SPATIAL ORDER OF A GLOBAL CITY: TRANSFORMATION OF URBAN STRUCTURE IN HONG KONG, 1971-1996

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Abstract

This thesis is an attempt to join the current research on the global city by studying the impact of global city formation on the domestic social and spatial structure. Since the eighties, the drastic industrial decline and the concomitant financial expansion have fundamentally transformed Hong Kong's social and economic structure. In this thesis, an analytical framework, borrowed from the debate of global city and economic restructuring, is employed to specify the spatial consequence of the economic transformation of Hong Kong. Three dimensions of the urban structure of Hong Kong are studied accordingly:

Urban Industrial Structure: We first document how the state policies have reshaped the industrial structure, and delineate the reasons and the course of a continuous deindustrialization and counterurbanisation of manufacturing sector over the past two decades. During this process, decline of old industrial centers is recorded and the rise of new industrial complex analyzed. Similarity and difference of the industrial decentralization along different periods are also outlined. Locational dynamics of major Hong Kong industries are presented. In accordance with the global city literature, extensive decentralization occurred along with the centralization of particular industries. Contrary to the literature, informal economic activities such as FIDs have lost its significance in urban areas of Hong Kong. The manufacturing industry does not seem to be directly crowded out by the growth of producer services. Our evidence shows the districts with severe industrial loss did not record much increase in or heavy concentration of the tertiary sector. Rather, the changing industrial location is jointly shaped by the government planning policies and the locational logics of industries.

Urban Business Structure: The rapid increase of producer services in terms of FIRST sectors displayed more complicated patterns during the eighties. A coexistence of office centralization and decentralization among the FIRST sectors were discovered. This led to the formation of a spatial hierarchy in which banking and finance dominated the core of the CBD whereas a strong centrifugal pull of business service, insurance and real estate sector to the secondary office were witnessed. At the same time, import and export trading displayed a large scale decentralization to other office nodes and industrial-office area.

Urban Social Structure: A mapping of urban structure based upon the 1996 Hong Kong population census data suggests continuing spatial inequalities in a global city. I then show that urban structure is internally mediated by existing socio-economic structure and state policies. The coexistence of 'laissez-faire' economic policy and extensive state intervention in urban housing and land renders Hong Kong a specific form of urban structure. The upper class vs. lower class, public housing residents, associate professional, and age structure are identified as the major contours of urban structure. Besides, a consistent contrast between the rich and poor is discerned in the factor analysis. The mapping exercise has not only visualized the urban social structure but also confirmed the continual spatial segregation between the rich and the poor. This paper concludes by stressing the central role of space in organizing manufacturing and producer service activities, and in structuring social inequalities during the global city formation.

全球城市的空間秩序：以香港都市結構作分析(1971-1996)

香港中文大學社會學系碩士論文

趙文耀

(中文撮要)

本文由全球城市的角度來探討香港的社會經濟轉型與空間轉化問題。自八十年代以來，香港經歷急速且廣泛的非工業化及金融擴張，這些轉變可理解為全球經濟和都市重構的一部份。本文借用近年有關世界城市和經濟重構的理論討論，分別就都市工業結構、都市商業結構和都市社會結構進行分析:

都市工業結構的研討先勾劃出香港政府如何重塑香港的都市工業結構，並描述製造業非工業化及非城市化的原因與經過。我們亦討論到不同工業區的興衰，與及不同時段工業分散化的特色；最後我們提到香港主要行業對工業區位的不同要求。 都市商業結構的討論集中在商業生產服務的空間佈局，我們發現商業生產服務業呈現高度集中和分散的雙重模式。銀行業及金融業則佔據商業中心區的核心位置，保險、地產和商業服務則分別有不同程度的分散，並坐落在次級辦公室區域。出入口公司出現了廣泛的分散化。 都市社會結構分析1996 年人口普查資料，比較過往同類研究，發現香港都市結構呈現清晰的分層結構，主軸維繞著職業身份和住屋類型。

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Chapter 1

Introduction

1.1 Research Topic

Since the eighties, Hong Kong has been going through an extensive and rapid economic restructuring. The drastic industrial decline and the concomitant financial expansion have fundamentally transformed Hong Kong's social and economic structure. These changes are understood as part of a worldwide economic and urban restructuring, which has drawn much attention to the field of urban sociology. In this thesis, I would like to engage in this discussion, focusing on spatial consequence of the economic restructuring of Hong Kong.

