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INDUSTRIES IN THE RURAL AREAS
OF HONG KONG- WITH SPECIFIC REFERENCE TO THE
NAI WAI-FUI SHA WAI AREA

B. A. DISSERTATION

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November, 1969

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Preface

This dissertation is my first trial in studying the industrial development of Hong Kong. Professor D. Dwyer has already pointed out that the small industrial unit is one peculiar and interesting constituent of Hong Kong's industrial growth. The book 'The Small Industrial Unit in Hong Kong' by him (and Lai Chuen-yan) has already elaborated much on the part that small industrial units played in the overall industrial structure. This is so instructive to me that I was encouraged to look into Hong Kong's industrial development as my interest in this B.A. dissertation. I started collecting material early in April, and found it more worthwhile to focus my attention on such developments in the rural areas, which are frequently referred to by writers in local geographical and economic journals and even by newspapers recently. However, the whole concept of rural industrialisation of Hong Kong is yet too vague and materials about it too fragmentary. It is hard to give a right appraisal of the ~~economical~~ contributions or the problems that have contributed to the Colony. Thanks to the help of Professor Dwyer, Mr. Bills and the Yuen Long District Office, I was soon able to pick out the Nai Wai - Fui Sha Wai area for my case study.

Meanwhile I was provided with research and other assistance.

This industrial aspect of the Hong Kong is almost statistically a virgin ground. So most of the figures and information were obtained during my survey there between the months of April and September. Of course the result is still far from satisfactory and errors arise frequently. But this piece of dissertation may form a sketch of the industrial development in the rural areas.

In preparing and writing out my dissertation, I am specially indebted to Professor D. Dwyer, Mr. Bills, Mr. Leung Pak Chun, Mr. Kwong Bing Shum and Miss Rosanna Li and the Yuen Long District Office.

Victor, Sit Fung-Shuen

University of Hong Kong,
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Nov. 1969.

CHAPTER ONE

AN INTRODUCTION- THE INDUSTRIAL CITY

Chapter One

An Introduction - the Industrial City

"This, then, was Hong Kong, 1965: A community of nearly four million people drawn from many different parts of the world and social backgrounds, yet all intimately linked with the Colony's problems, its aspirations - and above all its achievements. Those who return to Hong Kong after an absence of two or three years remark with something approaching awe on the changes that they find, those returning after a longer periods say they hardly recognise the places they once knew. They are talking, of course, of the outwards things - the 20 storey hotels and office blocks, the housing estates, the spread of the urban areas into places where there was country quiet until only a few years ago. Casual visitors take away impressions of a maelstrom of energy and activity. They talk, with admiration occasionally tinged with envy, of all that is being achieved in Hong Kong, and in doing so they add a little more statue to the Colony's reputation as a place where all things are possible and seemingly no problems insoluble."

Such stylish paragraphs often appear in the Hong Kong Annual Report or books about Hong Kong. Indeed, it would be

wrong to distrust such a description as not reflecting, to some degree, the development that is taking place. It would be also true that all these outward things must spring from an inner source. In this respect economists and geographers and other far-sighted persons are unanimously pointing out that industry accounts for much of this. However, to the local resident, it is something taken for granted, and to the visitors something that are not so easily recognised and impressive as the 20-storey hotels and office blocks.

Yet it is not to say that the general public is not conscious of the changes brought about by industrial development. They must have congenial feelings for the ever growing variety and ever improving quality of manufactured goods that the local manufacturers displayed to them each year in the Chinese Manufacturers Exhibition. They too, obviously have noticed the traffic jams caused by young workers moving towards the industrial areas of San Po Kong, Kwun Tong and Tsuen Wan, and above all, newspaper reports on new measures taken by the British and American governments on imported Hong Kong textiles. To the economic geographer, the industrial development of Hong Kong presents to him a picture linked with all sorts of economic, social and geographical factors to produce one of Asia's largest industrial cities. To him the Colony's reputation as a place where all things are possible and seemingly no problems insoluble would be a phase that would raise his admiration and interest

to understand and to analysis the factors behind. Thus any analytical person would be interested in finding out whether there really are no problems, or no insoluable problems, especially concerning the Colony's strides in the field of industry. For many years, economists and geographers worked hard in studying, analysing and even projecting into the future structure and problem of local industry, the Colony's economic mainstay. They gather statistics, look into problems of transport, location, capital and labour resources, management and technology, land for factories, marketing as well as trying to assess possible changes of government policy to further promoting industrial development. Experts such as Professor Dwyer, Mr. Nicholas Owen and Dr. Edward Szezepanik of the University of Hong Kong, have already published valuable findings on this issue. Besides, the Commerce and Industrial Department and the Labour Department are also currently collecting statistics in this field. The contributions from all these are, of course, of much importance to future economics planning, but they may be equally important in formulating policies on social welfare and urban expansion and development to suit changes in industry.

In this small dissertation, the author intends to look into only a small sector of the whole industrial make-up of the Colony. Based on a survey carried out this summer in the Nai

Wai - Fui Shai Wai region, he wants to present the recent development of industry in the rural areas of the New Territories and to analyse the problems arising from it. This will be related to the overall industrial scene of the Colony and possibilities of government encouragement and help are tentatively suggested. Yet, the author has to admit and most seniors in this respect would agree that it would be dangerous to project findings in such a small area as general phenomena of the whole of the rural New Territories, and, due to the shortage of reliable statistics other than the little which he could gather by actual field survey there is bound to be ~~descrip~~ences in some respects. Nevertheless, the author is lucky to receive frequent advice from Professor Dwyer (his supervisor) as well as Mr. Bills who is doing a thorough study on the small industrial units in the Yuen Long District. In addition, the author frequently draws on his little experience obtained during his field studies in the other parts of the New Territories. Lastly but naturally, he would also rely on his personal information as a local resident. Despite all the unavoidable shortcomings and mistakes, he hopes that this short dissertation would arouse interest in the industrial development in the rural part of the New Territories especially the problems and to suggest some seemingly necessary measures towards a better arrangement of locations and co-ordination from the Government.

CHAPTER TWO

THE NEW INDUSTRIAL ECONOMY; DECLINE OF AGRICULTURE

- IMPACT ON THE RURAL AREAS

Chapter Two

The New Industrial Economy, Decline of Agriculture and - their impact in the rural areas

In talking about industries in the rural areas it is impossible not briefly to examine the steps of development that Hong Kong experienced during its industrialization. The most outstanding factor among the many that have surprised its neighbouring countries is the *laissez-faire* policy that it has adopted. On page 64 of the 1965 Hong Kong Annual Report, the writer writes:

"A very important role in the development of Hong Kong's industry, has been played by the system of extremely mild trade controls. In order to preserve the Colony's position as a trading centre for South East Asia, the Government has kept trade controls down to a minimum."

This is something that most Asian countries dare not dream of. In the Philippines, "industrialization policy is analogous with, but goes one step beyond, an infant industrial policy. New industries not only are protected from competition of imports of finished manufactures, but are heavily subsidized by tax exemption and foreign exchange."¹ Actually, protective tariff

1 : Golay, Philippine Public Policy and National Economic Development, p.247

systems and government subsidies seem to be a normal phenomenon among all the Asian countries. Without such protective measures, how could the industries of Hong Kong manage to survive and prosper? In fact, such is a question that many economists and geographers are attempting to answer. Dr. E. Szezepanik, in his book, "The Economic Growth of Hong Kong", tries to attribute this to a number of factors: (1) advantageous geographical location and the presence of a good natural harbour. (2) possessing a hard-working and intelligent Chinese labour force which came from China in bulk and are determined to strive here through toil. (3) supply of capital that has escaped from China, and places of political unrest and tension in S.E. Asia and even distant Asian countries as well as constant and substantial internal savings. (4) entrepreneurship inherited from entrepreneurs from Shanghai and Canton. (5) the institutional factor of a good government that exercises laissez-faire capitalism and its connection with sterling areas and Imperial Preference. This unique combination has been exploited to the fullest in the years since 1957 and stimulated Hong Kong's industrial revolution. And this revolution was further exhanced by the fact that these were present:

(a) a flexible institutional framework within which a responsible infrastructure could develop; (b) population pressure and resulting bulk injection of excellent labour,

capital, and entrepreneurship; (c) absence of opportunities for any substantial development of primary industries; (d) decline in the traditional source of income generation which consisted in entrepôt trade." ²

These factors and forces are to be borne in mind because they are still guiding the steps of industrial development of the Colony and the causes of expansion of industries into the rural areas. However, at this juncture, it would be more reasonable to have a general survey on the steps of industrial development.

Industrial development of the Colony can be conveniently seen as falling into a number of stages which are marked by abrupt changes.

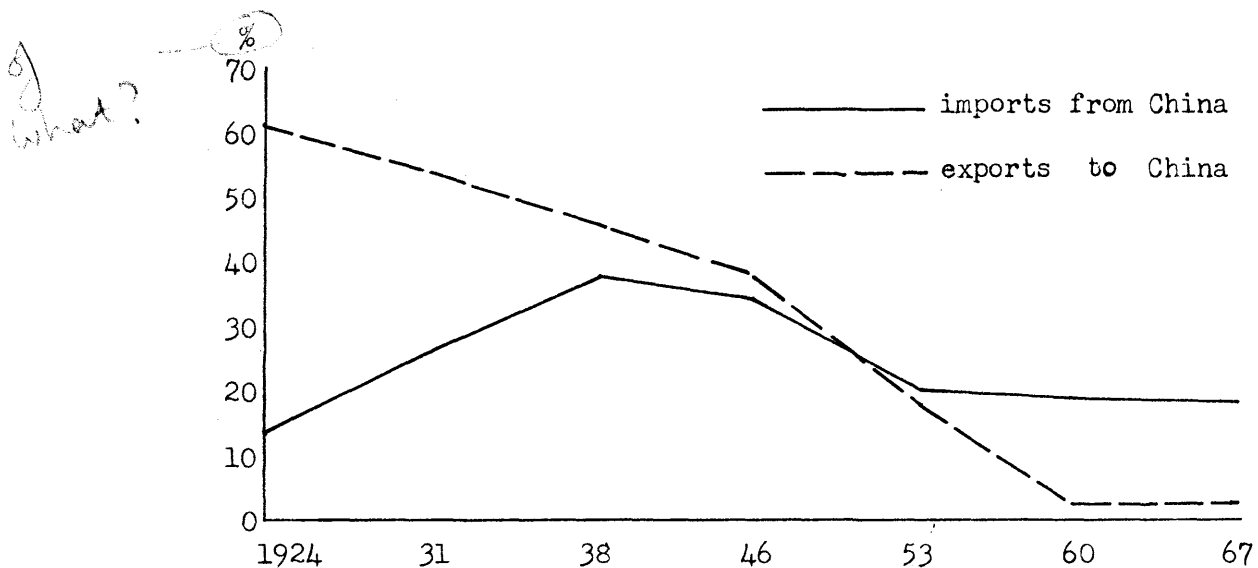
(1) The entrepôt trade period. This period starts from 1842 after the signing of the Treaty of Nanking down to 1950. The economic activity throughout this period is well outlined by the Letters Patent issued by Queen Victoria on 5th April 1843 which expressed the aim of creating the Crown Colony: "to establish on a barren, rocky island a settlement of British merchants, devoting their resources and skill to the promotion of British trade relation with China."³ Although with the later

