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REARGUARD POLITICS: HONG KONG'S MIDDLE CLASS

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This paper reports on the emergence of the middle class in contemporary Hong Kong. First, it gives the historical background of the rise of the middle class in the 1970s. This historical background is important to our understanding of Hong Kong's middle class because it highlights its symbolic significance—the realization of the so-called Hong Kong dream—in the context of the local society. It is also relevant to our understanding of the shaping of its political outlook. The second section explores why the middle class stayed away from politics when the future of Hong Kong and democratization were the main topics in the political agenda of the 1980s and 1990s. Finally, the paper rounds up its discussion by reporting on the new grievances of the middle class amid the economic downturn after the Asian Financial Crisis.

INTRODUCTION

THIS paper, drawing upon secondary studies of the topic concerned, is an attempt to report on the emergence of the middle class in contemporary Hong Kong. By the middle class, the author (from a Weberian perspective) refers primarily to those professional, administrative, and managerial salaried employees working in various sectors of the Hong Kong economy, whose market situations and working situations keep them distinct from other employees (such as routine nonmanual workers, technicians, and supervisors).[1] In the following sections, first of all, we shall discuss the broader socioeconomic background of the rise of the middle class in the postwar decades. Then, we shall look at the socioeconomic characteristics of this rising middle class. Finally, we shall discuss the implications of the emergence of the middle class on the configuration of Hong Kong politics before and after the 1997 transition. C. Wright Mills once described the politics of the American middle class as the politics of the rearguard. That is, the middle class are "hesitant, confused and vacillating in their opinions, unfocused and discontinuous in their

[1] Some use the term "the new middle class" instead of the middle class for the purpose of highlighting the socioeconomic background of the emergence of this class in contemporary capitalist societies and distinguishing it from the old middle class (i.e., the self-employed petty bourgeoisie). I shall not go into the discussion concerning the usage of the sociological term here. Most of the studies of Hong Kong's middle class or new middle class refer to the same class we discuss here in this paper (see Lui and Wong 1998). For a discussion of the conceptual issues of the middle class, see for example, Abercrombie and Urry (1983), Butler and Savage (1995), and Savage et al. (1992).

actions. They are worried and distrustful but, like so many others, they have no targets on which to focus their worry and distrust. They may be politically irritable, but they have no political passion. . . . They are rearguarders" (Mills 1956, p. 353). This description also applies to Hong Kong's middle-class politics before and after 1997.

I. HONG KONG'S MIDDLE CLASS BEFORE THE INDUSTRIAL TAKE-OFF

The emergence of the middle class is largely an outcome of the structural transformation of the Hong Kong economy in the postwar decades. To say so is not to imply that there were no professional, administrative, and managerial employees in prewar Hong Kong. However, it is important to note that prior to the launch of export-oriented industrialization in the 1950s Hong Kong was primarily a colonial trading port.[2] Chan (1998) argues that in view of the fact that the economic function of Hong Kong was mainly that of trading between Britain and China, old Hong Kong was essentially composed of three classes, namely the colonizers, the compradors, and laborers. It is his contention that the intermediary function was mainly performed by the compradors, and not by the separate middle class. Chan's argument may be overly simplistic but he is quite right in pointing out the effects of colonialism on the local social structure. Given the limited scale and scope of economic activities before the industrial take-off, the persons engaging in professional, administrative, and managerial work did not constitute the same modern middle class under review in the following sections.

In his discussion of the Chinese community in the early colonial decades, Tsai (1993, pp. 97–98) also notes that by 1890s: "The development of service facilitates in the entrepôt of Hong Kong produced a group of professionals. Just as compradors were experienced in modern Western business methods, so doctors, barristers, solicitors, journalists, teachers, architects, engineers, and insurance company managers were well versed in modern Western professional services."

One would expect that it was just a matter of time that this middle class would mature and would come to constitute a more significant social and political force when more people could move into their ranks.[3] However, this consolidation process of the middle class was constantly interrupted by the movement of people in and out of Hong Kong triggered by social and political changes in the mainland. And after the Second World War, with the massive influx of migrants from the mainland, the process of the emergence of the middle class was to start all over again.

[2] On early industrial development in Hong Kong, see Leeming (1975). But the major economic activities in Hong Kong before 1950 were essentially commercial and trading in nature.

[3] It is important to note that old Hong Kong was essentially a migrant society, with a lot of young men from the mainland, as sojourners, coming to the colony to make a living.

II. THE RISE OF THE MIDDLE CLASS IN THE POSTWAR DECADES

Like other East Asian newly industrialized economies, Hong Kong has experienced tremendous growth in the postwar decades.[4] The impact of such economic growth and development on Hong Kong is wide-ranging. One of the most significant effects produced is the restructuring of the economy and the concomitant reshaping of the social structure. However, before a discussion of the impact of economic development on loosening the social structure (that is, creating opportunities for social mobility) after the industrial take-off, we shall first look at the more difficult socioeconomic conditions in the early postwar years (a period when Hong Kong just began to experience the transition from a trading port to an industrial city). In Hong Kong, this economic structural transformation coincided with the massive influx of refugees from China triggered by the civil war in the mainland and the subsequent victory of the Communists. Hambro (1955, pp. 45–46), drawing upon the findings of the survey of refugees in 1954, observes that most of the refugees arriving at Hong Kong after the Second World War and the civil war in the mainland had to adjust to an occupational shift.

> The general features of this shift are:
> (i) An almost complete reorientation of the farmers, mainly towards other manual occupations;
> (ii) A considerable increase in the proportion of manual occupations;
> (iii) A considerable reduction in the proportion of higher occupations;
> (iv) A huge rise in the proportion of unemployed.
>
> . . . Unavoidable as it is, the occupational shift nevertheless involves a considerable occupational and thus social "down-grading" of immigrants. . . . The occupational and social down-grading affects on the average more than one-half, 57.4 per cent of immigrants. The most heavily hit are the army and police officers (88.1 per cent), business men (73.6 per cent), farmers, non-commissioned officers, professionals and intellectuals (60 to 65 per cent).