Economic growth driven by rapid industrial development in Hong Kong is mainly a post-war phenomenon. Hong Kong began its industrialization in the late fifties and developed successfully as a leading exporting area. Because of the rising production costs and the growing political and economic integration with China, Hong Kong's factories have been relocating to China since the early eighties. This process of deindustrialization is embedded in a larger context of economic restructuring, expressed in term of an expansion of financial activities and commercial services and a shrinkage of manufacturing sector. Hong Kong, like other global cities, has undergone different phases of economic transformation.

An analytical framework, borrowed from the debate of global city and economic restructuring, will be employed to understand Hong Kong's socio-economic changes in the past two decades (Sassen 1991;1994). Global city, in brief, is a place

in and from which transnational business, finance, trade and services are conducted and arranged. The global city phenomenon is in fact an outcome of the changing international division of labour when some cities have evolved to perform centralized management of global investment and to provide commercial services. It calls for scholarly investigation and debate, for it represents a new facet of management of world economy as well as the latest urban development in the world's major cities.

Very briefly, research on global city explores how international economic changes gives rise to a global city, and examines both the economic order of a global city as well as its social and spatial implications (Sassen 1991). While the first two issues have been much discussed in Hong Kong (So 1986; Jao 1993a, 1993b), how the emergence of Hong Kong as a global city has affected the spatial and social structure remains unanswered. Thus, the focus of this thesis will be on how economic transformation in the last two decades has reshaped the urban structure of Hong Kong. In short, it is concerned with the changing urban structure in a global city.

Urban structure here is generally taken to mean the organization of space in a city. As space is both constitutive of and constituted by changes in economic and social structure, an analysis of urban structure necessarily entails a spatial mapping of the changing economic structure. At an empirical level, Hong Kong also poses an interesting case. The spatial distribution of the Hong Kong population has been greatly affected by economic restructuring, through the reshuffling of labour market and rapid valorization of land property. An analysis of urban structure in Hong Kong must include not only an examination of spatial patterns of manufacturing industries and office activities, but also an investigation of changing spatial distribution of the population. In other words, we will study the urban industrial structure, urban

business structure, as well as urban social structure.

1.2 RESEARCH QUESTIONS

As mentioned earlier, study of urban structure addresses the central issue of urban geography, that is, the organization of space within an urban context. To this, it describes and explains the spatial pattern with special reference to the interaction among urban system and economic, social and political structure of the society (Johnston 1980:25-6). In accordance with most urban social theories, this thesis presupposes that urban space is significant in capital accumulation, information dissemination, consumption and reproduction of labour (Smith 1993, Harvey 1986, Castells 1976, 1977). The first two items are pivotal to manufacturing industries and business sector, whereas the latter is directly related to the population distribution. In the light of the above, a global city, to be successful, must display a locational pattern that can effectively coordinate both the economic and social activities in spatial terms. To pursue a thorough understanding of the Hong Kong case, we thus need an analysis of urban structure which includes three levels of spatial analysis, namely, analyses of an urban industrial structure, urban business structure and urban social structure. Let me introduce these three issues accordingly.

First, Hong Kong is unique in its pace and scope of industrial transformation. Between 1960 and 1980, there was almost a five-fold increase in the manufacturing workforce. But the workforce was reduced by 50% from 900,000 in 1984 to 450,000 in 1994. The pace of deindustrialization is regarded as "one of the records in world economic history" (Tsang 1994:132). How this drastic industrial expansion and contraction manifested in the spatial structure on the one hand, and how the spatial

factors structure the development of manufacturing activities on the other deserve close examination. As manufacturing industries do not operate in vacuum, it is then important to know how the expansion of the tertiary sector in the eighties has affected the locations of manufacturing industries.

Second, the eighties also witnessed the rapid growth of producer service activities including finance, banking, business service, real estates, and import and export trading. They are similar in that they have prospered when Hong Kong has expanded its global city functions. But they also differ in the nature of service provision, locational requirements, the pace of expansion and so on. This difference contributes considerably to the divergence of their spatial development. So it is very interesting to look at how the growth of producer services has restructured the urban Hong Kong in the eighties, and how the difference among the producer services exhibits patterns of both concentration and dispersal. At the same time, we also like to see whether the locational development of producer services has cut in those highly industrialized regions.