2 : E. Szezepanik, The Economic Growth of Hong Kong, p.8

3 : Sir C. Collins, (1952), Public Administration in Hong Kong, London, p.461

growth of population and the added territory of Kowloon Peninsula, New Kowloon and the New Territories, the Colony ^{became} becomes more a Chinese settlement than a British settlement and trade partners include countries other than China, still, the economy rested heavily on entrepôt trade, while local industries made very little contributions:-

China's Trade Relationship with Hongkong



Source: Compiled from figures in 'Hong Kong-in its geographical setting, by S. G. Davis and Hong Kong Annual Report of various dates.

Yet within this long period, industry was gradually coming in. By the turn of the century, shipbuilding and shipbreaking industries had developed as a natural extension of port activities. Some light industries were also

page
ref.
established before 1939. In 1940 there were already 800 factories (Hong Kong Annual Report 1957).

(2) The new industrial period. This starts from the time when the Peoples' Republic of China was established over the mainland with such change of government and the accompanied change of policy. Hong Kong began to witness a drop in its entrepôt trade. This was made worse when the Korean War started and led to a trade embargo forced on China by U.S.A. Entrepôt trade as a basis for the Colony's economy then came to an end. This recession of trade however has led Hong Kong to an unseeable spectacular development. Hong Kong businessmen, quick to adjust to the shift of fortune, now turned increasingly to industry and found compensation for the loss of China trade by investment in Hong Kong manufactures. There followed a steady increase in the number of new factories. From then on, basing on their initiative and enterprising spirit, the people of Hong Kong turned the fortune's wheel, and advanced with triumphant steps towards a new industrial era. The following table shows how this gradually took place.

Export % contributed by
Local Manufactured Goods

Source:
Hong Kong Annual Report of
the respective years.

Year	% of total
1953	20-25
55	20-25
57	57
59	70
61	75
63	77
65	77
67	76
(68)	80

Much of this development has to be attributed to the laissez-fairism, that "unleashed human potentialities which in other countries have remained paralysed by elaborate control systems."⁴ The Banking, insurance and shipping systems, the widespread skill in merchandising techniques inherited from the entrepôt era and the other import and export facilities proved to be very favourable and valuable to industrial development.

The first phase of this industrialization was concentrated in Kowloon, particularly in the Mong Kok and Ma Tau Kok districts. More factories, particularly textile mills spread outwards and Tsuen Wan, in the New Territories, developed and become, in fact, a factory town. The second phase was the mushrooming of factories on the periphery of Kowloon on reclaimed lands of the 1950's e.g. Shamshuipo, Tai Kok (Shui). The third phase was marked by development of new towns at Kwai Chung, Kwun Tong and the moving in of more factories into the rural areas in the 1960s.

Such is a brief account of the industrial development of Hong Kong. Yet, it would seem obvious that this would not be complete without looking into its accompanying problems of labour, land, capital, market and even water supply problems.

4 : (1965) Hong Kong Annual Report, p.64

In Hong Kong the problem of shortage of land for industrial expansion is most acute. Limited by its physical endowment, urban development has been restricted to the narrow coastal strips of Victoria and the Kowloon Peninsula which adds up to roughly 8% of the total area. It is difficult for industry to be established on this already built-up and crowded urban area. In addition to this, as "the high proportion of the finished products exported together with the almost complete lack of local industrial resources, mean that most manufacturers prefer locations as close as possible to the harbour,"⁵ sites for factories building within town are often auctioned off at very high prices. Among the highest figures paid in 1962 was HK\$195 per square foot for an industrial site at North Point, Victoria (Commerce and Industry Department 1963, p.30). This would mean a very heavy capital investment which most local manufacturers are reluctant to accept. This is more true for most of the small units⁶ with limited resources of capital. Faced with such a land problem for industrial as well as community (housing) needs, the Government since 1955, has

5 : D.J. Dwyer, The Small Industrial Unit in H.K., p.31

6 : "small units or small industries be defined for statistical purposes as embracing establishments with no more than 20 employees when using motive power or 50 employees when not using power" (Staley, 1962, pp.202-3)

launched out extensive reclamation efforts in order to recreate by dumping on one hand and hill cutting on the other more land for industrial and housing purpose. This yields land quite near the urban areas and has prevented possible infringement into farmlands in the suburban areas. The largest projects that has been completed is Kwun Tong, Kwai Chung will also be completed soon, while Castle Peak is still at the beginning stage. All these projects would provide land for industrial purposes which is much cheaper and payable by 20 years instalment:

Land for General Industrial Use in Satellite Towns
(as included in their layout plans)

Place	Area in ac.	Size of Town in ac.	Population (expected in 1976)	Remark
KWUN TONG				
TSUEN WAN TSING YEE KWAI CHUNG	986	2999	1,200,000	largely completed
SHA TIN	467	2615	300,000	just started
CASTLE PEAK	356	1847	600,000	just started

Source: Publications of Town Planning Board,
Hong Kong Government.

The large units, of course, could seek sites in such new towns, yet small manufacturers still feel it impossible or unwise to sink a large proportion of their capital in

order to set up their own factory building. As most of the factories are small enterprises (see following table):

Sizes of Industrial Undertakings of the Colony

Size of units (employment)	No. of units	%
Over 499	75	0.9
200-499	275	3.4
100-199	379	4.7
50-99	681	8.5
20-49	1576	19.6
1-19	5063	62.9
Total	8049	100.0

Source:
Compiled from Table 1C,
p.85, Annual Departmental
Report, Commissioner of
Labour(1963-64).

(a) some factories are still found ~~squatting~~ in the urban areas; (b) many have infiltrated into residential buildings (including the New Territory towns); (c) there is a tendency for more industrial development in the rural areas where land is plentiful and cheap.

Already, since 1952, industries have been set up on an increasingly large scale in various parts of the New Territories. The Tsuen Wan area, which has been most affected,

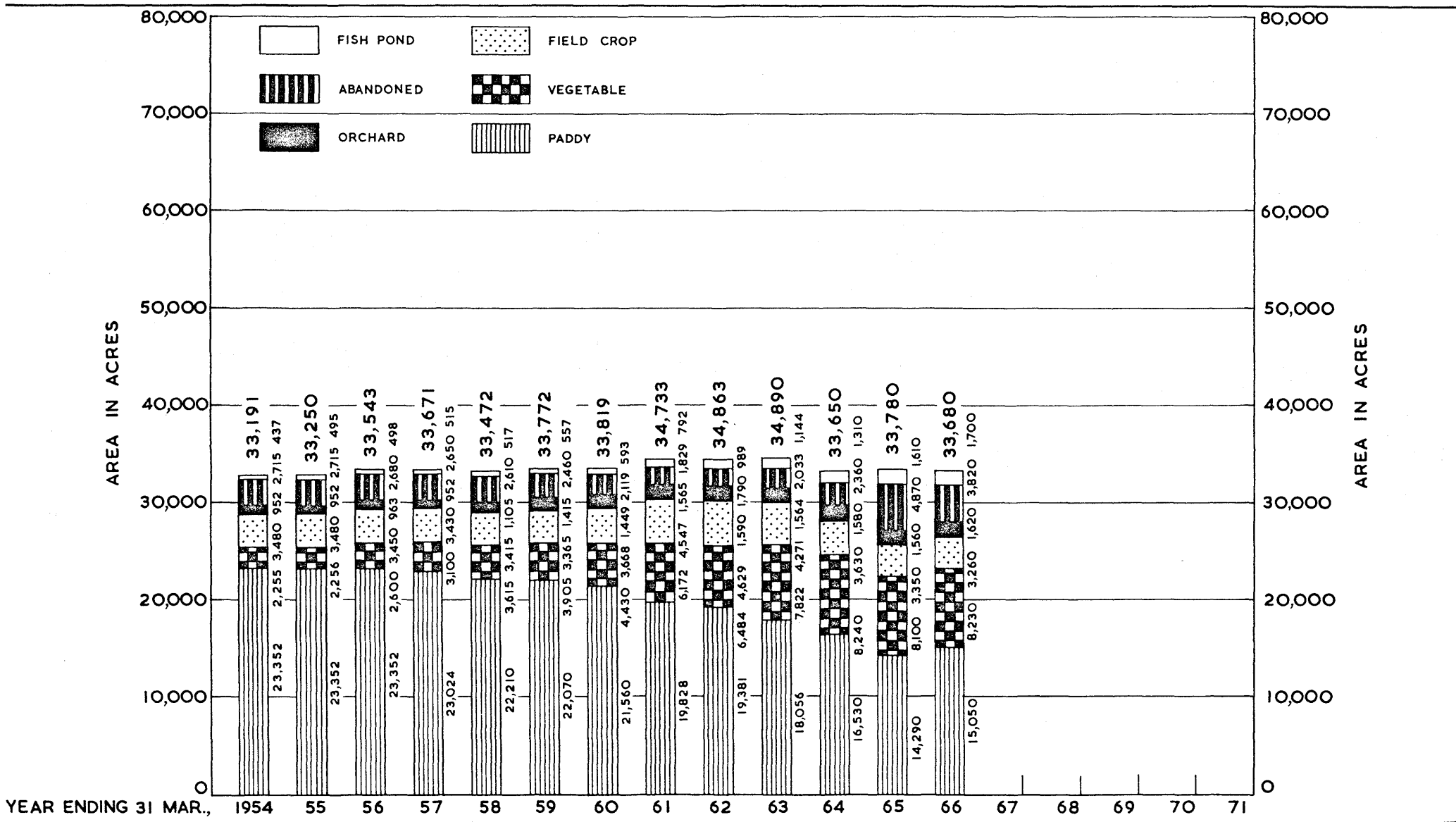
has developed from a group of old fashioned villages into a large industrial town mainly occupied in the manufacture of textiles. Industries have also spread to Shai Tin, Shum Cheng, Castle Peak and Yuen Long. However, all these places are now already so urbanized that they are actually towns and New Territory people have not, however, been much attracted by factory work there. Most of the workers engaged are from Hong Kong or Kowloon on with a strong element in Tsuen Wan of Shanghai refugee labours. What attracted the author's interest, however, was the development in the rural areas along the Castle Peak Road, made up of industries being forced out from the already developed areas by their incompetability under laissez-fairism or due to their nature of process which are not permitted in such areas. This provides an interesting study. But such phenomenon must not be exaggerated as the total economic value contributed by industries in the New Territories forms only a very minor sector of the total industrial contribution of the Colony, and even within this minor sector, the industries in the established areas of Tsuen Wan, Kwai Chung and Shum Cheng already account for an overwhelming majority. Yet, this development in the rural areas is something that observant planners must not dismiss easily. It may reflect many facets of the development of Hong Kong's industry and changes in the rural life of the Colony.