Downward social mobility was a rather common experience among local people in the 1950s and 1960s, because at that time Hong Kong was still in the early stage of its export-oriented industrialization, gaining its competitiveness in the world economy on the basis of its low-wage labor for labor-intensive manufacturing. Survey findings of Mitchell's study of Hong Kong families in 1967, the year marked by the violent political riot mobilized by the local communists, suggest that only 16 per cent of the respondents considered they had some or a lot of opportunities to make a successful career (Mitchell 1969, p. 174). Half of the respondents said that there were fairly good or good chances for a working class child to work hard to

[4] For a review of Hong Kong's economic development, see Chiu, Ho, and Lui (1997).

become a professional (p. 175). But compared with the survey findings from Singapore (80 per cent), Taiwan (78 per cent), and Malaysia (68 per cent), the Hong Kong findings show a rather strong feeling of pessimism with regard to opportunities of social mobility. This, Mitchell suggests, is connected with the downward mobility experience of a significant proportion of the population. In his rough estimation of mobility experience in Hong Kong, Mitchell finds that for the male adult population in 1967, 35 per cent of the sons were in positions lower than their fathers'. (Should those of agricultural background be excluded from the calculation, the proportion of sons experienced downward mobility would go up to 44 per cent.) (pp. 143–44). In other words, given the limited opportunities offered by labor-intensive manufacturing for immigrants from Chinese cities (like Guangzhou and Shanghai), adjustment to Hong Kong's newly industrializing economy by the immigrants was not at all that easy.

The point I want to make is that prior to the 1970s the expression of the middle class was largely absent in the public discourse and description of Hong Kong society. Yet that said, the mid-1960s also witnessed the beginning of Hong Kong's transition to an affluent society. While most of the local people still needed to work very hard in order to secure a decent living, gradually a social group, though small in size, capable of leading a more affluent life came into being. One of the early mentions of the term middle class was found in Jarvie's introductory essay to the edited volume *Hong Kong: A Society in Transition*: "Such a profound structural change in the economy has had many social repercussions. . . . It has meant a rapid increase in the number of regular as opposed to casual workers and in skilled and semi-skilled workers. It has allowed considerable expansion of the white-collar clerical middle class which was previously very small. And this class, educated and sober, are a new market for new kinds of goods—modern comforts" (Jarvie and Agassi 1969, pp. xvii–xviii). But this is no more than a note to remark the changing social structure brought about by industrialization.

Another early mention of the term was found in the official yearbook of Hong Kong for the year 1971: "And the people are more affluent. . . . A more substantial middle class is emerging in what now looks like a stable and increasingly affluent society, comparable with the developed world in nearly every way" (Hong Kong Government 1972, p. 2). While this remark may have overstated prosperity and affluence in the 1970s, it does mark the beginning of a new era, a decade when the local population began to recognize the impacts of economic growth on their everyday life and local identity was in formation (Lui 1997; Wong 1998). This is most evident in Rosen's ethnographic study of the Chinese middle-class families in an affluent private housing estate called Mei Foo Sun Chuen: "from the point of view of the people who live in Hong Kong, Mei Foo Sun Chuen is the home of 'the Chinese middle class.' . . . For families newly graduated from Low-Cost Housing Estates, as well as those still aspiring to the grandeur of the Peak or Kowloon Tong, living in

Mei Foo is, as one husband explained, 'a sign that you are at peace with your financial situation'" (Rosen 1976, p. 50).

The construction of this large housing estate was initiated in 1965 and the first phase of its development was completed in 1968–69. It was the first of its kind of large private property development targeted at the emerging affluent local families. In Rosen's description, its residents belonged to a "nascent middle class" (Rosen 1976, p. 11). However, the construction of the Mei Foo Sun Chuen carries wider social and symbolic meanings:

> life in Hong Kong provides the access for individuals and their families to attain financial security, and the residents of Mei Foo represent a model for their Hong Kong brethren of how this security can be achieved. It is not that they are very wealthy, for most of them are not. It is rather the fact that most of them reached this stage of security and affluence via the long route: in flight from native homes in China across the border into Hong Kong, and up the ladder in Hong Kong from factory jobs and low-cost housing to white-collar jobs and a flat in Mei Foo. Their current lifestyle thus represents a greater security than that provided by the many isolated cases of greater financial success achieved in pre-revolutionary China or in the host territory of Singapore or Indonesia or South Viet Nam. The security offered in the Mei Foo model lies in the freedom it permits those who attain it to take some measure of control over the rest of their lives. Many will and already become immigrants, but none will ever again be refugees. (Rosen 1976, p. 209)

It is not until the late 1960s and the early 1970s, when the impacts of the industrial take-off and the resultant economic development (particularly the transition to an international financial center in the early 1970s) became more visible, that it is meaningful to talk about the social and political life of the middle class.

When returning to our discussion of the impacts of economic changes on Hong Kong's social structure, it is important to observe that Hong Kong has experienced rapid economic development as a late-starter. Table I summarizes the changes in the economic structure in the period 1961–96. It is clear that Hong Kong has gone through the development from a trading port in the 1940s and early 1950s to an industrial colony (1960s and 1970s) and then to a world financial center and a regional business hub (1980s and 1990s) within a short period of time. The rise and fall of employment in manufacturing and the rapid expansion of the tertiary sector in the 1980s and 1990s best sum up the story of Hong Kong's economic development.

Concomitant with changes in the structure of the economy, there are also significant changes in the occupational structure of Hong Kong society (see Tables II and III).[5] The percentages of professionals, administrators, and managers rose from 8.2 per cent to 13.8 per cent in 1991. More significant is the expansion of the clerical

[5] Because of the changes in the classification of occupations, it is difficult to fit the 1996 data into the former classification scheme. For the purpose of information reporting, I present the data in two separate tables.

