceased. As suggested above, this created some concerns for the colonial administration. It was estimated that at least half of the migrants had incomes below the minimum subsistence level. Only a quarter of them lived in a flat or a house, most lived in huts or cubicles (Hambro, 1955: 173-6).

Nonetheless, even under these poor circumstances, the immigrants rarely challenged colonial authority. Instead, they dealt with poverty, crowded and unhealthy living conditions, long working hours and low-paying jobs and raised few political demands. It is usually said that this lack of political activism was due to the migrants being pragmatic, for among the post-war immigrants, 53.2% left China for political reasons, 37.2% for economic reason and 8.5% for both (Hambro, 1955: 152). Since most migrated to escape China's Communist regime, and did not have anywhere else to go, they had to accept colonial authority and endure economic hardship. So, again, the colonial state gained a cheap workforce at minimal political cost.

These immigrants provided the reservoir of cheap unskilled labour necessary for the manufacturing takeoff that took place from the 1960s onwards. At this time, relatively low wages in Hong Kong spurred labour-intensive industrialisation. The fact that low wages could be maintained during the industrialisation period, to a large extent, can be attributed to the several major waves of Chinese immigration both legal and illegal, which boosted the population and hence the labour supply. This explains why, before 1974, nearly all immigrants were allowed to stay in Hong Kong, even though a number of internal control measures were implemented, including the use of ID cards and the amendment of immigration ordinance (Zheng and Wong, 2003).

During the 1970s, the colonial state attempted to launch welfare projects in order to legitimise its authority, which had been challenged in the 1966 and 1967 riots (discussed below). Dramatic population increases meant more resources had to be put into these welfare projects. Nevertheless, population increases also meant labour force expansion, which could maintain the low-wage level necessary for the manufacturing sector's international competitiveness. It was against this economic and socio-political

background that the "Touch-Base Policy" was designed. The Touch-Base Policy had two distinct advantages. Firstly,

> its discretionary basis allowed the authorities to exercise flexible immigration control, in terms of both numbers and quality of new entrants. As long as new immigrants were needed, less forceful implementation would allow candidates for regularisation of stay simply to move into Hong Kong. Should the figures go out of control, stricter border controls would enable the authorities to put a firmer check on illegal border crossings and increase the number of persons subject to repatriation. (Destexhe 1995: 28)

Secondly, the Policy was used to demonstrate the state's willingness and ability to control the inflow of illegal immigrants, thus silencing the critics who charged that immigrants were causing social problems, like crime and prostitution, and creating shortages in the provision of social services.

However, this internal control mechanism could only work when the inflow of illegal immigrants was stable. It proved to be ineffective when large numbers of immigrants sneaked into Hong Kong at the same time. This happened right after China's open-door policy was launched. The abolition of the Touch-Base Policy coincided with the economic difficulties faced by the Hong Kong economy in the late 1970s, when the textile and clothing industries, the major exporting industries at that time, were encountering increasing Western protectionism as well as keen competition from other industrialising countries. The voices urging the colonial state to initiate a structural transformation of the economy were widespread in the industrial communities. Consequently, in 1977, the government appointed a high-level commission, the Advisory Committee on Diversification to study the possibility of future industrial development. To facilitate the economic transformation, professionals, technicians and skilled workers were needed, instead of the unskilled cheap Mainland Chinese immigrants. Consequently, the Touch-Base Policy was abolished.

While strengthening its internal control, the colonial state also recognised that these mechanisms were doomed to fail without corresponding cooperation from the Mainland. As a result, the colonial state began to negotiate with the Chinese authorities on the introduction of controls within the Mainland. In order to increase flexibility in controlling the inflow of Chinese immigration, the OWP quota system was further institutionalised in 1980 by fixing the number of permits issued each year.