Decline of Agriculture

The gradual appearance of factories on abandoned fields and in converted agricultural structures, if one examines it closely, is connected with factors other than those just mentioned. There is the decline of agriculture. The geographical setting and geological structure of Hong Kong have already been very unfavourable factors for agriculture. The fertility of the soil is much less than that of its neighbouring areas around the Pearl Delta (World Land Use Survey, Regional Monograph I, T.R. Tregear, p.27). The scarcity and hilly nature of the land have limited expansion. Only about 13.5% of the land could be classified as arable. There is also a persisting competition for water between town and country in which the country always loses. T.R. Tregear has thrown light on this⁷:

"To date, whenever a catchment area has been scheduled for water supply for human consumption all agricultural activity in that area has been forbidden. Any villages or hamlets have been evacuated and the land devoted to forestry. Thus increasing urban demand have had the effect of reducing arable land.

7 : T.R. Tregear. World Land Use Survey, Regional Monograph I.



AGRICULTURAL LAND UTILIZATION

SOURCES

DEPARTMENT OF AGRICULTURE AND FISHERIES

"The construction of the Shing Mun and Tai Lam Chung Reservoirs in the New Territories follows with the question that the impounding of many thousands of millions of gallons of water and the piping of that water many miles for use elsewhere will have the effect of lowering the water table and thus decreasing the efficiency of the wells in the area thus deprived."

This is a fact openly admitted by the District Office (personal contact) in addition to two other reasons: competition from agricultural products exported from China which is at a low price that could not be competed with (and that is outside the control of the Government of Hong Kong), and the provision of better paid jobs in town and in foreign countries e.g. Britain, which have led to rural-urban migration as well as emigration. Such developments mean corresponding increasing amounts of abandoned fields. According to the 1961 census there were 26,000 farmers and 47,000 (is) full-time agricultural employment, and the 1966 By-census reveals 15,000 farms and 28,000 full-time agricultural labourers, representing a drop of 40% in the number of farmers and farm labourers. The amount of abandoned land was estimated to be 4,900 ac., about 14% of the total agricultural land, in 1965. This decline of agriculture can be best summarized by E. Szezepanik's words:⁸

8 : E. Szezepanik, (1960), The Economic Growth of Hong Kong.

"Moreover, capital has been reluctant to finance the extension of the infrastructure of local agriculture because of the legal position of the New Territories and an absolute system of land tenure. The Colony's agriculture therefore provides but little relief to the post war population pressure. This was an important element which stimulated the growth of manufacturing industry."

This decline is felt with different degree of intensity in different localities. Areas along the major roads are especially changing quickly and thoroughly. Along the two sides of the Castle Peak Road such evidence is abundant. Industrial expansion has moved out from Kowloon along Castle Peak Road into Tsuen Wan, Kwai Chung, then Shum Cheng and Castle Peak, and along the same direction factories moved into the rural parts of the New Territories. Based on this concept, the study of the Nai Wai - Fui Sha Wai region was selected.

Types of Employment of New Territories People

Employment	% engaged
Agriculture, forestry, fishing	42
Manufacturing industries	30
Commerce	8
Transport and Service	20
Total	100

Source: Census Report 1961, Hong Kong Government.

CHAPTER THREE

INDUSTRIES IN THE NAI WAI-FUI SHA WAI AREA (I)

Sampling and locations of the factories

Size of the factories

Nature of process and types of the factories

The structures that house the factories

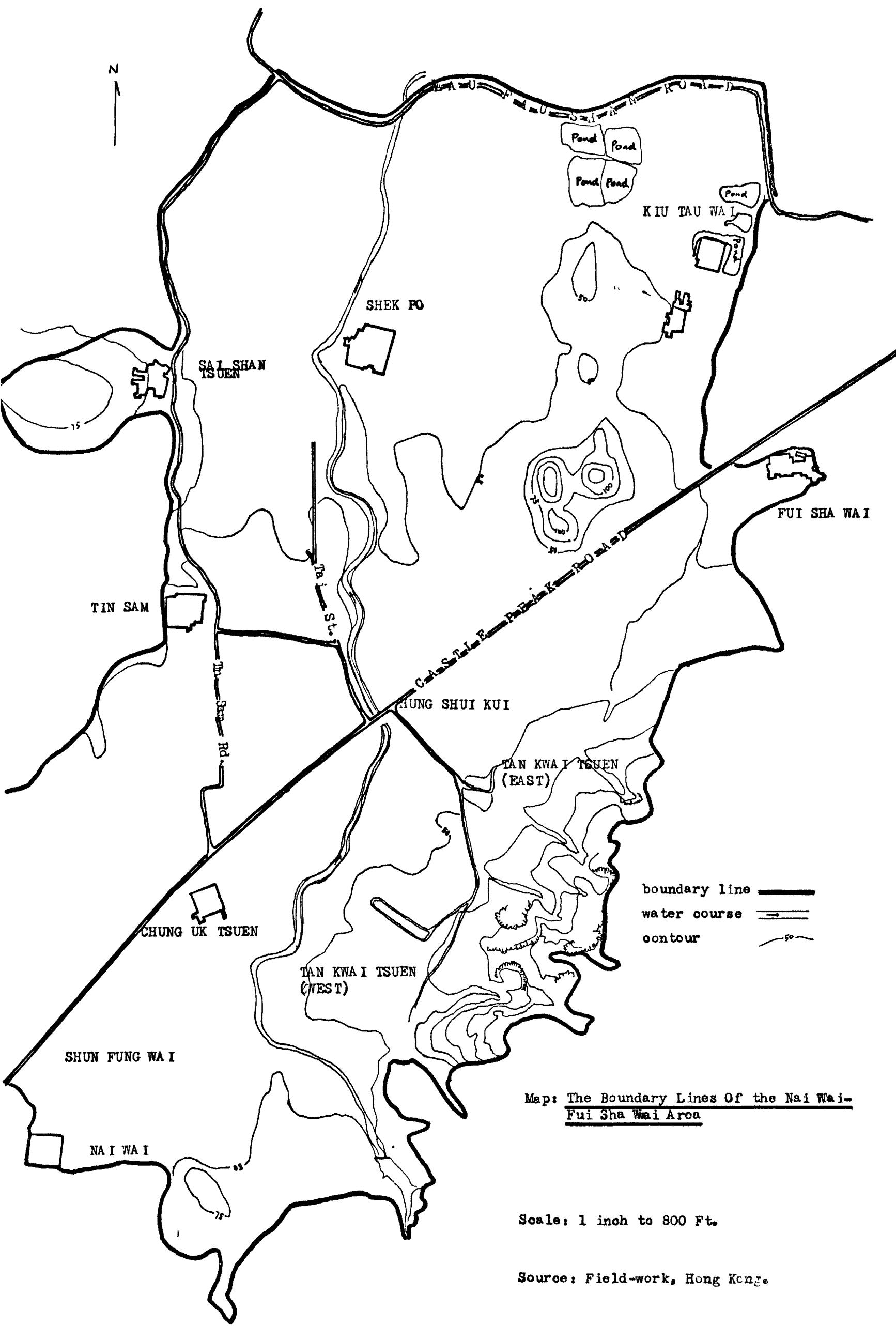
Management and capital resources

Chapter Three

Industries in the Nai Wai - Fui Sha Wai Area (I)

This area is made up of 11 villages, i.e. Nai Wai, Sun Fung Wai, Tan Kwai Tsuen, Tin Sum, Hung Shui Kiu, Lei Uk Tsuen, Sai Shan Tsuen, Shek Po Tsuen, Hung Uk Tsuen, Kui Tau Wai and Fui Sha Wai. This area is collectively in the administrative districts of Ha Tsuen and Ping Shan of the Yuen Long District. It lies about midway between Yuen Long and Castle Peak, the two largest New Territories towns in the western half of the New Territories, which, as far as the author knows, has the largest concentration of industries in the rural areas of the Colony. To its immediate north lies Tong Yan San Tsuen and to its south lie Tse Tin Tsuen and San Hing Tsuen, two other important industrial concentration in this part of the New Territories. So it is hoped that the area would be representative of the general picture of industries in the rural parts of the New Territories. In fact, the author has also briefly surveyed the two other areas that lie astride the Castle Peak Road and is confident that the industrial phenomena there are quite similar to those to be examined in the Nai Wai - Fui Sha Wai Area.

The area is most probably an extension of the depositional Yuen Long Plain. It has similar characteristics, being flat and low lying. Its smoothness as a flat lowland is only



Map: The Boundary Lines Of the Nai Wai-Fui Sha Wai Area

Scale: 1 inch to 800 Ft.