TABLE I

THE DEVELOPMENT OF HONG KONG'S INDUSTRIES IN TERMS OF EMPLOYMENT, 1961–2001

(%)

Industry	1961	1971	1981	1991	2001
Manufacturing	43.0	47.0	41.3	28.2	12.3
Construction	4.9	5.4	7.7	6.9	7.6
Wholesale, retail and import/export trades, restaurants and hotels	14.4	16.2	19.2	22.5	26.2
Transport, storage and communication	7.3	7.4	7.5	9.8	11.3
Financing, insurance, real estate and business services	1.6	2.7	4.8	10.6	16.1
Community, social and poersonal services	18.3[a]	15.0[a]	15.6	19.9	25.5
Others	10.5	6.3	3.9	2.1	1.0
Total	100.0	100.0	100.0	100.0	100.0

Sources: Hong Kong, Census and Statistics Department, 1982 edition, p. 138; idem, 1993 edition, p. 95; idem, 2001 edition, p. 55.

[a] In 1961 and 1971, the category used in the census reports was "service."

workforce. In 1961, only 5.8 per cent of the working population were engaged in clerical work. By 1991, the percentage went up to 18.6 per cent. It is observed that the 1970s and 1980s, when Hong Kong began to develop its financial and other tertiary activities, are the periods wherein we see the rapid growth of new openings in the social structure, particularly those of the middle class and non-manual positions.

As a result of such rapid economic development, the class structure of Hong Kong has undergone significant changes, creating new openings in middle-class positions for people of more humble origins to move in.

It is against this backdrop that the discussion of the Hong Kong middle class emerged in the 1980s. In one of the earliest academic papers on the middle class, Lee (1982) discusses the changing occupational structure. Then using the argument that the middle class is internally fragmented, he contends that the pattern of social conflicts in Hong Kong is moving towards status politics and away from class conflicts. However, it was in the mid-1980s that the question of the middle class has become a hot topic for political and academic debates.[6] Local social critics and political activists conducted heated debates about the role of the middle class in the 1997 transition. One can assess the impact of the debates from the discussion on the middle strata by Mr. Xu Jiatun, the former director of the New China News Agency of Hong Kong (the representative of the Chinese Government in Hong Kong before 1997) in his personal memoirs. Mr. Xu notes that "as regards the future 'Hong Kong people rule Hong Kong' administrative structure, it is essentially a united government of all social strata under the leadership of the bourgeoisie" (Xu 1993, p. 121).

[6] For the collection of essays in that debate, see Lui and Wong (1998); on the middle-class issue, see Lui (1993), So (1993), So and Kwitko (1990), and Wong (1993).

TABLE II

CHANGES IN THE OCCUPATIONAL STRUCTURE, 1961–91

(%)

Occupation	1961	1971	1981	1991
Professional, technical, and related workers	5.1	5.2	6.0	8.7
Administrative and managerial workers	3.1	2.4	2.7	5.1
Clerical and related workers	5.8	8.3	12.2	18.6
Sales workers	13.7	10.6	10.3	11.5
Service workers	15.1	14.8	15.6	18.7
Agricultural workers and fishermen	7.4	3.8	2.1	0.9
Production and related workers, transport equipment operators and laborers	48.7	52.3	50.4	36.2
Armed forces and unclassifiable	1.1	2.6	0.7	0.3
Total	100.0	100.0	100.0	100.0

Sources: Hong Kong, Census and Statistics Department, 1982 edition, p. 34; idem, 1993 edition, p. 94.

TABLE III

CHANGES IN THE OCCUPATIONAL STRUCTURE, 1991–2001

(%)

Occupation	1991	1996	2001
Managers and administrators	9.2	12.1	10.7
Professionals	3.7	5.0	5.5
Associate professionals	10.3	12.1	15.3
Clerks	15.9	16.8	16.3
Service workers and shop sales workers	13.2	13.8	15.0
Craft and related workers	14.7	12.3	9.9
Plant and machine operators and assemblers	13.5	8.5	7.3
Elementary occupations	18.5	18.6	19.5
Others	1.0	0.8	0.3
Total	100.0	100.0	100.0

Sources: Hong Kong, Census and Statistics Department, 1997 edition, p. 93; idem, 2001 edition, p. 54.

On that basis, a united-front strategy should be launched and "the major target for cooptation is the middle strata, i.e., the middle class" (p. 132). He observes that "the general character of the middle strata is that they look for upward mobility and are happy with the existing institutional arrangement of a social ladder for personal advancement. But there are also others in the middle strata feeling less satisfied with the existing system. Their numbers are increasing, creating demands, for a more democratic environment which would allow people to compete on more equal grounds" (p. 133). He admits that his recognition of the rise of the middle strata is one of the major changes in his understanding of Hong Kong society after his arrival (p. 142):

> A re-analysis of the working class in Hong Kong is in order. The class analysis adopted by the former senior staff of the New China News Agency was a simplistic dualist model of blue-collar and white-collar workers. (The blue-collars were manual laborers and the white-collars intellectual workers). Their analysis did not touch upon the middle strata. Nor did they feel the need to understand them. When I first came to Hong Kong, I adopted the same class analysis for understanding the community and designing development strategies. But then, before long, I came to realize the existence of the middle strata in Hong Kong. I feel that the working class in Hong Kong is not confined to those 800,000 workers in the manufacturing sector as the class structure has already undergone major changes.

The leading questions of the debates are about the political orientation and political role of the middle class in the transitional period. Is the middle class an emerging social force supporting further political reform? Or, is it rather a conservative social class inclined towards the maintenance of the status quo? The focus of the debates evolves around a search of social agents who can enhance the level of autonomy and broaden the scope of political participation in a period of political uncertainty. In hindsight, we can now see that the middle-class debates addressed primarily the issues brought up by, on the one side, the initiatives of instituting a representative government by the colonial regime and, on the other, the call for "Hong Kong people rule Hong Kong" by the local activists. The question of political reform was still relatively open then—both the colonial government and the Chinese Government had to mobilize the local people to support their own projects of handling Hong Kong's political transition—and thus the discussion of the role of the middle class in that critical conjuncture was pertinent.