Third, urban social structure is also transformed by the development of global city functions. Recent studies of global city argue that financial and commercial expansion coupled with industrial decline is leading to an increase of social inequality. Social structure is polarized when the underprivileged continues to be worse off and the wealthy class better off. Social polarization, in its turn, has caused spatial segregation among different social classes (Mollenkopf and Castells 1991; Fanstein, Gordon and Harloe 1992). In the case of the Hong Kong deindustrialization, social inequalities also aggravated. The gini coefficient, for example, rose from 0.45 in 1981 to 0.52 in 1996. Having said the above, we will not deal with the study of

social inequalities in this thesis, for common measurement standard and relevant statistics data is not generally available (see Hamnett 1994; Pinch 1993; Dale and Claire 1989). Since our concern is more on the spatial order, efforts have instead directed to an investigation of the changes in urban social structure in Hong Kong between 1971 and 1996. Bearing the social inequalities issues in mind, we are particularly interested in the trajectories and continuities of the urban social structure developing from Hong Kong's high industrialization to the phrase of global city expansion. What are the distinctive features of the changing urban social structure? How have these features been formed through socio-economic transformation of Hong Kong and modified during the economic restructuring? Through a mapping exercises, we also hope to shed light on the role of the government intervention in the restructuring of the local spatial structure.

To recapitulate, the central empirical questions of this study are how the Hong Kong urban structure has been constituted, and how the spatial patterns of economic and social activities have been affected by the combined forces of policies and socio-economic changes.

Theoretically, our overall thrust is to qualify Sassen's concept of global city by focusing on the *spatial dynamics* of global city formation. Research on Hong Kong cuts specifically into the theoretical discussion on global city and economic restructuring in two ways. First, the Hong Kong case study renders a helpful corrective to an oversimplified and homogeneous image of global city. Sassen's interesting work (1991) has provided us with a prototype of global city based on the experience of New York, London and Tokyo, and she has also taken an important step in describing the diversities among the three global cities. However, the global city

phenomenon has been increasingly found as varied among different regions, historical trajectories and state policies. They also vary greatly in their reactions to international changes, because the impacts of global forces are mediated by local specificities like demographic mixes. Hence, more case studies are required to explore the similarities and differences among different tiers of global cities (cf. Friedmann 1995, 1996). In contrast to New York and London, Hong Kong is a very late entrant into the group of global cities. It can offer an interesting example to the literature not just in terms of its scope and pace of economic restructuring as mentioned before. More importantly, the coexistence of 'laissez-faire' economic policy and extensive state intervention in public housing provision as well as urban land development have greatly differentiated the Hong Kong case from other global cities (Castells et al, 1990). By exploring Hong Kong's unique development, we hope this study can shed light on some previously unexplored theoretical issues in global city analysis, particularly its relations to the analysis of spatial structure; further details to be discussed at Chapter two.

Second, it is argued that global city research has been too much occupied by either an analysis of regional and global economic flows or an analysis of economic development. Insufficient attention has been given to the analysis of *spatial structure in a global city*. The failure to recognize the importance of space in structuring the organization of production and social inequalities has certainly weakened its explanatory power. It also leaves us in the dark about the linkage between global city and urban dualism (Clark 1996:139). It is our contention that, in order to remedy such shortfalls, one needs to supplement the global city framework with theories of urban space. In particular, industrial location approach and locality

study will be of much help to our understanding of the spatial organization of manufacturing production in a global city. Urban ecology, on the other hand, is taken as an useful device in an analysis of urban social structure.

In sum, this study aims to add the Hong Kong case to the global city literature. It enhances our theoretical understanding by an attempt to integrate various strands of space theories into the global city thesis, as directly expressed in the three-level analyses of urban structure. By doing this, we seek to discern the heterogeneity and diversities within the group of global cities. The empirical significance of this study would be an endeavor to map out the changing urban structure of Hong Kong in the last two decades. The mapping exercise then helps to portray the trajectory of urban development in connection with the transformation of Hong Kong into a global city. More specifically, we hope to highlight the diverse spatial development of both manufacturing sectors and producer services before and after the transformation of Hong Kong into global city. In this process, one could also probe the changing urban political economy of Hong Kong particularly how the spatial structure has been restructured by the state policies and private land developers.