Source: Field-work, Hong Kong.

broken by 3 small hillocks of below 150 ft. It measures roughly 8000 ft. north-east, and 4400 ft. and 6400 ft. across in the north and in the south respectively. The section of the Castle Peak Road included in the area is roughly 8000 ft. Boundary lines are generally running along the lowest possible contour on the foothills to the west, south and south east to embrace the whole of the lowland region. In the north east, the demarcation lines run along the Ping Hu Road (see map on page 19).

Generally speaking, this is an area agricultural in outlook, for it includes large sketches of wet paddy, vegetable and cane fields and even fish ponds. Ancient walled villages e.g. Nai Wai, Kui Tau Wai and Tin Sum are still well preserved in their traditional appearance. Village children walk bare footed and the smell of nightsoil prevails. Changes are easily concealed under such a cover. But the changes are so enormous that they really could be a shock to any careful observer. Invading factories have caused great differences physiologically and economically. Large modern blocks now appear in Hung Shiu Kiu, Kui Tau Wai and many more are going up. In congested squatter huts or converted villas of Tan Kwai Tsuen, Tin Sum, factories, small or medium size, are working busily. In Kui Tan Wai, one is actually greeted with smells of plastics, noises of machines working and black and grey smoke from the furnaces

that blur the sky. What an industrial scene!

Sampling and locations of the factories

There are altogether 123 factories scattered over the whole area. Of this total 32 samples were chosen. This sampling was mainly based on stratification according to types of industry and the size of the units. However the author had to be flexible in the choice of samples as many factory owners were erasive or simply refused to answer questions. The table below shows how the samples worked out:

Percentages of the Different Types of
Factories Surveyed

Types of Industry	Total units	Units Surveyed	%
Saw Mills and Wood Articles	13	3	23
Chicken Feed	5	3	60
Foundries and Metalwares	29	4	13
Textiles and Cotton Refining	15	2	13
Plastic Goods	15	3	20
Rattanware	8	1	13
Food Manufacturing	14	3	21
Glass Articles	3	1	33
Miscellaneous	21	12	57
Total	123	32 (avg.26)	

With a few exceptions, all these factories were within easy reach of the Castle Peak Road and they were grouped together in well-defined clusters. 49 units spread out north of the Castle Peak Road along Tin Sum Road and Tai Street. 18 units were concentrated in Kui Tau Wai. 24 units were found in east Tan Kwai Tsuen, 20 in west Tan Kwai Tsuen and 10 just along the southern side of the Castle Peak Road. Those along Tin Sum Road and Tai Street were served by well surfaced roads, but the roads leading to the other factories were earth tracks. Yet, all the factories were accessible by lorries to their front gates though the road condition was often poor. From the example surveyed, only 20% of the factories complained about transportation difficulties. Other than this minority, comparatively easy and convenient transport is a factor that the factories enjoy. Though the cost of transport may be higher than in town, it is easily compensated by cheap land. Such location emphasizes the importance of transport determination. No factory is found out in the fields isolated from transport links and not accessible by motor cars.

It is also interesting to note that although there were sites just as favourably located alongside the Castle Peak Road, yet they were not taken up, e.g. Cheng Uk Tsuen, Fui Sha Wai and Sun Fung Wai. No factory is found in these places.

This may be due to factors of tenure, or village tradition, however, the author has to admit failing to collect enough facts to account for this.

Besides such a concentration, many factories are also gathered together according to types. For example, the fruit processing factories and saw-mill are all located along Tai Street and near the theatre in Hung Shui Kiu; the rattanware factories are more concentrated in the extreme north east of Tan Kwai Tsuen; the metal rolling factories and iron foundries in the western part of Tin Tau Wai and the cotton goods factories in east Tan Kwai Tsuen. Such a concentration may be due to the Chinese idea grouping the same types of trade together to create a bigger attraction to customers, which is a common phenomenon existing in the locational pattern of retail shops found in Chinese towns.

Size of the factories

About 78% of the sample were small industrial units employing less than 20 workers, the exception being a modern chemical factory in Kui Tau Wai which employs over 200 workers, a few food processing factories, a large plastic toys factory and a factory making artistic candles.

Sizes of the Factories in the Region

(Based on the Samples)

Size of units (Employment)	No. of units
Over 200	1
100-199	2
20-99	4
1-19	25
Total	32

71% of the surveyed samples are run on a family basis with at least one member of the family activity involved in management or in the actual production process. It appears that many of the industries are not labour consuming e.g. the saw-mills, soya bean sauce factories, cotton goods and plastics factories. No indication is found showing that any of these are new entrepreneurs. Yet it is true that this type of family basis "have the major advantages of flexibility and close personal contact which 'one man' management made possible."⁹ Some of them frankly admitted that they are "misfits" in the urban areas and have been forced out to seek temporary refuge. In fact, of the total of 32 samples, 21

9 : D.J. Dwyer, The Small Industrial Unit in Hong Kong, p.5

of them have been involved in squatter clearance, bankruptcy, or drop of business during the "run-on bank" year, 1963, which was a time of comparatively slack industrial growth. But the most important reason for their setting up here was due to the major squatter clearance programme in Ngau Tau Kok in 1957 (Yuen Long District Office, personal conversation). These small industrial units are therefore divorced from the general phenomenon that are true to those in town in that "new entrepreneurs with imperfect access to capital, set up small units in the hope of their growth into large concerns."¹⁰ It is more or less according to this value of measurement that one can say that small industrial units in the rural areas are negligible and unimportant.

On the other hand the medium-sized units display quite another feature. Such establishments are often due to prohibition in town e.g. the chemical factory that emits a repulsive smell, or because of the nature of process which demands too much open space, for direct solar energy or a furnace. It is usually this category of factories that occupy very extensive space.

10 : D.J. Dwyer, The Small Industrial Unit in Hong Kong.

Nature of process and types of the factories

In examining the 123 factories found, one special feature emerges: the factories are there because there is no better site anywhere else suitable to their process. Generalisations like this, of course, need to be explained and justified. Accordingly, the factories can be broken down into 5 main groups:-

(1) Those that require direct solar energy during the process. These are comprised by the soya sauce and preserved fruit factories. Open space and direct solar radiation is vital as a process in producing the end products. So very spacious yards and an open field environment in the rural areas are favourable to such factories. Yet many formerly had their sites in Kowloon (Tsuen Wan, Ngau Tau Kok) where during the land hungry 50's they were forced out by urban developments. They form the largest group that is not housed in temporary structures.

(2) Those that need furnaces and storage space. Bean curd factories and iron foundries fall into this category. Plates A and B show how such factories look together with the actual manufacturing processes that are taking place. Besides having to use furnaces, the products they produce are cheap and bulky. Too much capital investment or expenditure in

rent would mean always a loss.

(3) Those that emit irritating smell and produce too much noise. The chemical factories and the (putty) 桐油灰 factory fall into this category. The production of plastic sofa sheets in (Tin Sze Chem. Factory) 田氏化工厂 emits a very irritating smell. Such is a type forbidden in urban areas.

(4) Those that produce products that gain in bulk. These include 抓毛廠 (old cotton refining) and rattan-ware. The raw materials needed in these industries are not only bulky, their products even gain in bulk. These industries must therefore necessarily be provided with cheap and large storage spaces which could be found in the rural areas only.

(5) Those that need to provide store for very cheap and bulky raw materials. The glass bottles and plastic drops and plastic slipper factories are under this category. In the glass bottle and glass tube factories, over 50% of the raw material are made up of used or broken glass wares which heap up in huge dumps all around such factories. For the same reason, used plastic articles surround the plastic drops and plastic slipper factories like small hills. This not only taken up much space which is only possible in the rural areas but also leads to fire hazard. Plates C and D illustrate the shapely look of these factories.

The structures that house the factories

The above analysis indicates that most of the industries in the area require extremely large storage and space for processing, yet the products are usually lower order goods. It has also been noted that the factory owners are generally not financially sound. So they have to be economical especially in providing the factory structure. Characteristically, all but 18% of the factories are housed in single storied shabby structures of tin plates and wood. They make use of former agricultural structures which are either farm houses or chicken shacks. 40% of them are illegally set up and scattering on public land and abandoned fields. Though such structures are improper for industrial use, yet what the small manufacturers demand is just a shelter under which their process could be carried out rain or shine (Yuen Long District Office, personal conversation). Besides, many realize that such structures are temporary and could not stay long (either because Government forbiddence or out of their desire to expand). There is no point for them to sink too much capital in the context of such unstable conditions.

The 12% that housed in villas of usually two-storey stoutly built concrete houses take advantage of the cheap rent they usually offer. Moreover the walled gardens surrounding the

villas give good and safe storage space. Such converted villas are found numerously along Tin Sum Road. Factory owners of such structures are usually comparatively better off financially and the standard of management is also much higher. In a few cases, they have even got a proper air conditioned office.

Proper factory buildings are rarely found. This makes up, roughly 6% of the total types of housing. They are the 'villa-like' fruit preserving and soya sauce manufacturing factories and the modern factory block of 田氏化工廠 (Tin Sze Chemical Factory) which is a new establishment and the only example of such in the area. It is situated at the industrial zone of Kui Tau Wai. Next to it three other similar modern blocks for textiles are under construction. This actually reflects another phase of change in the New Territories, i.e. the industrial development there has pushed to a new stage. Instead of factories scattering here and there without rational planning and control, there may be a gradually planned centralising movement grouping factories to some suitable localities.

At present, factories are still found here and there clinging to conditions that owners deem suitable. This has created a situation not only difficult for proper planning, but also uneasy for effective recording by the Commerce and Industry Department. Some of them are actually deliberately

hiding themselves from Government notice and inspection. Therefore, they are mostly not recorded¹¹ or registered¹² which they believe would incur on them unnecessary interference.

Management and capital resources

In the previous paragraphs, the author has already shown that small industrial units in this part of the rural areas of Hong Kong is a representation of a decaying branch in the growing tree of industrial development. It is quite obvious that many of the factory owners of the surveyed samples are not 'new men'. They have met successes and failures before. Many have developed a sense of incompetability and sink into the philosophy of satisfaction at any marginal profit. The general phenomenon is a lack of spirit and enterprising enthusiasm. This is specially true among the iron foundries which are suffering from a general decline following the dropping off of the building boom that affected their market

11 : A recorded establishment is one that is not registrable under the Factories and Workshops Ordinance but is kept under observation because from 15 to 19 workers are employed. Other types of recorded establishments are those in which women or young persons are employed or in which the materials or processes in use may present health or safety hazards to workers.