III. SOCIOECONOMIC CHARACTERISTICS OF THE MIDDLE CLASS

So far, I have outlined the social and economic background of the rise of the middle class and its significance in local political debates. Here in this section, I shall describe the socioeconomic characteristics of this rising middle class.

Adopting a slightly modified Nuffield class scheme (Goldthorpe 1987), the "1992 Hong Kong Middle Class Study"[7] gives the class map of contemporary Hong Kong (see Table IV).

Without going into details, it can be observed that the findings of the "1992 Hong Kong Middle Class Study" estimate that 20.5 per cent of the economically active population belong to the middle class (or the service class as in the original classification).[8] This gives an estimation of the size of the middle class slightly higher than

[7] The "1992 Hong Kong Middle Class Study" covers a sample of 590 persons randomly chosen from the urban population of Hong Kong. Unlike the "1989 Hong Kong Social Mobility Study" (Wong and Lui 1992), both men and women were interviewed. For details, see Lui and Wong (1994).

[8] Strictly on theoretical reasoning, one can argue that Goldthorpe's service class refers to the same middle class covered by the existing literature of the topic. However, one should be aware of the fact

TABLE IV

CLASS MAP OF HONG KONG

Class		N	%
I	Upper service class	59	10.0
II	Lower service class	62	10.5
III	Routine non-manual employees	147	24.9
IVa	Small employers	35	5.9
IVb	Self-employed	33	5.6
V	Technicians and supervisors	43	7.3
VI+VIIa	Manual workers	211	35.8
IVc+VIIb	Farm workers	0	0.0

Source: Lui and Wong (1994, p. 53).

previous studies. For example, based upon a secondary analysis of the 1981 census data, Lui (1993, p. 249) suggests that "9.7% of the economically active household heads can be categorized as the new middle class." And on the basis of a survey of 1,000 male household heads, Wong and Lui (1992, p. 30) suggest that 19.9 per cent of the respondents belong to the service class. But all the studies of the middle class of Hong Kong confirm that rapid economic development has created new openings in the social structure and provided more "room at the top" for upward mobility. As a consequence of such structural changes, we can see that the basis of recruitment to the middle-class positions has been remarkably wide. The findings of the "1992

that in elaborating the concept of the service class, Goldthorpe includes large proprietors, together with professional, administrative, and managerial salaried employees, in his service class. Goldthorpe defends his position on both conceptual and practical grounds. First, the distinction in employment status among those occupations of higher-grade professionals, administrators, and managers tends to be ambiguous. Whether they are called working proprietors, company directors, or managers with sizeable ownership assets depends more on the need of handling national insurance or income tax payments than the actual occupational role performed within the organization (Goldthorpe 1987, pp. 40–41). Second, given that the sample of a social mobility survey is often that of a randomly selected national sample, such a research strategy would only select very few big capitalists for interviews and is not geared for generating sufficient cases for a detailed examination of this group. The inclusion of the large proprietors into Class I can also be seen as a practical measure to handle the aggregation of class categories. What I would like to remark here is that the question at stake concerns the differences between Marxist and Weberian class theories. While the Marxist argues that the ownership and non-ownership of capital is fundamental in shaping class interests and thus the inclusion of large proprietors into the service class is unacceptable, the Weberian position does not assume the essentialism of capital ownership and is more interested in the structuring of power and authority in increasingly bureaucratized organizations. Weber's analyses of bureaucracy and positions within bureaucratic organization are relevant to our understanding of Goldthorpe's argument concerning the ambiguities in employment status among higher-grade professionals, administrators, and managers. Recognizing the complexities of ownership and control in modern corporations, I come to agree that large proprietors and higher-grade professionals, administrators, and managers can be classified as Class I because they have largely similar life chances and possess equivalent power in the existing system of social stratification. By the way, the number of large proprietors in the 1992 Hong Kong survey was rather small and thus the inclusion of these capitalists into Class I does not affect our understanding of the middle class in any serious manner.

Hong Kong Middle Class Study" (Lui and Wong 1994) show that the inflow rate of the middle class is 0.83, suggesting that most of the middle-class professionals, administrators, and managers are from other class origins and only about 17 per cent of them are self-recruited (i.e., coming from a middle-class origin). It is my conjecture that such a high inflow rate illustrates the impacts of compressed development on the changing class structure of Hong Kong society—the creation of new openings brought about by rapid economic development provides opportunities for people of more humble origins to move into middle-class positions. As a result, the Hong Kong middle class is largely a "first-generation" middle class. That is, few middle-class professionals, administrators, and managers have come from middle-class families. This "first-generation" experience impacts on the consolidation of the middle class by giving the middle class immature demographic and cultural identities. They carry with them the experience and culture of their former class positions. Unlike other advanced industrial societies where the middle class becomes identifiable as a collectivity through the inter-generational reproduction of their class position, Hong Kong, being a newly industrialized society, presents an instance of a newly emerging middle class. While the middle-class professionals, administrators, and managers are affluent and are big spenders on overseas holidays and brand-name merchandize, they have not really developed their own cultural distinctions (Bourdieu 1986; Mathews and Lui 2001) to maintain their distance from lower classes in the social hierarchy. Middle-class culture is only in the early stage of its formation. However, as more middle-class people have to follow the same paths to attain their present positions, then a stronger sociocultural identity would gradually emerge.

Indeed, although there are opportunities for people to attain personal success by petty entrepreneurship in the manufacturing and service sectors, more people move up the social hierarchy through education. The findings of the "1992 Hong Kong Middle Class Study" suggest that about half of the middle class respondents have received college- or graduate-level education. More important is that more emphasis is likely to be placed on credentialism in the attainment of middle-class positions. The respondents are classified into two broad age groups, namely, "twenty to forty-six" (i.e., the postwar generation) and "forty-seven to sixty-five" (the prewar generation). Our data suggest that there is a significant difference in their education levels between the middle-class respondents of the two age groups. Credentialism is becoming more important and this trend towards greater emphasis on education will have the long-term effect of enhancing cultural homogeneity within the middle class. Education gradually becomes a main, formalized channel for upward mobility to the middle class.