1.3 DATA AND METHODOLOGY

The major source of information for this thesis is official statistics. This project mainly dwells upon the macro picture of Hong Kong's urban development. It follows that comprehensive data on industries and population changes can only be obtained from the government. The advantage of using these data is that they are the most reliable information on concerned issues available to us. Published data from Industry Department, Rating and Valuation Department, Census and Statistics

Department (including *Survey of Industrial Production, Employment and Vacancies Statistics, Property Review*) are utilized to analyze the changing urban industrial structure and urban business structure. It is hoped that by comparing the data of different periods, specific patterns of industrial and business activities could be revealed.

The data regarding the urban social structure are drawn from the tertiary planning units (TPUs) of the *1996 Hong Kong Population By-Census*. From the early seventies onwards, the Hong Kong Government has been using a three-tier geographical coding system, in which TPU is the smallest geographical divisions. The whole territory of Hong Kong is divided into about 270 TPUs. They are very useful data because we can find detailed tables about the type of living quarters, household size, household composition, tenure of accommodation, monthly household rent, age of residents, marital status, place of birth / dialect, educational attainment, industry, occupation, activity status, income from main employment, household income per month, so on and so forth. These data have been processed into a SPSS data file.

Given that this study covers a period longer than twenty years, it is not feasible to collect relevant official documents. Reliance on published and secondary materials is inevitable. Another limitation of this thesis is that most of data used in this project are data of aggregate type. The level of quantitative analysis employed is restricted by a lack of data at individual level. In order to incorporate a longer time frame and a larger geographical scale, we consider the utilization of aggregate data as a necessary trade off and an analysis based on these data worthy of taking.

1.4 PLAN OF THE THESIS

This study has altogether two parts comprising eight chapters. Part I aims to provide the theoretical and empirical underpinnings of the study. In chapter 2, I critically argue for a global city theoretical framework informed by the contributions of urban space theories, namely, urban ecology and industrial location studies. Chapter 3 illustrates the transformation of Hong Kong as a global city through a delineation of the post-war industrial development and the recent economic restructuring. Part II presents the empirical findings of this research. In chapter 4, I portray an urban industrial structure in Hong Kong with particular reference to the industrial decentralization accompanied with the process of economic restructuring. I then examine the locational patterns of producer service industries in chapter 5 and discern the coexistence of centralization and decentralization of office activities. In chapter 6, an ecological model of urban social structure is constructed through factor analysis and spatial mapping of the 1996 Population By-Census data.

PART I

CONCEPTUAL FRAMEWORK AND EMPIRICAL SETTING

Chapter 2

Urban Structure in a Global City: Towards a Framework of Analysis

In this chapter, I first introduce the global city approach as an organizing device of this thesis. This approach is very helpful in sharpening our analytical focus and reorienting our research. It not only places the rise of a specific urban form in the context of global restructuring of production, but also directs our attention to the impact of global reorganization of production on the economic structure of a city[1]. Insightful as it is , this approach does not fully spell out its implications for a deeper understanding of the social and urban development of these global cities. Sassen argues that global cities resemble one another in performing control functions and regional economic management, but she does not provide enough emphasis on the social and spatial consequences found in these cities. These shortcomings are partly inherent in its over-emphasis on the economic aspect of globalization, and partly brought about by a lack of theoretical tools in exploring the spatial development of ā city. Hence, it is our contention that a more satisfactory approach should extend its focus to the spatial implications of globalization and at the same time, incorporate theories of space into the global city approach.

To reiterate, this thesis aims to specify the social and spatial consequences of global restructuring on Hong Kong. It is believed that only when we give the theories of space its proper weight in depicting population distribution, movement of

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[1] It may be relevant here to note that an analysis of Hong Kong as a global city can also be approached from a political perspective (see Sum 1995).

manufacturing industries and office activities, then can we lay the foundation of an adequate discussion on Hong Kong's urban structure.

It is necessary, before proceeding, to rehearse again the well-worn arguments that social and spatial process are always interconnected and that transformation into a global city will necessarily entail changes in spatial terms. The chapter is structured, therefore, around four distinctive perspectives on the subject matter of urban structure. First, the contributions and limitations of global city thesis are outlined in 2.1. Second, its implications for the study of manufacturing industries are discussed in 2.2. We also review the uses of industrial location approach in analyzing industrial movement. In section 2.3, attention is given to the literature of global city and office location research. Urban dualism and its relations to the global city phenomenon is then reviewed in section 2.4. I argue, in line with the recent revival of ecological tradition that, by bringing back the perspective of urban ecology, one could examine more precisely the relations between socio-economic and urban social structure. Finally, I conclude by arguing for a revised global city analytical framework, informed by both the contributions of urban ecology, industrial location approach and an office location research.