Although illegal immigration should have been reduced after the abolition of the Touch-Base Policy, the hiring of illegal migrant workers was still pervasive on construction sites, fish farms or fishing vessels, and in businesses like restaurants, factories, and goldsmith workshops. Since there is no control on the wage levels of illegal migrant workers, the scope for exploitation is high. It becomes very profitable for the small businesses to risk employing illegal immigrants. Within the construction industry, the demand for labour was continuously rising because of the rapidly developing property market from 1984 onwards. While there have been booms and busts during the period, labour shortages occurred frequently. The government had difficulties in monitoring the employment of migrant workers in construction. The only way to monitor migrant workers is to inspect individual construction sites regularly, but resources did not permit this. In addition, because of the pervasive subcontracting system in the con-

struction industry, it is lower-tiered subcontractors rather than the principal contractors who are responsible for construction operations. This complicates the processes of inspecting malpractices. However, in 1990, stricter legislation was introduced. The aim was to make the principal contractor responsible for the presence of illegal immigrants on his/her site and liable to substantial fines. To further guard against employment of illegal workers, the state legislated to require employers to inspect the job seeker's ID card or travel document in 1996.[11] Even with these tighter controls, the state continued to tolerate the employment of illegal migrant workers simply because of the labour shortages encountered in various business sectors.

At the same time, there were important structural changes taking place within the Hong Kong economy as it deindustrialised. The moves of the state to further formalise and tighten the regulations regarding the internal control of the low-skilled migrant workers can be attributed to the decline of manufacturing as firms relocated to low-waged zones in southern China from the mid-1980s. Unskilled migrant workers, who have contributed much to Hong Kong's industrialisation, were no longer in great demand. This relocation meant unemployment for manufacturing workers, and some social discontent, which led to demands for restrictions on the inflow of unskilled and low-skilled workers.

Deindustrialisation signifies Hong Kong's transformation to a post-industrial economy, where producer services become the major engine of growth. However, numerous studies show that a global city still requires low-paid and low-level service jobs, such as catering, retailing, construction and cleaning services, created as a result of the expanding high-level services (Mollenkopf and Castells, 1991; Fainstein, Gordon and Harloe, 1992; Sassen, 1991, 1998). Hong Kong is no exception (see Skeldon, 1996). Nonetheless, the wages of these low-level service jobs were pushed up by inflation from the mid-1980s to the late 1990s. Consequently, the colonial state faced pressure from business to again relax its immigration policies.

Being torn between labour and business interest groups, the government launched the labour importation scheme in 1989, while at the same time strengthening the implementation of controls to check illegal immigration. As shown in 1994 figures released by the government, a majority of the applications by employers to import migrant workers under the scheme were concentrated in catering, retail and construction, and the applications greatly outnumbered the actual quota allocated (Skeldon, 1996: 191). These figures indicate that demand continued for the cheap migrant service workers.

Although many low-level service jobs were opened for Chinese migrants, the government refused to allow Mainland maids to be included in the Labour Importation Scheme (*SCMP*, 19 November 1994). This was because the government feared that Chinese domestic helpers would be difficult to police, and that many would change jobs and disappear easily into the local community (Skeldon, 1996: 189).

There were few limits or restrictions on the numbers of foreign professionals, managerial or high-level technical personnel staying in Hong Kong so long as they remain employed (Skeldon, 1996: 186). In addition, the rise in educational qualifications of the local population provided an adequate professional workforce for Hong Kong's further development. Thus, Hong Kong's professional labour market was seldom a problem before mid 1980s. The immigration of skilled personnel only became an issue when the "brain

drain" caused by the 1989 Tiananmen Incident created a serious shortage of highly skilled people. This caused the colonial state to relax rules on immigration of Chinese professionals. After the handover, the new SAR government attempted to initiate a number of measures to push Hong Kong toward becoming a competitive global metropolis through developing and applying state-of-the-art technology (see Baark and So, 2006). Under this new economic policy, "Chinese sourcing," attracting overseas and Mainland Chinese "knowledge workers," became a major strategy to enlarge the pool of technical human resources necessary for creating new competitive edge. Corresponding to the Chinese sourcing strategy, the Admission of Talents Scheme was announced in 1999.[12]

In short, Hong Kong's immigration control regime has changed in accordance with the development of the economy. Under the pressure of keen competition among global cities triggered by globalisation, the government actively seeks Mainland Chinese talent that might help transform the economy into a knowledge-based metropolis. At the same time that the government is relaxing immigration controls for this group, it is tightening them for unskilled Chinese workers.