12 : The installation of power-driven machinery or an increase to twenty or more in no. of persons employed would render the premises registrable. Inspections are made of such establishments and the proprietors are advised regarding industrial health and safety.

so much.

Of course, there are also factory owners with a mind to struggle and more ambitious. These, however form a minority of the group.

Springing from this background, it is not surprising that nearly all the factories are run in a slack manner. It may be impossible to find very correct evidence to support this feeling but the fact that 21 out of 32 are formerly having a better urban site and most of them are not anticipating any future expansion or moving out of the area to better places gives proof that they are not at all doing well, eventhough it is hard to comment on the management because of lack of statistics.

CHAPTER FOUR

INDUSTRIES IN THE NAI WAI- FUI SHA WAI AREA (II)

Indiscriminate pattern of land use

Breach of land lease

Repulsive feeling among the local villagers

Hindrance to effective planning

Transportation

Labour conditions, technical and financial assistance

Chapter Four

Industries in the Nai Wai - Fui Sha Wai Area (II)

Indiscriminate pattern of landuse

As these factories are all (except a few) illegally established into the rural areas, taking up abandoned fields, farm houses, chicken shacks and villas which they deem suitable for starting off their factories, there has resulted in many parts of the rural area, especially where transportation link with Kowloon is not so much a problem, an indiscriminate pattern of landuse. In Tan Kwai Tsuen, Tin Sum and Shai Shan Tsuen factories are found side by side with poultry farms or cultivated land. In case of the food processing factories and wool knitting factories, they may not present a marked contrast in such an agricultural context, while plastic factories, glass factories and iron foundries produce noises, smell and a scenery of heaped up raw materials and broken parts that are so disruptive to the country that even an ordinary villager may complain that something has gone wrong. There arises then a repulsive feeling among some of the local villagers. Worse still, this has bred problems of breach of the land lease, damage to rural tradition, pollution of irrigation water and hindrance to effective development planning which are of more far reaching results.

Breach of land lease

The status of land in the rural New Territories falls into four main categories: (1) old statute agricultural lot, (2) building lot, (3) forest lot, (4) crown land. Most of the land in the New Territories was under private lease after 1898 i.e. old statute agricultural lots, and very little was under building lots. The terms of the agricultural lots allow only structures directly related to agriculture e.g. the farm's own dwelling, chicken shacks and pig sties to be established. The land officer's duty is to investigate into any breach in this. The rent of the land is extremely cheap. The average figure is \$8 per ac. for agricultural lot and \$500 per ac. for building lot. In addition, there is a stamp duty which by 1st June, 1967, was:

Stamp Duty for Sale of Land

Village Name	HK\$ per sq. ft.
Hung Shui Kiu	2.20
Chung Uk Tsuen	0.40
Tin Sum Tsuen	0.70
Sai Shan Tsuen	0.40
Nai Wai	0.62
Hung Uk Tsuen	1.70
Sun Fung Wai	0.62

Source:
Yuen Long District
Office, N. T.

The owner of the land may, under the Modification of Tenancy (M.O.T.) clause to erect structures for purposes other than directly related to agriculture i.e. for tenants, commercial or industrial purposes. The charge for the M.O.T. permit is \$0.03 per sq. ft. Many of the temporary structures that are permitted to stay are under the M.O.T. clause. Most of the factories in the area are under the M.O.T. clause which is renewable every year. But the District Office is only willing to tolerate factories that are already established there. New applications are often rejected. Besides the District Office reserves the right to terminate such M.O.T. by giving one month's notice. Thus there is no guarantee as to the factories longer stay on the land and this is one reason why factory owners put little effort in furnishing their workshops.

Repulsive feeling among the local villagers

This is however not so much a problem as would be expected. The causes of such feeling is usually pollution of irrigation water directly affecting the farmer's living or damage to the country scenery and country life. Yet in areas where factories are found, cultivation is a very unimportant thing. In all the villages surveyed, the main agricultural activity is poultry farming with a little vegetables. Only at further distance away that cultivation predominates. On the other

hand, these parts of the rural area are so urbanized that TV sets are found in many houses of the villagers. The villagers do not seem to be upset by the gradual lose of the ancient traditions or country life, not to mention country scenery. This is especially true to the large youth age group that dresses and behaves like many towns people do and some are even employed by many such factories. What is irritating to them, however, are the industries that emit repulsive smells, smoke or produce too much noise. People of Kui Tau Wai share a special dislike towards the 田氏化工厂 (Tin Sze Chemical Factory) and the iron foundries nearby which give off irritating smell, dust and smoke all the day. Other than this, the general attitude of the villagers is in favour of the coming of factories, as the village representative of Kui Tau Wai remarked "We sincerely welcome them as they bring us employment."

Hindrence to effective planning

The real problem however lies in the disorder^{ly} landuse pattern and the associated difficulties of supply sewage, drainage, roads, water mains and other facilities that are urgently needed by the many factories. Electricity and telephones are always in short supply. Factory owners frequently complain about sudden going off of electricity due to insufficient voltage and too heavy demands. Refuse desposal is also not

organised at all, while roads leading to these factories are left unattended by the Government. In Tan Kwai Tsuen and Kui Tau Wai, such factories have created small scale slum areas where the roads are not surfaced, burnt charcoal strewn everywhere, smoke blurred the sky, noises, heat and smelt mix together to create a suffocating atmosphere. Raw materials, finished goods, refuse, broken machines and sorts and ends lay in heaps. This caused inconvenience to movement of lorries and fire hazard. Although there are complaints about this, the District Office sticks honestly to its laissez-fairism and remains inactive in improving these conditions. More detailed reasons would be given in the chapters which is to discuss Government policy on industries in the rural areas.

Transportation

Very few of the factories of the area produce products for sale in the local villages, most of their products as well as their raw materials are for or from Kowloon and Hong Kong where they are imported and exported. Even those that are market within the New Territories e.g. saw-mills and chicken feeds, easy transportation plays a very important part in determining whether the factory can stay on. Generally speaking, factories there have to tolerate a longer transportation line and a larger cost. All traffic is carried by

the Castle Peak Road which is the major communication link between these factories with the harbour on which most industries depend. Presently the Castle Peak Road has been further improved ^{by} a new road bridge that curves round Lai Chi Kok shortening the distance between Tsuen Wan and Kowloon. The section from Castle Peak to Ping Shan is also under reconstruction and to be widened to 120 feet (including two pedestrian paths), to meet the ever increasing needs of the developing New Territories. However this road has to serve Yuen Long, Castle Peak, Shum Cheng, Tsuen Wan and Kwai Chung which are well developed towns. Besides, the section between Tsuen Wan and Castle Peak which pushes through cliffs and rocky coasts is very narrow just feasible for 2 lines traffic. There is, as far as can be seen now, no possibility for further road widening. In this way, there occurs an unavoidable bottleneck area between Castle Peak and Tsuen Wan setting a maximum limit to the amount of traffic it can carry. At present, it seems that this maximum has been reached. Road Twisk the only other direct link with Kowloon is not suitable for lorries loaded with goods as it has very steep gradient and twists too much. It climbs up the hill into barren and unpopulated regions and only reaches Yuen Long Town after more than an hour's normal motor ride. So it contributes very little to the industrially important regions along the Castle Peak Road in Ping Shan and Ha Tsuen. Thus it would be reasonable that transportation

difficulties would sooner or later set a bar to further industrial development in these areas which are at present enjoying a good transportation factor.

Labour conditions, technical and financial assistance

Cheap labour is often cited as a favourable factor to industrial development in rural regions. Yet the author finds it diminishingly ~~un~~important in the New Territories. There is no doubt that the general living standard or cost of living is a bit cheaper or lower in the rural areas than in town, but in the more urbanized districts where such factories are found, the living standard is more or less the same as in town. The factories pay, and the workers receive the same wage (e.g. \$8 per day for a girl working in a plastic factory) as their counterparts in town do. Moreover, labour is not so concentrated as in town and workers tend to have gang behaviour. If a worker quarrels with the foreman, the whole gang will leave the factory. Then it would be very difficult to find replacements in a short time. Many factory owners are therefore very cautious towards the mobility of workers and some claimed that there is a lack of hands. Yet, it is not to say that labour is not plentiful in the rural areas. There are, of course, plenty of active villagers, but other than those living near to the factories, most are engaged in some sort of agricultural activities and these people are more tied up to tradition and narrow in outlook; very few would like to go for

a distance to work in the factories. Thus, besides a few plastics and rattanware factories which allocate piece work for villagers to finish at home, and where-by do exploit quite successfully part of this labour, the potential labour market in the rural area is quite limited. This consideration together with the Government's decision not to allow the spread of factories outside the present limits may mean extending the difficulties already existing in the labour market.

Capital and management limitations are further problems acting unfavourably on the industrial development in the rural areas. The low capital-labour ratio means low productivity, mechanization and prospects. Public assistance in giving advice and help in technical knowledge and management are extremely necessary. In Japan organisations with such aims developed into mushrooms after 1948.¹³ The courses given by the Hong Kong Management Association and the Supervisory Training Section of the Labour Department are of a scale not even capable of meeting the needs of the urban areas. It is therefore reasonable that Agassi proposed 40 similar organisations are needed in Hong Kong.¹⁴ However development in this direction is still remote and even if this could be materialized priority would be given to industries in town.

13 & 14 : I.C. Javie, Agassi, Hong Kong, p.8.

Besides getting their own staff trained, there is no other possible way, because graduates from the technical college and modern schools are quickly absorbed by the needs in town. So industries in the rural areas are always in a state of inadequate financial and personnel resources.

CHAPTER FIVE

GOVERNMENT POLICY TOWARDS
INDUSTRIAL DEVELOPMENT IN THE RURAL AREAS

Chapter Five

Government Policy towards Industrial Development in the Rural Areas

The coming and spreading of factories in the rural areas is the result of artificial factors and spontaneous growth. The first large scale moving in of factories was the result of the major squatter clearance in 1957 (e.g. in Ngau Tau Kok). Such factories are therefore tolerated by Government and M.O.T. permits issued to them. With the increased rate of industrialization in town, more and more factories were forced out from the urban areas due to rising rents and more strict control and inspection by Government departments. Throughout the past years Government has been watchful of this new expression of urbanization and industrialist in these rural areas. So far, in principle laissez-fairism is still upheld. In practice, however, a restrictionist attitude is easily sensed, especially by the factory owners' themselves. This therefore presents a contradictory, yet harmonious expression of the Government policy whose flexibility to suit local conditions has always been praised.