2.1 THE GLOBAL CITY THESIS

One of the important development of urban studies since the eighties has been a return of studies of space and the linkage between spatial and social process (Castells 1977, Mellor 1989). Global city thesis, originally proposed by Friedmann and Wolff (1982) as 'world city', can be viewed as an attempt to conceptualize a new way of spatial organization of production in the context of world economy. During

the last two decades, the world economy has undergone a 'great transformation'[2]. The international fragmentation of the production process, aided by the advances of transportation and communication technology, has helped to split off and relocate the unskilled sections to the developing countries. The decentralization of production accompanied with the increasing flows of services and finance has triggered off a process of globalization. Some cities, in this process, have been assigned a strategic role. First, the geographic dispersal of production requires some cities to perform control and coordinate function (Friedmann and Wolff 1982; for a different view, see Economist 1995). Global cities, in the words of Friedmann, are therefore "used by global capital as 'basing points' in the spatial organization and articulation of production and markets" (1986:71). Second, Sassen adds that these cities are the major postindustrial production sites for commercial services and innovation. Third, global cities are also treated as the key locations and market places for finances and specialized services for firms. These cities are later coined by Sassen as 'global cities' (1991; 1994).

The formulation of global city here is viewed as an advancement over that of world city put forward by Friedmann and his colleagues in the sense that the latter only highlights the need of control function whereas the former stresses also the strategic role of city as production location and market places for specialized services

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[2] The new wave of global economic transformation, according to Castells and Henderson (1987:3-4), has the following characteristics: (1) Welfare state is disbanded and tight fiscal and monetary policies are exercised. (2) Labour cost is squeezed and technological innovation is launched to increase profitability. (3) Industrial investment shifts from the sunset sectors to high-technology manufacturing, corporate and consumer services, which are supported by the 'privatization' of state assets. (4) The tremendous growth of informal economy perpetuates the survival of the poor and stimulates the small business. (5) Growing internationalization of the economy offers the most favorable locations for the production, management and control of the markets.

(Sassen 1994:4). Nowadays, these two concepts seem to be used interchangeably as they usually refer to the same phenomenon or imply the same analysis.

Having said that, the early conceptualization of global city is not without ambiguity (Friedmann and Wolff 1982). Given the heuristic nature of the original formulation and the volatility of globalization, a heated debate on the nature of the current development has been going on in recent years. Debates have been particularly rigorous on whether we are moving into a new regime of economic development such as the advocacy of geography of flexible accumulation (Harvey 1994, Scott 1988, Cooke 1988), and informational mode of development (Castells 1989; 1994), or we are just in the restructuring phrase of capitalism. These debates are numerous and would not be repeated here. Before introducing the Hong Kong case, it is, however, necessary to reorient us to the common grounds or boundary of global city research. According to Friedmann (1995:22-26), consensus have been made after 'a decade of world city research': Global cities are commonly supposed to articulate regional, national and international economies into a global economy and, at the same time, defined by intense economic and social interaction among themselves. The cities can also be ranked according to their respective economic power and location in the global system of accumulation. Finally, it is believed that global capital accumulation still concentrates in a small part of the world whereas the rest are systematically excluded.

It is judged from the above that the present state of the research is far from conclusive. Obviously previous works tend to have more agreements on the international dimension of global city and its role in the global accumulation process. Consensus is rarely reached regarding the internal structure and social order of a

global city. The difficulties in identifying these dimensions are related both to the complex realities and to the inherent theoretical pitfalls. In this regards, there are three neglected but interrelated problems worthy of further discussions.