State Building, Citizenship and Identity

Society can be considered a status hierarchy bound together by sets of mutual rights and obligations that are rooted in a broader moral order. Each citizen has the right to a basic standard of living and to participate in the major social and occupational institutions of the society. Social exclusion is a process of becoming detached from this moral order. This means that the social rights of the socially excluded are denied. As a result, they will tend to suffer processes of generalised and persisting disadvantage and their social and occupational participation will be undermined (Room 1995: 6).

What causes social exclusion? Berghman (1995: 19) argues that social exclusion occurs when one or more of the following systems fail to function: (a) the democratic and legal system, which promotes civic integration; (b) the labour market, which promotes economic integration; (c) the welfare state system, promoting what may be called social integration; and/or (d) the family and community system, which promotes interpersonal integration.

All these four systems fail to promote civic or social integration in Hong Kong, and indeed, many of the state policies within these systems are/were (unintentionally) designed for system integration at the expense of social integration. The Hong Kong political and legal system exhibit aspects of British heritage and tradition, but in practice, the colonial state had enormous autonomy in designing its political system and policies. The result was that Hong Kong remained an authoritarian state, only recently and partially democratising.

How does the political and legal system of Hong Kong affect the social exclusion of new Chinese immigrants? Drawing from the experience of European countries, Brochmann (1999a: 16) argues that the state's "control culture" has a great influence on the policy outcomes of immigration controls. Control culture refers to "traditions in terms of humanitarian values, cultural openness towards the outside world, and legitimacy as to using economic conditions as a premise for policy-making in relation to immigration control."

The Hong Kong state has a long tradition of using economic conditions as the most important premise for policy-making, not merely in relation to immigration control, but to nearly all aspects of public policy-making. Economic prosperity is regarded as the cornerstone of the state's legitimacy. Humanitarian values have seldom occupied a significant place in policy-making. Under this control culture, Hong Kong's population tends to resist anything that is construed as endangering economic prosperity. Once Chinese immigrants are perceived as an economic burden, discrimination and resentment becomes obvious. Within this system, the social inclusion of immigrants is highly contingent upon economic conditions, especially labour market conditions, and public perceptions of their economic contribution.

It is also clear that historic labour market conditions have been a major determinant of social inclusion. As outlined above, cheap unskilled labour was essential for Hong Kong's early economic development, up to the late 1970s. Thus, the colonial state was very "open" to Chinese immigrants, and the migrants could easily find jobs without being seen to be threatening local jobs. In these periods, the labour market could actually promote the economic integration of the Chinese immigrants.

However, the scene changed rapidly at the time when Hong Kong was further strengthening its regional role and gradually developed more economic integration with China, especially after China's open door policy was inaugurated. The structural transformation of the labour market that followed began to differentiate immigrants into two categories, the unskilled and the professional. Correspondingly, state immigration policy has changed. Unskilled immigrants who are legally granted ROA and come for family reunion are subject to strict immigration control, while Chinese professionals are invited to come. This odd policy outcome is a product of the interplay of Hong Kong's state control culture and the labour market transformation under global restructuring.

Besides the state's control culture and labour market condition, Hong Kong's welfare system is also conducive to discrimination to new immigrants. Hong Kong has never been a welfare state. However, welfare provision and administration became an important means by which the colonial state secured its legitimacy (Law and Wong, 1997), although social welfare was never a major financial investment before the 1970s. Even though there were a huge number of Chinese migrants who fled to Hong Kong after the Second World War, as aptly described by Welsh (1994: 454), "the colonial authorities' attitude toward refugees was likened to that of a railway station's employees towards the passengers; their responsibility was to look after the permanent staff, and not 'to shower benefits on passengers merely passing through'." The state-society relation was basically a minimally-integrated one (Lau, 1982).

As rapid industrialisation proceeded, the Hong Kong economy grew affluent, but the working conditions and standard of living of workers did not greatly improve. As a result, signs of discontent surfaced, and in 1956, 1966 and 1967 there were riots. The 1966 riots originated from a protest against ferry fare increase. The rioters were mainly poorly paid young workers. The 1967 riots were precipitated by labour disputes and influenced by China's Cultural Revolution. The riots led by the pro-Communist Federation of Trade Unions were a frontal attack on the colonial government and its capitalist system. The riots were later interpreted by the colonial state as originating

from the failure of bridging the gap between the state and the Chinese population and addressing grassroots grievances (Leung, 1996: 22). This precipitated a series of state-building projects aimed at constructing a society that would enhance the colonial state's legitimacy. Sir Murray MacLehose, Hong Kong Governor in the 1970s and early 1980s, was the designer of these projects, and social welfare reform was one of these projects.