Traditionally, the Government is unwilling to spend too much money in the New Territories which is a leased territory (personal conversation. Yuen Long District Office). What the Government has spent heavily on are those items that are closely related to the needs of the urban areas of Kowloon and Victoria

e.g. reservoirs and the roads which are mostly for maintenance and construction of the reservoirs and military purposes. Besides, the development plans of Castle Peak, Kwai Chung and Kwun Tong have already consumed much of the budget for development. Naturally, the demands from industries in the rural areas are of second priority or even treated as unimportant.

Moreover, there is a very obvious desire to maintain the country scenery. Industries that bring ugliness and spoil the agricultural basis of the rural areas and causing all sorts of problems of providing facilities are not welcome. Restrictionist atmosphere therefore predominates which can be expressed in the Government's three main trends of action.

(1) To recognise existing status of industrial landuse on a temporary basis.

Because of the drastic mushrooming of factories in these areas and because of the need to consider their urgent necessity in the context of lacking clear policy to deal with such affairs, the Government was taken by a shock and compelled to adopt a policy of temporary recognition by issuing M.O.T. permits to allow industrial use on these abundant fields or formerly agricultural lots. These then come to be known as the recognised industrial regions (Yuen Long District Office, personal conversation). Ha Tsuen, Tong Yan Shan Tsuen, Hung Shui Kui and Tin Sum are such examples. The procedures for obtaining an M.O.T. permit for industrial landuse is very simple:-

a. application; b. investigation by Land Assistance; c. payment of premium for providing facilities; d. issuing of permit, the

charge of 3¢ per sq. ft. This change over to industrial land use is only possible for factories already established there. Further infiltration would be ruthlessly stamped out. There are also many other regulations guarding the issuing of these permits. In short, this is just a pessimistic recognition aiming at forbidding further expansion and infiltration.

(2) Industrial layout

The second effort towards restrictionist and planned development is to zone out regions for general industrial use. At present there is one such example at Kiu Tan Wai. It is a planned layout provided with facilities like street patterns, sewage, watermain drainage and power line systems. Such may be a manifestation of the Government's desire to centralise industrial development in order to preserve the country beauty and to co-ordinate it with expansion of roads and other rural development projects. Already, the Tin Tze Chemical Factory (田氏化工廠) has been completed and functioning for a whole year. 3 other modern blocks for the textile industry are also busily under construction.

(3) The District Office has presently resorted to prompt action of resettlement and clearance of illegal structures (which are often for industrial purposes). Old establishments are tolerated and granted M.O.T. permits. New factories moving

into an area, however, could only stay in structures already covered by a M.O.T. permit for industrial use. If they are found elsewhere they will be forcibly removed under the 'Resettlement Ordinance, Chapter 304' and the 'Crown Land Re-entry Ordinance, Chapter 126' (Yuen Long District Office, personal conversation).

Other than these, there has been the idea of catering for the needs of special industries, for example, glass and metalwares which are not suitable in town or in flat factory buildings. It's determined "as far as possible to cater for their application", yet, up to now there is still no clear cut policy of grouping together or to zone out regions for their factories that are still remain within the recognised regions under the M.O.T. permit.

Such is the restrictionist policy. However it is restrictionist in the sense that the Government is tending to formulate a more rational plan for rural development rather than allowing these factories to scatter about and breeding the foreseeable problems of spoiling the country beauty, making difficult the supply of facilities as well as the unforeseeable problems on the economic and social sides. Yet, such restrictionist attitude is well balanced by laissez-fairism which is seen in the Government's inactivity within all these recognised industrial regions and layout zones. Facilities are not provided in the recognised zone and there is no action of forbidding the heaping

of raw material and refuse beside the roads, and things of that sort. The factories are there left to care for themselves. In the layout zone and in many other respects, like the decision to cater for the needs of special industries, behind the superficial meaning of such idea, there is always a vacuum, a lack of definite and clear cut policy, may be that is the harmony of restrictionist attitude and laissez-fairism.

At this juncture, however, one should not be too indulged in the small points, and attention should be paid to the larger scale of development planning at Castle Peak, which, very probably, is a co-ordinating effort pertaining to meet the needs of industrial development in the rural areas. The Castle Peak Outlying Region Development Plan¹⁵ aims to provide 356 sq. ac. for factory sites to satisfy the demands of the local industries. This would also help to release the pressure of industrial infiltration into the rural areas. It would offer great attraction to factories already established in such rural areas to consider for proper relocation. However, judging from the present situation, the majority of the factories in the rural areas are not doing so well in meeting the minimum requirements of building regulation and capital investment. Because many of the industries there are not considered as possible to move into

15 : Town Planning Board, Hong Kong Government (1967), Castle Peak Outline Zoning Plan, Hong Kong.

this new industrial zone in Castle Peak because of their nature of process. Thus the impact of the Castle Peak Outline Zone Development Plan would be little to the factories that are existing in the rural areas. In this respect the problems that have been discussed are quite unique and needs solutions different from those offered by the development of satellite towns.

CHAPTER SIX

C O N C L U S I O N -

A PASSED PHASE OF INDUSTRIAL GROWTH

Chapter Six

Concluision - A passed phase of Industrial Growth

In the 1968 Annual Report of the Heung Yee Kok, the highest representative body of New Territories inhabitants, the chairman and Vice-chairman of the Kok have each written an article urging for support and assistance to industries in the rural areas. They believe that small industries have great economic contribution towards local villagers.¹⁶ Thus there are differences of opinion between the local villagers and factory owners on one side and the administration on the other. This, however, in essence, is a question of whether such factories in the rural areas are contributing so substantially to the economy that they should receive special attention. In relation to this, there is controversy arising as to whether the present policy of the Government is justifiable.

Nevertheless, industrial development in the rural areas should not be treated independently or isolated from the overall industrial development of the Colony and the other, economic potentials of the rural New Territories e.g. tourism. It is crystal clear that much more urgent development plans have to be visualized in the urban areas and in the formation of new towns (Castle Peak, Shatin). Housing problems, urban redevelopment and transportation problems are naturally be placed at the

16 : 彭富華, 鄉議局年鑑, 1968, 新界鄉議局, 香港。
(Pang, F.W., Annual Report, Heung Yu Kok, (1968), Hong Kong.)

top of the priority list. Moreover in the New Territories there is an enormous potential for recreation and tourism. It is also necessary to do something to cater for the needs of future development of these. Actually the New Territories administration and the Tourists Association is busy in preparing a report on this, based on their survey in 1968.¹⁷

If one is not so indulged by small points and looks from a wider perspective, one should be more hesitant to criticise the Government's attitude towards industrial development in the rural areas.

"It's always amusing to note that the supporters of the small firms press for Government assistance on the ground that the small firms have an important role to play - an argument which amounts to saying that because a firm is small it deserves to become big. The point in giving assistance to a small firm is surely to enable it to reach a mature size more quickly than by the haphazard natural process of growth."¹⁸ This is especially true to the small manufacturers in the Nai-Wai - Fui Sha Wai Area who are suffering a generally bad economic situation. They are always eager to get Governmental assistance. One

17 : Anthony Polsky, "The Forgotten New Territories", Far Eastern Economic Review, May 9, 1968.

18 : Nicholas Owen, "The Ant Hill", Far Eastern Economic Review, Nov. 7, 1968.

school of argument, which believes that the small firms are doing a great job in helping larger firms and hence helping the economy, promotes active Government involvement and assistance. Professor Dwyer suggested tentatively to extend the flatted factories into the New Territories and the setting up of a Small Industries Section in some existing departments concerned. This however, is generally implausible and impracticable in the Nai-Wai - Fui Sha Wai Area or any other rural regions where most of the industries involved with obnoxious processes, need too much space and open field environment. At the same time the rent charged by these flatted factories (\$75 a month for a ground floor unit to \$45 on the top floor) is regarded by most as too high, and they are unwilling to be bounded by the regulations within these factories. This idea can be easily defeated. Even if factory blocks were built; it is hard to say that small factories will move in and stop ~~squatting~~. The case in ^{the re-} settlement factory blocks in Yuen Long Town have already given enough evidence that most of the factory owners would prefer the much cheaper land which is plentiful around and one has also to doubt whether most of these factories could serve if the Government tries to supply them with proper facilities and exercise proper control. So although the word restrictionist is used to describe the

present Government policy, its meaning is well balanced by the word inactivity. It is 'restrictionist' in the sense that ^{only} the existing or old establishments are tolerated and they are there under laissez-faire capitalism, thriving on or fading away, depending on their own efforts.

The present policy is also reasonable from another perspective. The Castle Peak Road is serving an important function of solving the transportation problems of the factories in these rural areas. Yet, there is a maximum limit to the amount of traffic it can carry. If that limit has been reached, then this favourable factor of transportation would turn into one of transportation problem. There are already frequent traffic jams happening everyday on this road and nothing would be more disastrous than ^{interruptions to} this transportation link to the factories in the New Territories, whose raw material and finished goods are come from or have to go back to Kowloon or Hong Kong. Secondly, though it may be surprising to the ordinary people, the labour market in the rural areas are not at all healthy and large. It's in fact limited by the low technical standards, the small gang behaviour and the attitude of reluctant to travel for a distance, but to stick to their local heungs (鄉). So the transportation and labour market are elements that may make any future expansion of industry in the rural areas unlikely. In this way the restrictionist

policy has its ground. It is equally appealing to say that the preservation of the country scenery is important to develop New Territories potential in tourism and recreation. Such shabby small factories would spoil the fun of many tourists and hence hinder the development of such potential.