First, the concept of global city is overloaded with too many meanings. It tries to explain the unique role of cities in the global capitalist development and from which it also deducts the social, economic and spatial order of the city as well. When one attributes all these characteristics solely to the dynamics of the world economy, one would easily miss the very important features in a domestic society. More importantly, one would beg the question of how the global and local factors are linked together. For example, there is a tendency within the global city theory to imply a specific form of social and spatial inequalities without, however, showing how it is determined by interactions between global factors and local conditions (cf. Beauregard 1995). This brings us to the second problem of the theorization of global city. That is, global cities are always treated as homogeneous. Friedmann (1982, 1986) and Sassen (1991) used to emphasize similarities among the global cities from their roles in world economy to their internal functioning. However, a specific urban form does not derive automatically from global restructuring. It is instead a product of "the interaction between the historically concrete restructuring policies and the attributes of each society" (Castells and Henderson 1987:2). To go a step further, Fainstein and his associates (Fainstein, Gordon and Harloe 1992) attempt to explore how common cause in international level have brought different effects into London and New York, the prototype of global city. Their findings are that the diverse responses of the two cities are rooted in the variations of their domestic characteristics ranging from political structure to the inflows of migrants. Thus, one cannot extract a model of

"global city" from the historical context, social structure and institutions of particular places (Harloe and Fainstein 1992:246). It means that the study of global city should take into account the social and economic structure, historical trajectory of the city, state policy, class, gender and racial factors (Harloe and Fainstein 1992; Abu-Lughod 1995). In Knox's words (1995:8-9),

> "(W)orld cities must be seen as differentiated not only through the different relationships that each develops with respect to its role as regional interface between core, semi-periphery, and periphery, but also through their internal mediation of macro-level economic, cultural and political processes by way of contingent conditions of local socio-economic and political structures - and, indeed, through the physical structure of metropolitan areas".

Third, the construction of global city does not pay enough attention to the role of space. Sassen shows how global restructuring has resulted in expansion of office activities and decline of manufacturing industries, which contribute to social polarization (see also Friedmann and Wolff 1982). Sassen (1991:Chapter 9) even implies that these developments are following typical spatial patterns. Social polarization, for example, will express spatially in the urban setting. Yet she has not put enough emphasis on the role of space in structuring the polarization. What is the pattern of this polarized spatial structure and what factors determine the pattern remain unclear. It is pertinent to ask why it is so, and the answer seems to lie in a lack of analytical tools to delineate the spatial order of a global city. In consequence, the present discussion does not go beyond an idiosyncratic description of the histories of a particular place. In response to this impasse, a systematic and space-sensitive approach should be pursued.

In sum, while the global city approach has successfully problematized the

impact of global restructuring, one must admit that the approach is inadequate in the analysis of the internal order of the global city. To extend and update the global city framework, one must firstly situate our discussions in the intellectual context of the study of city. In this sense, contributions of urban sociology and urban ecology can help sensitize ourselves to the spatial distribution and movement of industries, office activities and population within the city. Secondly, one should examine more closely the global-local linkage, especially with respect to the dynamics between global city and the political economy of urbanization (cf. Knox and Taylor 1995). Only with a reformulated global city framework can we accurately address the urban structure of Hong Kong. In the following, the relations among the global city and the spatial distribution of manufacturing industries, office activities and population flows are discussed accordingly.

2.2 GLOBAL CITY AND URBAN INDUSTRIAL STRUCTURE

2.2.1 Global-City Theories of Industrial Change

The global city thesis is pertinent to our understanding of industrial decline, even though it mainly focuses on the rise of tertiary sector[3]. In brief, the globalization of economic activities has brought about the need of regional management, centralization of financial and service industries and, hence, the rise of global cities. These cities, at the same time, experience a significant contraction of

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[3] In her discussion of global city, Sassen has depicted two types of industrial decline. The first type is about the decline of old industrial centre brought by the dispersal of manufacturing. As a global city does not usually develop out of a declining industrial centre, she thus emphasizes on the unevenly distributed effect of the global restructuring on the nation state level. The second one refers to both the declining share in manufacturing and the concomitant growth of service sectors in the global city. The focus of which is the internal structure of the city itself. Our discussion centers on the latter one as it rightly addresses the situation of Hong Kong.

manufacturing. This dual process of growing concentration of financial activities and concomitant decentralization of manufacturing, according to Sassen, has signified the formation of a new urban economy. In particular, she argues that, the dominance of finance and service sectors and the possibility of superprofit they bring "has the effect of devalorizing manufacturing insofar as...(it) cannot generate the superprofit typical in much financial activity" (Sassen 1994:54). That is to say, the growth of finance and service sectors has "crowded out" the manufacturing sector from the city (Graham and Spence 1997). The displacement of manufacturing largely is worked through two ways. First, the great profit potential of finance and service sectors has taken away the investment from the manufacturing (cf. Sassen 1994:18). Second, the high land costs resulted from physical constrains in built-up areas and the keen competition of land uses have driven away the manufacturing plants. In short, lacking both the capital and space, manufacturing has been increasingly marginalized and thus excluded from the city centre. This process is succinctly summed up by Sassen:

> "High prices and profit levels in the internationalized sector and its ancillary activities, such as top-of-the-line restaurants and hotels, have made it increasingly difficult for other sectors to compete for space and investment" (1994:54, emphasis mine).

What is new about the global city theory of manufacturing change is that it puts the localized pattern of economic growth and decline in the context of global restructuring. It also tries to establish a casual linkage between the growth of finance and service sector and the decline of manufacturing. Having said the above, Sassen does not bring the local practicalities into theoretical consideration despite hinting such possibilities (1991:202). As argued earlier, the effect of global restructuring upon a global city is always mediated by specific local factors, such as state regulation

and the nature of the industries. In short, little attention has been paid to the local specificity as mediating factors and process through which the 'crowding out' are produced (Cooke 1988, Bagguley et.al. 1990). Here, the industrial location approach may be a helpful corrective to the over-simplification in the global city framework.

2.2.2 Industrial Location Approach

Industrial location approach (ILA)[4] is commonly employed to study where and what a firm chooses to invest. As production is generally aimed at profit, the location of a firm becomes important, for a good locational choice can bring down production cost. Over the past few decades, lots of researches have been accumulated on the determinants of industrial locations. It is of particular relevance to point out two major lines of research from the ILA, namely, from the points of view of industry types and of locational attributes.

First, the study of *industrial requirements* explains the distribution of different industries according to their nature of operation and locational requirement. Pred (1964) has identified seven industry types with specified locational requirements. The first five of which may be relevant in the context of Hong Kong, as will be referred to in the latter part of this chapter:

(1) ubiquitous industries - whose markets cover the entire metropolitan area
(2) centrally located communication economy industries - face-to-face contact is important
(3) high-value products - transport costs are relatively insignificant
(4) industries oriented toward national markets - require adequate transportation facilities
(5) noncentrally located communication economy industries - cluster together to get communication economies of scale
(6) nonlocal market industries on the waterfront
(7) local market industries with local raw material sources

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[4] Broadly speaking, this approach usually tackles industrial migration both within the same city and across different cities. Here, we shall only concentrate on the intra-metropolitan move.

Second, the study of *location attributes* interprets the concentration and decentralization of industries through an examination of push factors and pull factors derived from a location. In other words, it tries to pinpoint the problems faced by industries in the central city on the one hand, and the benefit attained in the peripheral areas on the other. According to Scott (1982:123-4), the central city becomes unattractive for industrial development because of five reasons.

(1) Space available for expansion at inner city sites is held in check by the growth of firms, the planning restriction on industry as well as urban renewal.
(2) Plant and equipment, after years of development at inner city, has become obsolete.
(3) Traffic congestion is severe in central areas.
(4) Labour shortages, high levels of unionization and high wages also occur in central city.
(5) High land prices and heavy tax on industry have induced centrally located firms to vacate their present location so as to capitalize site values.

On the other hand, a number of factors contribute to the growing attraction of the peripheral areas: (1)The development of truck transport, intra-urban expressway system and the airport system has brought about an efficient transport system. (2)Invention of efficient horizontal plant layouts combined with cheap land in the suburbs has lowered the land cost. (3)The prior decentralization of the working population and the accessibility of the periphery to the residences of managers and administrative staff provides a pool of labour force.

While this perspective has added several locational factors to the literature, it still leaves us in the dark about how space actually matters in production. More specifically put, ILA sorts out factors without, however, showing how they are causally related to the locational changes and to the production system as a whole. ILA, in this sense, is atheoretical (Webber 1982:212). In other words, it is criticized as descriptive rather than theoretical in character because they fail to explain the mechanisms through which locations and industry are matched.