The idea of citizenship, rooted in the British colonial administration, was not nurtured in the Chinese community until the 1970s. Hong Kong Chinese seldom identified themselves as "Hong Kong *yan*" (Hong Kong people), but rather by their places of origin. However, under MacLehose, governance aimed to produce a civil society and an ideal citizen (in its own terms). This was the first time that the colonial state attempted to imagine a local society and a responsible citizenship (Jacquet, 1997). From the 1970s, the government and the mass media contributed much to the promotion of the ideas like "citizens", "community" and "Hong Kong *yan*". A unifying concept like Hong Kong *yan* was an attempt to respond to the riots and to strengthen the government's legitimacy.

The projects concerning social welfare were of paramount importance in shaping Hong Kong identity. While people in the 1970s were not much concerned with politics, in part this was because the colonial state depoliticised policy-making (King, 1981). The state's welfare project was built upon "four pillars": housing, education, medical and health care, and social welfare (in the narrow sense of public assistance, caring for the elderly and disabled, and the provision of recreational facilities). This project touched many aspects of everyday life. As Brochmann (1999a: 15) noted, social redistribution requires more restrictive territorial closure. Thus the concept of Hong Kong *yan* (which is basically a spatially fixed construct) was created and reproduced repeatedly when Hong Kong people used their identification cards (IDs) to access social or welfare services. Some internal controls create administrative barriers that limit poor immigrants' access to housing and social benefits so as to discourage further legal and illegal immigration. For instance, only those who have resided in Hong Kong for more than a year can apply for public assistance; concerning housing, only those households in which more than half of the household members aged 18 or above have resided in Hong Kong for more than seven years can apply for public housing. It is not difficult to understand why 58% of the new arrivals who are CSSA applicants think that they are racially discriminated against by Hong Kong *yan* (SoCO, 2001: 50).

When considering social exclusion, the question of spatiality or territory cannot be avoided because detachment from labour market and community are territory-based. From Table 12, we can see that for many years, most of the new arrivals' residences have been territorially assembled in the poorest districts (either in terms of the "poverty rate" or the median monthly household income); that is, in Sham Shui Po, Kwun Tong, Yuen Long, and Tuen Mun. The latter two districts are remote from the job locations where newly arrived migrants are usually employed. They are also areas where the social service provisions for the unemployed, poor, family (especially for single-parent family), child-care and women are inadequate. Lack of community support and care in these districts crafts a more difficult territory for them to be socially included (Leung, 2004a). Sham Shui Po and Kwun Tong, while close to the central business district, are also notorious for their poverty, slums, environmental problems and law and order

problems. New arrivals in these districts are often stigmatised by their territorial location. As a result, the stronger social identity associated with territory makes the inclusion of immigrants even more difficult.