Yet, taking the factories in the rural area as a phase of industrial development of Hong Kong would also have another meaning and give rise to another conclusion. The industrial revolution of Hong Kong has taken so short a period to reach its climax (1949-61), that rational planning was lagging behind. This, with the accompanied spectacular land prices and the rather accidentally initiated (after the 1953 fire) and, hurriedly (and in piece-meal manner) carried out squatter clearance and housing projects had squeezed out some factories from the urban areas to be relocated in the rural areas. However, once this climax of industrial development had been reached, and more rational planning, especially the provision of long term payment for industrial lots in Kwun Tong and Tsuen Wan (20 years) and to some extent the implementation of re-settlement factory blocks have relieved much of the pressure on land which was building up throughout the 1957-1961 period. At the same time, the ~~exitment~~ of the industrial revolution has already been passed and most entrepreneurs are now more cautious and take much consideration before they finally determine to choose a rural site for their factories. The

pace of industrial development has henceforth resumed regular strides. Following this, there is also a change which can be apprehended from the following words by Nicholas Owen:¹⁹

"Granted, smallness confers advantages in some lines of business particularly those which involve adopting the product to individual customer's requirements. But Hong Kong's main industries are not of this type. They are turning out mass-produced goods, and, in the case of small firms, they are being made without mass workshops, and the quicker the industrial structure is geared to this type of work, the more rapid will Hong Kong's growth."

Moreover, in the recent restrictionist world, more attention has to be paid towards possible trade restrictions, import quotas, and marketing problems. Unlike previously, though industry still moves on, entrepreneurs have to wreck their brains and to be careful about the future fluctuations of supply and demand. Thus generally speaking, Hong Kong has calmed itself down after the exitment of the industrial revolution and is now moving towards stablizing and expanding the existing structures to suit the changing world. This spread of industries into the rural areas is largely a manifestation of such

19 : Nicholas Owen, "The Ant Hill", Far Eastern Economic Review, May 9, 1968.

an ~~exitment~~ which would be now naturally ebbed away once the general ~~exitment~~ has been overcome by cautious planning and prospecting. Therefore what is now present in the rural areas are those factories spilled away from the stirring pot of industrial boom during the middle of the 1950's. Remnants of these are quite evident in the metalwares and foundries, plastics and knitting factories. Such factories are therefore representative of a younger phase of Hong Kong's industrial growth.

Judging from the foregoing, new establishments as the multi-storey Tin Tze Chemical Factory (田氏化工廠) and the industrial layout in Kui Tau Wai would therefore seem paradoxical. These, however, sprang from yet another source. They may be experimental beginnings of possible industrial parks²⁰ that were being suggested and put to trial during the industrial boom 6 years ago. (The Kui Tan Wai Region was being allotted for general industrial use 6 years ago: Yuen Long District Office, personal conversation). This experiment may aim to ease the pressure for industrial land in town, but it has failed unfortunately due to the general drawback after the

20 : Gunnar Alexandersson, Geography of Manufacture, p.14:-
'Industrial parks are especially advantageous for small or medium-sized firms, since the developer will be provided a comprehensive infrastructure, including rail-road sidings, streets and parking, water, gas, electricity, sewage and drainage systems. The manufacturing firm is spared the involved process of acquiring raw farmland and turning it into a suitable manufacturing site....The industrial parks

run on banks in 1963. Kui Tam Wai had not been developed again until a year ago when the Tin Tze Chemical Factory was completed. The revival of development in the region is further affirmed by the construction of three textile factories presently. However, there is no confidence, even felt by the Yuen Long District Office, that Kui Tam Wai layout plan could be utilized very soon. This has to be determined by the general development of industries over the whole Colony. Therefore the Kui Tam Wai Industrial Layout is yet another monument reflecting the past industrial development of the Colony, the only difference is that it is still living and developing though after 5 years in dormant condition.

Looking through the industrial development over the rural areas, one phenomenon must not be by passed. Special industries impossible to carry on in town or elsewhere (e.g. in the industrial layout) where land is limited, rent is high and building and sanitational regulations are strict, form an important sector of industries in the rural area. These include preserved fruits, bean curds, soya sauce, foundries, glass bottles and tubes. Their needs have to be recognised and special areas should be demarcated to cater for their needs. At present they are just mixed with other types of land use. There is something that has to be done by the Government.

are, as a rule, located close to major transportation facilities and especially to the new expressway.'

All in all, factories in the rural areas are of three types: those special industries, those being spilled away from the overcrowded urban areas (mainly small units) and those found or to be found in the industrial layout . Each of these reflects different background of development and each has different future prospects. The Government's policy, though in a few cases restrictionist in outlook, is sticking honestly to laissez-fairism which is the more applicable attitude to be chosen. Of course, political implication must have played a part in shaping such a laissez-fairism. It is too obvious that the New Territories is a leased land the lease will expire soon. The pessimistic attitude towards better planning and involvement may be justifiable politically.

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LIST OF PLATES

A: PROCESS INSIDE AN IRON FOUNDRY

B: A COTTON REFINING FACTORY

C: A PLASTIC DROPS FACTORY ON ABANDANTED FIELD

D: A 'CHICKEN SHACK' FACTORY OF RUBBER SLIPPERS

E: A SOYA BEAN SAUCE FACTORY

F: THE INSIDE OF A 'VILLA' FACTORY

G: A SCENE OF THE SURROUNDING OUSIDE SMALL FACTORIES IN
TEMPORARY STRUCTURES

H: A MUD TRACK LEADING OFF FROM THE MAIN TO THE FACTORIES



PLATE A

PLATE A shows the nature of process inside an iron foundry.

PLATE B shows the look of an old cotton ~~refining~~ factory.

Space is most essential in these two types of industry, and they are not suitable to be housed in flattened blocks.

PLATE B





PLATE C

PLATE C This is b10, a plastic drops factory squattering on abounded fields.

PLATE D This is all, a plastic slippers factory. It is a very typical example of the 'Chicken Shacks' that amazed the Land Assistents.

Notice the heap of 'raw material' of used plastic goods heaping around, or even on the roof of those 'factories'.

PLATE D





PLATE E

PLATE E It is an example of a soya bean sauce factory, an example of the few 'proper' structure.

PLATE F The inside of a 'villa' factory (b8) making transformers.

The contrast of space requirement is very marked. Besides, there is a difference in labour requirement. The one in plate E employs 5 workers, while the one in plate F employs 20---it is the latter type that often complain about the shortage of hands.

PLATE F

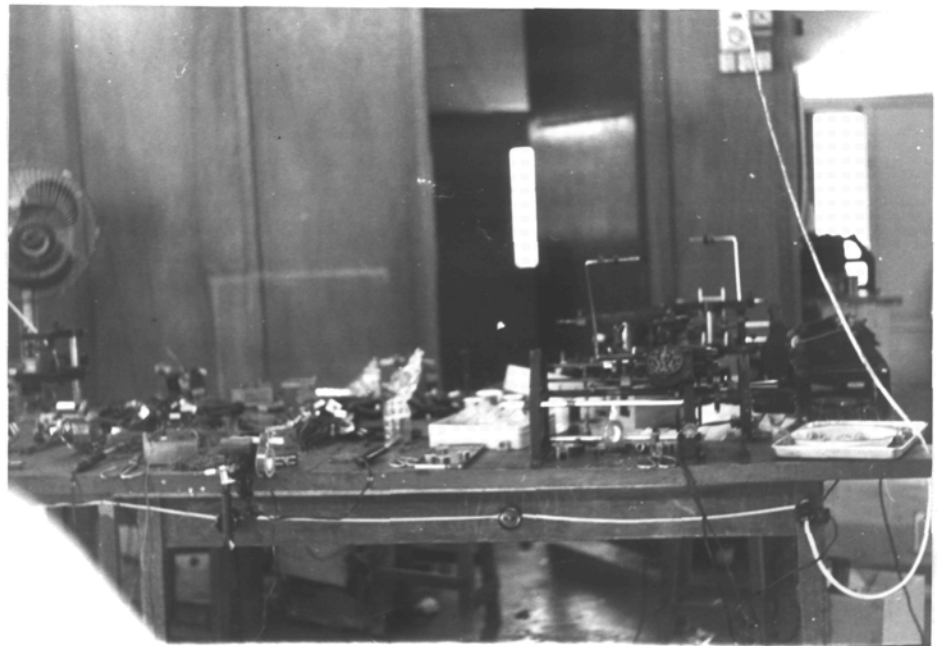




PLATE G

PLATE G Temporary structures on abundanted agricultural land which are often used as small factories.

PLATE H A mud track leading off from the main road to the factories.

Broken machines and other waste material are always blocking the passagers, and many of the roads are unsurfaced. Is this one evidence of laissez-fairism?