On the question concerning the formation of a sociocultural identity among the middle-class respondents, I shall look at two aspects of social interaction with wider social circles. First, it is the extent of cross-class marriages. Second, it is the extent

of cross-class social ties. The findings of the "1992 Hong Kong Middle Class Study" show that, not unexpectedly, there is a close association between the class positions of the respondents and their spouses. For the middle-class respondents (both men and women), more than half of them (56.5 per cent) are married to partners of the same class background. If they marry partners of a more humble background, their spouses most likely belong to Class III (routine non-manual workers) (34.8 per cent). Concerning the pattern of class-based social network, the "1992 Hong Kong Middle Class Study" asks the respondents to provide information on their best friend's class position. Taking the identified "best friend" as an indicator of the respondents' extent of cross-class social ties, it is found that among the middle-class respondents only about 30 per cent of them have their best friends outside their own class. The above findings suggest that a sociocultural identity of the middle class is in its formation. Class matters in everyday social life, and intra-class marriages and friendships are found prevalent. When the pattern of movement into middle-class positions become more institutionalized (via the credential route), one would expect a higher degree of homogeneity in the social and cultural outlooks of the middle class.

Our examination of differences in lifestyles among various classes further illustrates the existence of class differences and the emergence of a middle-class way of living. Take housing, an important issue in Hong Kong people's livelihood, for example. About 70 per cent of the middle class surveyed by the "1992 Hong Kong Middle Class Study" live in self-contained private blocks. More importantly, almost 70 per cent of the middle class are home owners. In addition to the fact that home ownership shows the resourcefulness of the middle class, in the context of (before the drastic fall in property prices in late 1997) the prolonged booming property market in Hong Kong, home owners are able to secure access to better housing and even accumulate wealth through property ownership (Lui 1995).

Meanwhile, the middle class also stands out in terms of overseas travel and the possession of credit cards (Lui and Wong 1994, p. 73). About half of the middle-class respondents hold stocks and foreign currency accounts. More interestingly, middle-class parents are found to be actively investing in bringing up their children. To ensure that the next generation will be assisted to attain a high status, these parents are conscious of the need of giving their children appropriate cultural capital for competing for high positions. Over 80 per cent of the middle-class parents send their children to arts and sports classes (such as ballet dancing, tennis, etc.). The middle-class parents' experience in attaining the positions via the credential route seems to have alerted them to the importance of cultural capital in assisting social mobility.

In summary, it is observed that rapid economic development has created new opportunities for social mobility and has established the social conditions for the emergence of the middle class. However, due to the experience of compressed de-

velopment, quite a lot of middle-class professionals, administrators, and managers are "new arrivals" on these high positions from more humble origins. The heterogeneity of the middle class in terms of their class origins makes its mark on the consolidation of the middle class. The Hong Kong middle class is basically the "first-generation" middle class. Yet, it is also found that education has increasingly become a main channel for reaching middle-class positions. Furthermore, information on social life and social network of the middle class reveals that cross-class marriages and friendships are rather limited. This reflects the fact that a class-based sociocultural identity is coming to maturity. From our examination of the lifestyle of the middle class, I can further say that a middle-class "way of life" is emerging.

IV. THE POLITICAL OUTLOOK OF THE MIDDLE CLASS

The findings of the "1992 Hong Kong Middle Class Study" show that most of the middle-class respondents are aware of their class identity. Only 3 per cent of the middle-class respondents express that "they do not belong to any class." When they give themselves a class label, most of them choose "upper middle class" (18 per cent) or "middle class" (59 per cent). When the respondents are further asked to answer questions related to their perception of class inequalities, opportunities for social mobility, and fairness and justice in the existing social system, it is interesting to observe that the middle-class perspective is not really much different from that of other classes (Lui and Wong 1994). But this observation should be understood in the context of the notion of success based upon personal efforts, the concept of competitive individualism, and the idea of the capable deserving to earn more, which is espoused by local people as the "Hong Kong experience" (Lui and Wong 1995). In other words, they are not so much the middle class embracing working-class values as the working class upholding middle-class mentality. In the eyes of the local people, middle-class professionals, administrators, and managers are successful individuals who are able to capitalize on new opportunities open to them in the process of economic development. They are perceived as the personification of the idea embodied in the "Hong Kong experience." Most of the respondents surveyed in the "1992 Hong Kong Middle Class Study," irrespective of their class positions, believe in personal efforts to achieve success and accept the rules of fierce races for a higher status based upon competition, fairness in ensuring the more capable to earn more, and equality of opportunities rather than outcomes. With such a moral perspective and the related definitions of what is just and unjust, the respondents see no reason to abandon the middle-class individualist strategy for personal success. Because of rapid economic development and its resultant improvements in livelihood, this concept of "Hong Kong experience" is well received as a dream that may come true. As put by Wong (1996, p. 389) in his discussion of Hirschman and Rothschild's notion of a "tunnel effect," "Hong Kong's spectacular

economic development in the 1960s and 1970s seemed to bring about social advancement for many without a serious opposite and downward effect on others. Prosperity and growth generated a benign external environment, inducing optimism that one's turn to move ahead was to come soon."

In view of the above discussion, it is not surprising to find that about three quarters of the middle-class respondents show no anxiety about losing what they have worked for. And when asked whether they are worried that someone will get ahead of themselves, again about three quarters of them express no such anxiety. Indeed, the middle class in Hong Kong historically arose under the umbrella of the colonial rule. The middle class has prospered in a stable laissez-faire economy where competition determines one's fate. For those who have moved to their present middle-class positions through the competition for academic qualifications, the elitist education system has worked to their advantage. For those who have moved along the non-credential path, opportunities have been made available by the rapid structural changes of the economy. Success, at least in the mind of local people, is determined by free competition (Wong 1991). Indeed, the findings of one of the social indicators surveys, intended to gauge the respondents' perception of social inequalities and mobility in contemporary Hong Kong, show that the majority of the population surveyed believe that there is room for improvement and that society is open enough to allow for advancement endeavors, and above all, they believe in the importance of self-efforts (Wong 1991, p. 5). They also believe that the most important social condition for a good future is free competition in society. In short, irrespective of the kind of strategies adopted for climbing the mobility ladder, people in general perceive a capitalist laissez-faire economy as a system full of opportunities for advancement. Success is dependent upon individual efforts, either through the acquisition of formal qualifications or through hard work (Lau and Kuan 1988, pp. 63–64).