Table 12: District of Residence and Poverty Rate Among the New Arrivals

	Percentage of new arrivals in the district							Poverty rate (rank)[b]	Median $HK monthly household income (rank)
District of residence	**1998[a]**	**1999[a]**	**2000[a]**	**2001[a]**	**2002[a]**	**2003[a]**	**2004[a]**		
Sham Shui Po	12.1	11.4	11.4	11.3	10.3	10.1	9.1	24.4(1)	11,700(1)
Kwun Tong	10.6	10.6	10.7	10.9	10.3	11.0	11.4	22.6(2)	13,100(3)
Yuen Long	7.0	6.7	6.3	5.7	6.8	7.4	7.7	22.3(3)	13,000(2)
North	5.9	5.5	5.5	4.9	4.7	4.7	4.8	22.0(4)	14,300(6)
Wong Tai Sin	5.8	6.9	7.3	7.6	7.3	7.8	7.7	21.7(5)	13,100(3)
Yau Tsim Mong	8.4	8.3	8.8	8.2	6.7	6.7	6.1	21.6(6)	15,000(7)
Kwai Tsing	7.4	7.5	7.7	7.1	8.0	7.8	8.1	21.1(7)	13,400(4)
Tai Po	4.0	4.1	4.0	3.4	3.2	3.5	3.4	20.2(8)	15,700(8)
Tuen Mun	4.4	5.2	4.9	5.5	6.4	7.2	7.2	20.1(9)	14,000(5)
Islands	0.4	0.7	0.6	0.6	1.0	1.0	0.9	19.4(10)	16,000(9)
Kowloon City	6.5	6.4	6.1	5.8	5.7	5.2	5.2	16.9(11)	17,000(10)
Sha Tin	5.8	6.3	6.1	5.9	6.6	6.7	6.5	16.0(12)	18,200(12)
Tsuen Wan	5.2	3.8	3.5	3.5	3.8	3.7	3.6	15.7(13)	17,700(11)
Sai Kung	2.6	3.1	3.0	3.2	3.7	3.5	4.1	15.3(14)	19,500(13)
Southern	2.4	2.3	2.5	3.0	2.8	2.8	2.8	13.8(15)	19,500(13)
Eastern	5.7	5.9	6.0	7.4	7.2	5.9	6.7	12.7(16)	19,600(14)
Central & Western	3.4	3.3	3.3	3.5	3.5	2.1	2.9	10.8(17)	23,000(16)
Wan Chai	2.5	2.1	2.4	2.4	2.1	1.9	1.9	10.3(18)	21,000(15)

Sources:

[a] Home Affairs Department, *Survey on New Arrivals from the Mainland*, Quarterly Reports, various issues.

[b] Data from the Hong Kong Council of Social Service. (2004).

[c] Hong Kong Census and Statistics Department. (2005).

Discrimination against immigrants does not always stem directly from deliberate state policies, but is generated and regenerated through stereotyping and labelling within everyday conversation and social interaction. In Hong Kong, stereotypes of people are coded in terms of place of origin, like Guangdong *yan*, Beijing *yan* and Shanghai *yan* and the like. Thus the emergence of the concept of Hong Kong *yan* is a pre-condition for differentiating local and Mainland Chinese. Nevertheless, the differentiation does not directly correspond to the social division of local Chinese and Mainland immigrants, though locals will think that Mainland immigrants are most different from Hong Kong *yan* in terms of living habits and thought/conception, even more "different" than those from South Asia. Locals also believe that Mainland immigrants are the weakest ethnic

group in political and economic arenas (Wong and Wan, 2001: 446-50).

Restrictive immigration controls contribute to the stigmatisation of immigrants as "unwanted" (Brochmann 1999b: 318). In Hong Kong, immigration controls after the 1980s, coinciding with economic restructuring, were the major causes of unfavourable stereotypes and the stigmatisation of Mainland immigrants. This has especially been the case for illegal immigrants. When some are apprehended, the Immigration Department assiduously constructed a causal relationship between the existence of illegal workers and then prevailing high unemployment rates. In fact, however, when the unemployed numbered more than 240,000 in 2004, only 5,000 suspected illegal workers were arrested during 7,659 "anti-illegal workers" inspection actions (*Hong Kong Economic Journal*, 29 January 2005, p. 4). Obviously, the handful of illegal workers who were apprehended were scapegoats for the broader unemployment problem.

The media often exaggerates and sensationalises reports on these cases. As the government's Home Affairs Branch (1997: para 6.4) observed, "It is rather common for the media to portray new arrivals as poor, lazy, uneducated, and generally less capable than local people." The stereotyping of new immigrants began in the late 1970s when economic restructuring began. As economic integration between Hong Kong and Southern China began, cross-border communications increased tremendously. As various problems in China were exposed, the tone of the popular Hong Kong media became negative towards the Mainland as well as towards Mainlanders (Cheng, 1990). In a popular TV soap opera broadcast in 1979, a pejorative term "Ah Chan" was first introduced to describe a lazy, uneducated, and incapable new immigrant character. Later, another popular movie described a gang of migrant criminals, nicknamed "Tai Huen" ("Big Circle", an old nickname of Guangzhou City), as greedy, merciless, and extremely hateful toward Hong Kong *yan*. Such pejorative terms have entered daily vocabulary, and stereotype all Chinese immigrants. Consequently, Mainlanders, new Chinese immigrants included, are often singled out as a distinct social category with a negative image. The differentiation between Hong Kong *yan* and Mainland *yan*, in a negative sense, was completed.