PLATE H



APPENDIX

1. Diagram: LOCATIONAL PATTERN OF FACTORIES
IN NAI WAI-FUI SHA WAI AREA

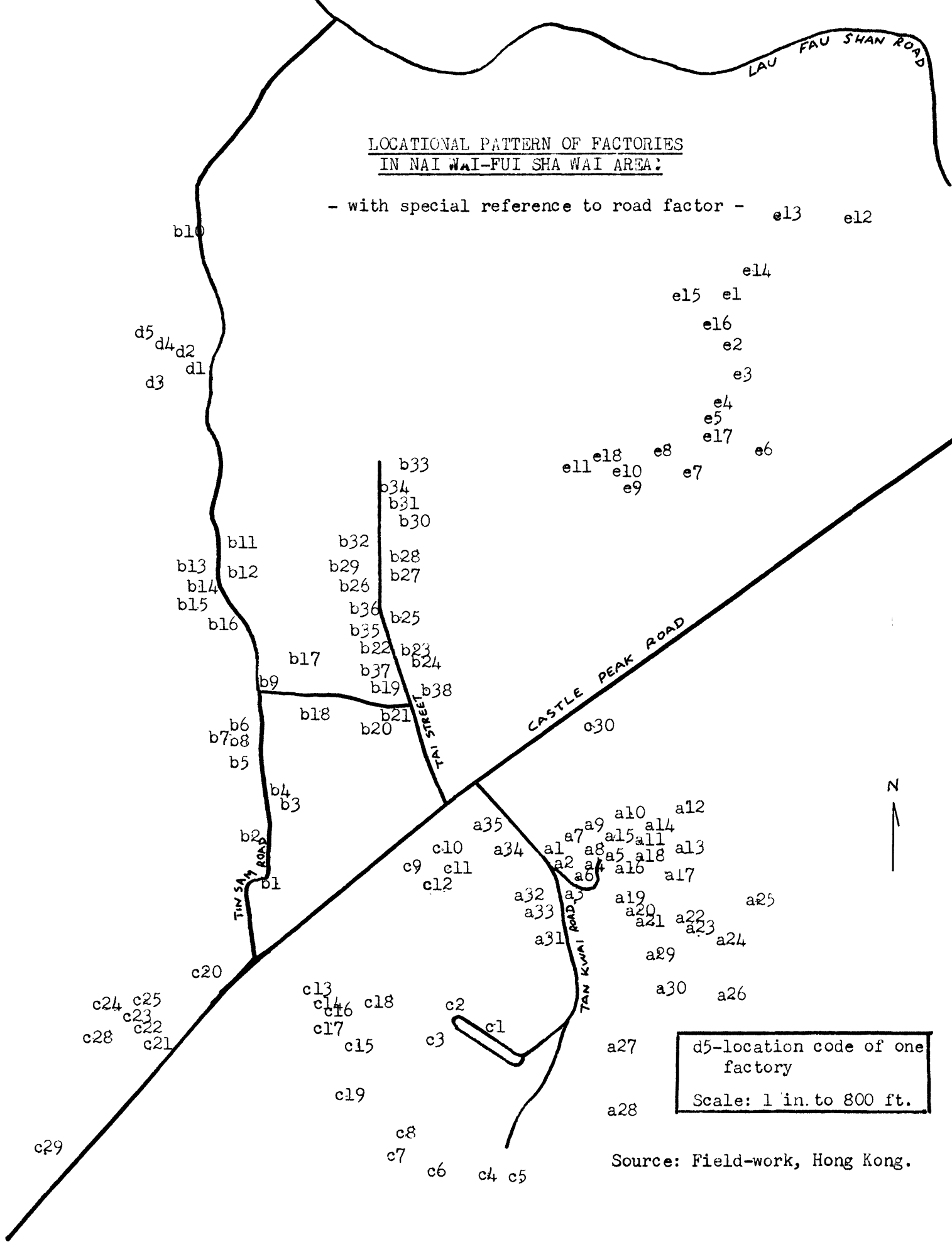
2. A LIST OF THE 32 SURVEYED SAMPLES

3. A complete list of: FACTORIES FOUND IN
THE NAI WAI-FUI SHA WAI AREA

LAU FAU SHAN ROAD

LOCATIONAL PATTERN OF FACTORIES
IN NAI WAI-FUI SHA WAI AREA:

- with special reference to road factor - e13 e12



d5-location code of one factory
Scale: 1 in. to 800 ft.

Source: Field-work, Hong Kong.

A List of the 32 Surveyed Samples

Location code	Type of Industry	Type of Structure	No. of Workers	Length of Time established(yrs.)	Previous Location	Source of Complain	Market
a1	saw mill	temporary structure	6	10	Cheung Sha Wan	transport	L, K*
a2	woolen knitting	temporary structure	7	4(mons.)	Nearby village	labour shortage	A*
a3	preserved fruits	temporary structure	5	9	Wongtaisin	transport	A
a4	cotton refining	converted agr. stru.	10	7	Taikokshui		L, K
a5	chicken feed	temporary structure	6	10			L
a6	putty	temporary structure	2	4	Nam Tay		L
a7	metalware	temporary structure	5	4	Wan Chai		L
a10	rattan processing	converted agr. stru.	2	7			L, K
a11	plastic slippers	converted agr. stru.	8	6(mons.)	Kowloon		A
a13	noodles	temporary structure	10	10		transport	H
a14	metal moulds	converted agr. stru.	4			water, telephone	H, K
a16	wooden barrels	converted agr. stru.	11	5	Ngau Tau Kok		L
a18	rattan handbags	converted agr. stru.	21	20(days)	Yaumati	telephone	A
a19	plastic toys	converted agr. stru.	Over 100		Sanpokong	transport	A
a20	metal moulds	temporary structure	12	1	Ngau Tau Kok		K
a21	needles	converted agr. stru.	12	5		shortage of labour	L, K
a24	artistic candles	converted agr. stru.	57	1	Mongkok		A
a29	soya bean sauce	factory	64	6	Kowloon City		H, A
b1	chicken feed	converted agr. stru.	3	7			N*
b2	cloth bags	villa	10				A
b3	electro-plating	villa	100	2(mons.)	Sheung Shui	labour shortage	A
b6	woolen gloves	converted agro stru.	17	6(mons.)			A
b8	transformer	converted agr. stru.	20	6(mons.)		transport, tele.	H, K
b7	wood dust milling	converted agr. stru.	8	2	Macau		L, K
b13	plastic drops	temporary structure	5	6	Yaumati	transport, tele.	L
b15	TV wire	temporary structure	2	1(mon.)			L, K
b16	TV wire	temporary structure	3	1			L, K
b34	jute and steel ropes	converted agr. stru.	4	6	Shumshuipo		K
b37	leather shoes	converted agr. stru.	11	5	Yaumati		K, H
c16	leather belts	temporary structure	5		Mongkok	transport	K
e3	glass tubes	converted agr. stru.	18	10	Taikokshui	transport	K
e14	plastic sheets	factory	200	1			A, H, K

* L-local village, K-Kowloon, H-Hong Kong
A-abroad, N-New Territories.

Factories Found in the Nai Wai-Fui Sha Wai Area

Type of Industry	Factory Name	Location code	Remarkd
Saw Mill	(Kin San) 建生木園	a1	Surveyed
Woolen Knitting		a2	Surveyed
Preserved Fruit	(Lik San Yuen) 力生園	a3	Surveyed
Cotton Refining	(Wing Cheong) 榮昌棉業	a4	Surveyed
Chicken Feed	(Kwong Hing) 廣興	a5	Surveyed
Putty Making		a6	Surveyed
Machines	(Wah Kee) 葉記機器修理	a7	Surveyed
Machines		a8	
Cotton Refining		a9	
Rattan Processing		a10	Surveyed
Plastic Slippers	Wing Lung Ind. Co.	a11	Surveyed
Rattanware		a12	
Noodles		a13	Surveyed
Metal moulds		a14	Surveyed
Rattanware		a15	
Wooden Barrels		a16	Surveyed
Woodenware		a17	
Rattan Handbags		a18	Surveyed
Plastic Toys	Wah Sing Ind. Co. Ltd.	a19	Surveyed
Metalware	(Ta Hing) 大興廠	a20	Surveyed
Needles for Knitting	(Tak Shuen) 德信製針廠	a21	Surveyed
Cotton Weaving		a22	
Rattanware		a23	
Artistic Candles	(Hang Sang) 恆新製品廠	a24	Surveyed
Quarry		a25	Surveyed
Quarry		a26	
Quarry		a27	
Quarry		a28	
Soya Bean Sauce	(Pen Tsang) 品珍醬園	a29	Surveyed
Woolen Knitting		a30	
Preserved Fruited	十字頓菓子園	a31	
Cotton Refining		a32	
Plastic Flowers		a33	
Saw Mill		a34	
Saw Mill		a35	
Chicken Feed		b1	Surveyed
Cloth Bags		b2	Surveyed
Electro-plating	(Lik Hon) 力康實業公司	b3	Surveyed
Plastic Flowers		b4	
Foundry		b5	
Woolen Gloves	Henry Co.	b6	Surveyed
Wood Dust Milling	香港第一磨粉廠	b7	Surveyed
Transformer		b8	Surveyed
Saw Mill		b9	
Coffin Making		b10	
Foundry	(Wing Cheung) 榮昌鑄造	b11	

CONT'D: Factories Found in the Nai Wai-Fui Sha Wai Area

Types of Industry	Factory Name	Location code	Remark
Foundry	(Shan Wing)新榮鑄造	b12	
Plastic Drops		b13	Surveyed
Plastic Flowers	(Wing I)永毅塑膠廠	b14	
TV Wire		b15	Surveyed
TV Wire		b16	Surveyed
Woolen Knitting		b17	
Plastic Drops		b18	
Saw Mill		b19	
Plastic Flowers		b20	
Saw Mill		b21	
Preserved Fruits	冠華果子園	b22	
Preserved Fruits	北辰果子園	b23	
Quartz Powder Milling		b24	
Bean Curd Sticks		b25	
Saw Mill		b26	
Chicken Feed		b27	
Preserved Fruits	生記食品廠	b28	
Saw Mill		b29	
Preserved Fruits	和春果子園	b30	
Preserved Fruits	廣和果子園	b31	
Joss Sticks	永馨祥香廠	b32	
Soya Bean Sauce		b33	
Jute and Steel Ropes		b34	Surveyed
Leather Shoes Making	(Man Keung)民強機製鞋廠	b37	Surveyed
Saw Mill		b35	
Saw Mill		b36	
Foundry		b38	
Rattanware	李聯益	c1	
Gloves		c2	
Metalware		c3	
Rattanware		c4	
Woodware		c5	
Rubber Slippers		c6	
Plastic Flowers	月桂花廠	c7	
Foundry		c8	
Plastic Flowers		c9	
Plastic Gloves		c10	
Plastic Gloves		c11	
Foundry		c12	
Wood Dust Milling	新力磨粉廠	c13	
Old Cotton Refining		c14	
Foundry		c15	
Leather Belt		c16	Surveyed
Rattan		c17	
Foundry		c18	
Foundry		c19	
Joss Sticks		c20	
Metal Furniture		c21	

CONT'D: Factories Found in the Nai Wai-Fui Sha Wai Area

Types of Industry	Factory Name	Location code	Remark
Saw Mill		c22	
Plastic Goods		c23	
Metalware		c24	
Soya Bean Sauce	永昌興醬油廠	c25	
Chemicals		c28	
Metalware		c29	
Chicken Feed		c30	
Cotton Weaving		d1	
Cotton Knitting		d2	
Gloves		d3	
Shoe Making		d4	
Metalware		d5	
Foundry		e1	
Foundry		e2	
Glass Tubes		e3	Surveyed
Metals Tubes		e4	
Metalware		e5	
Old Cotton Refining		e6	
Metalware		e7	
Glass Bottles		e8	
Metalware		e9	
Steel Rods		e10	
Brass Articles	Shun Lee Brass Fac.	e11	
Plastic Flowers		e12	
Plastic Sofa Sheets	Tin Tze Chem. Fac.	e13	Surveyed
Soya Bean Sauce	(May Tsang)	e14	
Preserved Ginger	Nam Wah	e15	
Preserved Fruits	(Chung Wah)	e16	
Metal Wire		e17	
Metalware		e18	
Total		123 units	32 surveyed