Meanwhile, the colonial administration has not only promoted economic development and free competition for material advancement by the "formation of a limited, law-abiding, yet aloof government" (Wong 1986). It has also been an important factor for shaping the social structure of the local Chinese community. Until the early 1980s, when political reform started at the level of district elections (to the district board, a local consultative council) and later at the level of the legislature through direct and indirect elections, participation in colonial politics had been confined to the local elite and government bureaucrats in the upper echelon (Davies 1977; King 1975). There was neither a channel for political career development nor a political route to social ascent, given the colonial status of the government (Wong 1986). In such social and political contexts, the middle class was happy to seek advancement through competition in the educational system and/or private business. The repeated emphasis on "stability and prosperity" during the Sino-British negotiations perhaps best reflected, at least up until 1997, the mentality of the beneficiaries of the existing system: politics is to be taken care of by bureaucrats, and the eco-

nomic, social, and legal systems of pre-1997 Hong Kong, the bases of prosperity and stability in the post-1997 years, can be kept intact by putting the statement "the socialist system and policies shall not be practised in the Hong Kong Special Administrative Region, and the previous capitalist system and way of life shall remain unchanged for 50 years" (Article 5) into the Basic Law. For a long time, middle-class professionals, administrators, and managers have been able to advance their interests under this kind of colonial arrangement and thus have been happy to stand aloof from politics.

As noted earlier, because of rapid economic development, there has emerged a mood of optimism among people about their chances for upward mobility since the early 1970s. Under such circumstances, middle-class professionals, administrators, and managers are able to pursue their economic interests without encountering hostile reactions from other classes. In fact, the capitalists (both local and foreign) are rather receptive to the emergence of the middle class as it contributes to the development of the Hong Kong economy. While the middle class does not need to organize or to struggle against the established interests for economic opportunities, it is also true that any need to organize is lessened by the quiescence of the working class. Generally speaking, the working class does not present itself as an organized force which may threaten the interests of the middle class (England 1989). In brief, unlike other cases in which the middle class is provoked into organizing to defend its interests (Kocka 1981; Lebovics 1969), Hong Kong's middle class is able to break into the establishment and promote its interests without creating its own political groups.

The 1997 talks upset the established political arrangements of the crown colony. Because of the return of Hong Kong to China in 1997, the bureaucratic and administrative structures have to be changed in order to address rising political issues in the transitional period. Due to the limitation of space, I shall not dwell upon politics among the British, Chinese, and Hong Kong governments in their political maneuvering to prepare for the political transition. The political reform in the 1980s brought about changes in the political opportunity structure of the colonial system and the middle class was drawn into the political arena as a result of such changes engendered by the Sino-British negotiations.

In the early 1980s, the middle class was expected by other classes and organized interests to play an important role in facilitating reform and smooth transition in 1997. Seen from the standpoint of the local capitalists (and even the Chinese government), the middle class had vested interests in the continuation of the capitalist economic system and thus should side with them in promoting "stability and prosperity," meaning minimal institutional changes before and after 1997. To the eyes of those (for example, foreign capitals) who hoped that Hong Kong would strengthen links with Britain and other Western countries after its return to China, the middle class was the natural champion of the cause as it was closely linked with the Western

world in terms of cultural outlook and professional training. In the mind of the general public, the middle class carried the image of an intermediate and stabilizing agent between the capitalists and the working class. Few people had any doubt about the capabilities of the middle class as its existence summed up the success stories of individual efforts in climbing up the social ladder. Therefore, the political environment after the settlement on Hong Kong's future in the mid-1980s was one of new opportunities for the middle class to assume a more important role in politics. The colonial government introduced functional representation and intended to recruit the new class into the changing political system. The Chinese side also showed a friendly gesture, looking forward to gaining more support from this class through its united front strategy (Xu 1993). Such a political atmosphere was conducive to the emergence of middle-class political groups (see Cheng 1984). Former student activists and pressure group leaders, now mostly occupying middle-class positions, responded enthusiastically to this call for political participation. There was a proliferation of political groups in the 1980s, which first started as groups expressing political opinions and were then reconstituted into quasi-political parties with an emphasis on participation in elections at various levels. These political groups actively participated in the public discussion as to future political development.

Despite the fact that most of the leaders of these newly founded political groups were from middle-class background, they had not been successful in mobilizing the middle class toward political participation. As diplomatic talks about the transitional arrangements proceeded, the scope and parameters of political changes became evident. The decolonization process in Hong Kong was, unlike many other British colonies, a process of "decolonization without independence" (Lau 1987). The emphasis on "convergence," i.e., institutional reform in Hong Kong which had to fit in with the parameters prescribed by China, significantly reduced room for a political maneuver of democratization. In fact, from the beginning of the Sino-British negotiations to the drafting of the Basic Law, the middle class was skeptical of the viability of a liberal, autonomous, and capitalist Hong Kong after 1997. The grand plan of "one country, two systems" and the promise of "Hong Kong people rule Hong Kong" was not successful in enhancing the confidence of the middle class in the political future of Hong Kong. While political activists with middle-class background were busy with electoral politics, the middle class as a whole remained unmobilized and unpoliticized.