This social differentiation became a social division when manufacturing firms continued to relocate to southern China. As demand for unskilled labour shrank, the state was most reluctant to provide more social welfare to combat growing income disparities. The result was that the living conditions of the lower strata of the local Hong Kong population began to deteriorate. At the same time, capitalists continued to pressure the state to permit them to exploit cheap imported Mainland labour, all the while complaining of the low level of skills of the new immigrants. Top business leaders like Peter Wong, the executive director of the Chinese General Chamber of Commerce, said that the daily quota of 150 Mainland arrivals imposed a "huge burden" on Hong Kong, that their contribution to economic development was limited, and yet they have access to welfare. Mike Rowse, director of Invest Hong Kong, even described the SAR's immigration policy as "madness" as the government had no control over the selection of immigrants:

> Hong Kong needs to maintain the upper hand, to make continuous progress at faster pace such as developing high-tech and high-valued industries. However, most of the new immigrants are poorly educated and they do not match our needs and development direction" (cited in *South China Morning Post*, 29 April 2002).

A survey conducted by The Hong Kong Psychological Society in 1997 reveals that Hong Kong people consider new migrants from China ignorant, rude, dirty, and greedy, and believe they are introducing evils from the Mainland. The newcomers were also seen as aggravating the territory's social problems by increasing competition for jobs, houses, and welfare benefits. Hong Kong people showed little sympathy for the Mainlanders' plight, felt new immigrants deserved the hardships they experienced and would not make much progress even if given more government assistance (cited in *South China Morning Post*, 10 March 1997). As Hong Kong's economic recession deepened, Hong Kong people's negative perception towards new arrivals further deteriorated; a 2002 survey showed that, since 2000, the percentage of respondents agreeing that new arrivals were selfish, emotional, greedy, cowardly, annoying, arrogant, isolated, and uncivilized had increased. Such changes were consistent from school students to adult respondents (Hong Kong Council of Social Service, 2003). According to SoCO's survey (2001: 10-11), 82% of new, adult, Mainland immigrant respondents believe that they are racially discriminated against by Hong Kong people, especially by the general public (88.9%), being denounced as "parasites" (78.5%). One of the results of this attitude and strict immigration control is that many of the immigrants of the 1970s and 1980s have been separated from families. Family reunion is often postponed for years and these families face tremendous hardship (Leung and Wong, 2003: 55). Even when there is family reunion, these families have to face discrimination (SoCO, 2001: 7-8).

Social exclusion did not begin with the return of Hong Kong to China. Paradoxically, however, it has accelerated under the SAR government which is both a Chinese and local government. Against the widespread mistrust of first Chief Executive Tung Chee Wah's administration, established after the handover, and the economic downturn following the Asian Financial Crisis, the Hong Kong state attempted to re-establish its legitimacy. The ROA issue presented such an opportunity. By exaggerating the number of potential immigrants and constructing them as an "unbearable burden" for Hong Kong's welfare system the Tung administration successfully gained support (*Ta Kung Pao*, 15 February 1999). The argument was that immigrants posed threats to employment, housing ("squatters may appear again all over the urban districts"), education and public health (the Secretary of Security Branch reported in *Hong Kong Economic Times*, 29 April 1999). Ultimately, Tung was unsuccessful in bolstering his government's popularity, but did exacerbate existing social division between Hong Kong *yan* and new immigrants.[13]

Conclusion

This article has shown how recent Chinese immigrants are socially excluded in Hong Kong. It has been argued that the mechanisms of social exclusion are the result of the interplay of several factors: immigration policies, the stage of the economic development, state-building and local identity formation. From a historical perspective, it is shown that Hong Kong's immigration policy regime corresponds with the developmental stage of the economy. When Hong Kong was industrialising, the colonial state had to initiate a number of state projects in order to establish its legitimation. Against these state projects, Hong Kong identity, in terms of Hong Kong *yan*, emerged. Later, Hong Kong's economic restructuring, part of processes associated with globalisation and China's open door policy

established the differentiation between Hong Kong *yan* and Mainland *yan*. As economic restructuring deepened without a corresponding adjustment to state policies, social differentiation became social division. After the handover, the Tung administration further intensified existing social divisions, and created a situation where the social exclusion of recent new arrivals and their families resulted. To the extent that an economic-centric identity remains pervasive in Hong Kong, a more socially minded concept of citizenship is needed. The basic task of reasserting that people living or aspiring to live in Hong Kong have a value beyond their value in markets, is still very difficult (Leung, 2004b: 110).