The main strategy of the middle class in the face of an uncertain political future is "exit," i.e., emigration (Lui 1999). For the middle class, emigration, primarily in the form of securing foreign passports than leaving Hong Kong permanently, is a kind of "political insurance." It works, mainly for those in middle-class positions, to assist them in securing the best of two worlds—on the one side, the acquisition of foreign citizenship will reduce the political risk of being trapped in a communist territory after the return of the colony to China, and on the other, middle-class families

can still make the best of the dynamic economy in Hong Kong and its neighboring countries. As succinctly put by Wilson (1990, p. 235), "Hong Kong executives naturally expect to continue running their business and making money from them, while they are going through the citizenship or naturalization process." In short, an emigration decision is highly strategic.

Behind the strategic planning of emigration is a sense of instrumentalism: moral commitment is not an issue for discussion, and calculative and strategic moves are emphasized. As Salaff and Wong (1994, p. 220) find out from their intensive interviews with affluent emigrants, instrumentalism prevails:

> They fear politics and want to secure their property. Even if they are proud of China's political strength against the colonial authorities, they will not have to stay and suffer China's lack of legal guarantees. They are not in the forefront of societal change, which they feel is useless in Hong Kong now. But as individuals they work hard, improve their business or family economies. Since they have the opportunity to be accepted overseas, they apply as insurance. But, increasingly their prosperity and even property is tied up in China. There are great opportunity costs to leave.

It was reported that there were more than one million Hong Kong people marching in the street and attending mass rallies in protest against the Chinese government's suppression of the student movement in June 1989. But after the military crackdown, the pro-Chinese democracy movement in Hong Kong fell from its peak and soon found it difficult to sustain mass mobilization (Wong 2000). The Tiananmen Incident has made former worries of communist authoritarianism real fears. While the incident has deepened the cleavage between Hong Kong and China, which became the major issue of public debate during the 1991 and 1995 Legislative Council elections, it did not help mobilize the middle class and bring it back to the front stage of the political arena. Indeed, the middle class's withdrawal from politics became more apparent when the last governor, Mr. Chris Patten, put forward his proposal of political reform in the face of a fierce protest from the Chinese government.

In summary, during the years leading to the 1997 transition, the middle class was first mobilized and then gradually became more and more marginalized in the process of decolonization. There was a sense of anxiety and uneasiness among the middle class. The middle class is neither the vanguard of political reform nor is it the supporter of Chinese authoritarianism. Middle-class professionals, administrators, and managers are skeptics. They do not believe that they would be given the autonomy and power to design their own political blueprint and shape a political future. They seek to secure their personal interests within the parameters prescribed from above (i.e., China). It is not because the Hong Kong middle class has a culture of dependency that it was largely conservative and kept a low profile in politics (Brown and Jones 1995; Jones 1997, p. 143). Hong Kong middle-class professionals, ad-

ministrators, and managers believe in self-efforts rather than the values of dependency; they are not dependent on the state in terms of their careers because most of them look for success in private business. The middle class is staying away from politics for a different reason.

V. CONCLUSION: HONG KONG'S MIDDLE CLASS AFTER THE ASIAN FINANCIAL CRISIS

The Hong Kong middle class was largely unprepared for the sudden downturn of the economy. Indeed, Hong Kong society at large, ranging from government officials to ordinary people on the street, was slow to react to the financial crisis in Southeast Asia and the Republic of Korea (Callick 1998, pp. 23–24). The handover on July 1, 1997 (that is, Hong Kong's political reintegration into China) did not, as it was once conjectured during the diplomatic talks over the future of the crown colony, bring about a crisis of confidence and socioeconomic turmoil. Rather, the smooth transition, at least in terms of absence of major political protests or open conflicts, created an environment for even bigger speculative bubble in the stock and property markets. It was under such socioeconomic circumstances that the Asian financial crisis attacked Hong Kong. The Hang Seng index dropped 1,438 points on October 28, 1997. The beginning of the year 1998 witnessed a rapid downturn in the Hong Kong economy: a drastic drop in property prices; the stock market rocked by economic turmoil in the region; the Hong Kong currency under overseas speculators' attack; the sluggish service sector due to a significant drop in the number of Asian tourists, and a surge in the unemployment rate. Then, Hong Kong began to feel the heat of the changing business environment of the region.

The unemployment rate rose (from 2.5 per cent in the last quarter of 1997) to 3.5 per cent in the first quarter of 1998. Since then, the unemployment rate has continued to rise, reaching 7.0 per cent in the first quarter of 2002. Compared to many other industrialized economies, unemployment in Hong Kong was not particularly alarming. However, it did mark a change in the local business environment (Ellis 1998, pp. 26–28). More importantly, the impact of restructuring was no longer confined to those working in the manufacturing sector (which adopted the strategy of relocation) and unskilled and non-credential workers in the service industries. The calls to cut costs, regain competitiveness, and enhance flexibility meant corporate downsizing as well as restructuring employment structures in private and public sectors. Managers, administrators, and professionals were all gradually drawn into the struggle for surviving redundancy and salary cuts (Callick 1998, pp. 41–42).

It must be pointed out that, compared with persons working in other occupational categories, the unemployment rate among middle-class managers and professionals remained relatively low (1.4 per cent for "managers and administrators" and 0.7 per cent for "professionals" in February–April 1998). However, in terms of real num-

TABLE V

DISPLACEMENT OF MANAGERIAL AND PROFESSIONAL STAFF BY LOCAL EMPLOYERS BETWEEN MID-1998 AND MID-1999

Firm/Company	No. of Dismissal	Date of Announcement
China Light	74	Sept. 29, 1998
Marks & Spencer	50	Nov. 4, 1998
Mass Transit Railway Corporation	80	Jan. 13, 1999
Airport Authority	1,000	Jan. 6, 1999
Hong Kong Telecom	207	Jul. 28, 1998
Motorola	400	Oct. 24, 1998
Hong Kong Air Cargo Terminals Ltd.	352	Dec. 1, 1998
Citibank	36	Dec. 1, 1998
Lingnan College	4	Feb. 4, 1999
Delia Secondary School	Unknown	Jul. 5, 1999
Sony	2	May 20, 1999

Sources: Compilation based upon reports in the *Ming Pao* (Hong Kong) and the *Wen Wei Pao* (Hong Kong).

bers, the picture did show that middle-class employees were becoming more vulnerable. Unemployed persons previously working in occupations of "managers and administrators" rose from 2,900 in the first quarter of 1996 to 4,700 persons in the second quarter of 1998 and then to 7,100 persons in the fourth quarter of 2001. As regards unemployed persons previously working in "professional" occupations, the figure rose from 800 in the first quarter of 1996 to 5,000 persons in the fourth quarter of 2001. Table V summarizes the major incidents of displacing managerial and professional staff by local employers between mid-1998 and mid-1999 (Lee 1998, p. 208). Meanwhile, the Special Administrative Region (SAR) Government announced its plans to reform the civil service by moving towards contract-term employment and reducing the starting salary of new recruits. While the deterioration in the labor market situation of middle-class managers and professionals should not be overstated, it is fair to say that security and stability in employment that the middle class has long enjoyed are giving way to competitiveness and flexibility.

Changes in the employment conditions for professional, managerial, and administrative employees, no doubt, have touched the nerves of the middle class. They have caused great turmoil in the pursuit of middle-class careers. The expectations of long-term career development through internal promotion, and the achievement of a higher job status through accumulation of work experience and professional recognition can now be left unfulfilled. The Hong Kong middle class that has risen to its present position in the environment of rapid economic growth, now finds these recent abrupt changes difficult to swallow.

However, what has really shattered the middle-class dream in Hong Kong is the plunge in property prices. The case of Amy Chow (reported in Spaeth et al. [1998, p.

16]) largely summarizes the situation of the property-owning middle class in Hong Kong after the dramatic economic downturn since late 1997:

> Not long ago, Amy Chow was living what could easily be called the Hong Kong Dream. She had a spouse, a well-paying job as a hospital administrator, designer clothes, a pedigreed pet and not one apartment but two—a fitting status symbol in real estate-crazy Hong Kong. Today, that dream is looking scary. "My life is not ruined," says Chow, 27, "but I'm not far from it."
>
> Chow's problems are those flats, her former source of pride. Hong Kong has driven up interest rates to defend its currency from speculative attack. The currency has held, but the property and stock markets are way down. Before the government intervened last Friday by buying shares, the Hang Seng Index hit a five-year low of 6,660. Potential sellers now face big losses, and those who borrowed to finance their flats find themselves paying hefty mortgages on property worth about 35% less than a year ago. Chow was hit with a double whammy: she had been planning to unload the old apartment to make the payments on her new place. "My disposable income is now zero," she says. "We are absolutely in hell."

Many middle-class property owners suffered seriously from the downturn in property prices since October 1997.[9] It is not that difficult to understand why the middle class has been attracted to investment in domestic property—the average price of private domestic property at its peak in the third quarter of 1997 was 4.33 times the price in 1989. The financial returns on property investment were enormous. Some invested in property for the purpose of hedging against inflation. Others saw this as a way of making good money fast.[10] The result is that a significant proportion of the middle class was deeply involved in the property market. A sudden drop in property price by 39.3 per cent forced a lot of middle-class families (purchasing their properties at the highest price) into a situation of holding negative assets. Worse still, because of the plunge in property prices (which made bankers change their assessment of the property and become more cautious in lending), many had difficulties in completing their mortgages. Some saw their savings taken away because they were unable to finance their projects. Some survived by securing loans from their families and relatives:

> My husband and I belonged to the strata of middle management. We enjoyed a reasonably comfortable life. Last year we used all our savings to purchase a flat in the Ho King Wan estate, mainly as a part of our long-term retirement plan. The financial crisis turned our property into a negative asset. Those days were like nightmares coming true. We stretched our minds to think of a way to deal with our problem. We finally decided to put aside our dignity and to borrow money from my family as well as my husband's in order to finance our mortgage. We even terminated our monthly contributions to our son's edu-

[9] For a confession of a middle-class woman on her financial loss during the collapse of the property market, see Chung (2001).

[10] On investing in property as a family economic strategy, see Lui (1995).

> cational funds. Recently, my husband reluctantly signed an agreement to a salary cut in order to avoid being laid off by his boss. (*Hong Kong Economic Times*, November 12, 1998)

In sum, the middle class was hit hard by the downturn of the Hong Kong economy. They began to see that macro restructuring in the socioeconomic environment was changing the stable, secure, and well-paid careers they had long enjoyed. Mid-career redundancy and salary cuts were found threatening. But the real blow came when they suffered an enormous loss in their investments, particularly those in the property market. The middle class was frustrated. This was the conjuncture in which they had to encounter the harsh reality in front of them in terms of their espoused middle-class values—should they accept the consequence of making the wrong investment decisions? Or should they take action to find a way out of their personal crisis?

It is still too early for us to say that the middle class is now ready for more organized political actions. It is also premature to say that a kind of middle-class politics is now ready for action (Lee 1999). What is clear is that Hong Kong's middle class is facing a very different political and socioeconomic environment. It has new grievances and discontent, and is becoming aware of the need of articulating and defending its interests. More critically, given their deteriorating class positions and the concomitant impact on their livelihood, the middle class has begun to cast doubt on the legitimacy and credibility of their long uncritically accepted Hong Kong style market-driven capitalism (Lau 2001). The SAR government does not offer the same kind of institutional arrangements to keep the middle class away from politics and leave them happy. While the distrust of China is still common among the middle class, the agenda of post-1997 politics is changing. Again, the political orientation of the middle class is a topic for discussion. It is suggested that "the social contract that used to bind different social classes and the government together has frayed" (Lau 2001, p. 113). The legitimacy of the SAR government and the larger institutional settings of Hong Kong society are being questioned (Lee 2001, p. 133). Given the underdevelopment of political organizations among the middle class, however, it remains an open question to see how the middle class will react to this changing socioeconomic and political environment. So far the anger of the middle class has yet to be turned into organized political action.

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