Notes

1. The authors thank Kevin Hewison and Graeme Lang, not only for their extremely useful comments after reading the drafts of the article thoroughly, but their encouragement during the writing process. The authors also acknowledge the research assistance from Kit Lam and Leona Ng. The usual disclaimer applies.
2. Chinese migrants have had different names at different periods. Before the 1970s, they were called "refugees." But in the 1970s and 1980s, they were called "new immigrants" to delineate their non-refugee status. However, from the 1990s, they were called "new arrivals" because, after the handover, with Hong Kong a part of China, it seemed inappropriate to call migrants from the Mainland immigrants (Siu, 1999).
3. Beginning in the mid-1970s, according to official figures, emigration from Hong Kong remained at about 20,000 per annum for the following ten years, then accelerated to reach 30,000 in 1987, and 66,000 (and perhaps more) in 1992. A large number of these emigrants were in the highly educated and highly skilled categories. This acceleration of emigration caught official and public attention and generated the "doomsday interpretation" – the best and brightest were fleeing Hong Kong before the transfer of the British colony to Chinese sovereignty on 1 July 1997, causing the loss of skilled manpower and leading to a decline in productivity and the demise of Hong Kong as a viable industrial and financial center (Skeldon, 1995: 56-7).
4. Immigration Department, HKSAR, http://www.info.gov.hk/immd/admission/eng index.htm (accessed 30 May 2000).
5. For example, in the US, the wealthiest 20% of households in 1973 accounted for 44% of total income. Their share jumped to 50% in 2002, while everyone else's fell. For the bottom fifth of households, their share dropped from 4.2% to 3.5%. The average income of the top 20% grew to 76% over the 35-year span from 1967 to 2002. For the bottom fifth, meanwhile, grew by 34% (see *The Washington Post*, 17 August 2004).
6. In 2005, Henry Tang was the Financial Secretary.
7. Since late 1998, the categories of housing used in the survey have changed; lumping sub-let rooms, bed-spaces, cocklofts and squatters into "private permanent housing." As a result, the subsequent reports fail to indicate the severity of new arrivals' living conditions.
8. The definition of new arrivals adopted by the Home Affairs Department (HAD) is quite different from that adopted by the Census and Statistics Department (CSD). In the surveys conducted by HAD, "new arrivals" refers only to those aged 11 or above and arriving in Hong Kong from the Mainland in the past year, while "new arrivals" in CSD usage, refers to persons from the Mainland having resided in Hong Kong for less than seven years.
9. According to SoCO's study (2001: 7, 9), 90% of respondents have applied for housing welfare, but 54.4% of them find that they are hindered simply because of their new arrival status. On the other hand, 35% of respondents have experience of being refused rental of private housing. The major reasons for the refusal were because of newly arrived children or a fear that new immigrants were unable to afford the rent.
10. There were 218,400 CSSA cases in September 1998, while there were slightly more than two million households at the fourth quarter of 1998. The figure is from *Report on Review of the Comprehensive Social Security Assistance Scheme* was released by the Social Welfare Department in December 1998.
11. Actually, the amendment of the Immigration Ordinance in 1980 states clearly that employers have to inspect the identity document of "new recruits." The 1996 legislation further requires employers to inspect the identity document of "job seekers."

12. The outcome of these measures has been unsatisfactory. Under the Pilot Scheme (1994-97), stringent procedures meant that 80% of the applications were withdrawn by the applicants themselves. Only 60% of the quota (602 cases) was finally approved. Even worse, as a quota-free and non-sector specific scheme, SAR government's Admission of Talents Scheme 1999 had only 111 successful applicants, far below the government's estimation of 2,000 (Lee, 2004: 19-20).
13. According to SoCO's survey (2001: 9-10), over 90% of respondents believe that the government's comments on new immigrants triggered greater discrimination.

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