As an intellectual response to the industrial location approach, restructuring approach tries to go beyond this limitation by incorporating production process in the analysis of space economy[5]. Briefly put, it aims to delineate the impact of economic and social changes on a particular locality and on the locational choice of capital, and show how these changes contribute to the employment decline[6] (Bagguley et.al. 1990:19). For example, Massey's thesis of spatial division of labour argues that nowadays firms are highly mobile that they can maximize the profits through the manipulation of spatial advantage. Put it more concrete, the swift mobility of capital enables firms to differentiate their production organization and functions, which are assigned to different regions according to their respective needs[7]. Scott comes to a similar point with Massey in an analysis of intra-metropolitan industrial location. Based on the historical process of substitution of capital for labour in capitalist production, Scott suggests that the management functions are gradually concentrated

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[5] The restructuring approach is an attempt to address the worldwide economic restructuring during the eighties. Locational approach, occupied by studies on how to select sites in the times of economic growth, has little to say on the economic decline and growing regional deprivation. In this regard, Marxist political economy is increasingly viewed as a more forceful theoretical tool. It merits mainly in two ways. First, it restores the role of space in the capitalist accumulation process which has been long discarded (cf. Harvey 1985). Second, it stresses social forces and the socio-economic context underlined by the restructuring process (Scott 1986, Massey 1984). This fashionable research agenda are put under the rubric as 'restructuring thesis'.

[6] Economic restructuring, according to the "restructuring thesis", usually works through three mechanisms. First, rationalization is the way in which production scale is to be reduced or totally closed. Second, intensification is employed to raise productivity by rearranging the organization of production. Third, investment and technical change is used to increase the output through investment of machinery and R&D. For a full exposition, see Massey and Meegan, 1982.

[7] To demonstrate how production can be organized in different ways, Massey (1984:74-82) discerns three types of spatial structure. First, a part-process spatial structure consists of various regions where "plants distinguished and connected both in relations of ownership and possession and in the technical division of labour" (1984:77). The two other spatial structures are the cloning structure (i.e. administration and control function is located in the central site while branch plants are total production sites with limited forms of control and R&D functions) and the locally-concentrated structure (i.e. all production takes place on the same site).

at the central city location while the production functions become decentralized (Scott 1982:125-134). It is interesting to note that, locational changes, viewed by Massey, is driven by the search for the right kind of labour. Scott, on the contrary, emphasizes the search for the right kind of firms, i.e. inter-firm linkages (1982, 1986, 1990; cf. Bagguley et al 1990:25).

To sum up, insights offered by the restructuring thesis have extended the analytical power of ILA. The production space, i.e. the domain of work and production, are no longer treated as exogenously given (Scott 1986:25). An extended ILA provides a good departure. But to take a sharper focus on global cities, it needs to put the analysis of industrial location in the right context, i.e. the social process of globalization. In this regard, it requires an account of mechanisms governing the "relationship between the production system and urbanization in capitalist society" (Scott 1986:27). Global city thesis thus addresses directly the global restructuring process and its impact on the specific social and urban structure. A combination of both perspectives will therefore render the analysis more satisfactory. In short, global-city framework provides a theoretical linkage between global production changes and a specific urban form while an extended industrial location approach offers detailed accounts of the changes in the geographic organization of production in a global city. These two perspectives thus cast light on a variety of different forces that have operated to change the manufacturing base in a global city.

2.2.3 Recapitulation

To recapitulate, we briefly discuss seven research implications as derived from the above discussion of the global city thesis and the industrial location approach.

These directions will be pursued at length in chapter four in which we interpret the recent change in manufacturing industry in Hong Kong in the context of a global-city framework.

First and foremost, it is generalized from the case of New York and London that global cities have undergone acute decline in manufacturing employment. While economic restructuring generally takes place in a world-wide scale, global cities are considered as experiencing the most intense deindustrialization. The deindustrialization, at the same time, corresponds to the dual spatial processes of manufacturing dispersal and concentration of producer services industries. In response to this, efforts should be firstly directed to the question whether Hong Kong has experienced the same *decline and counterurbanisation of manufacturing industry* as expressed in the literature. To this, one has to *map out the spatial pattern of manufacturing industry* before and after the evolution of Hong Kong into a global city. A detailed spatial pattern of manufacturing change should be established before we consider the possibility of any causal linkage between global city and manufacturing dispersal.

Second, spatial analysis of manufacturing change should recognize important *differences* in economic structure and change *in a global city*. As argued before, global cities are easily taken as internally homogeneous, and spatial differences within which are often ignored in the literature. To explore the diversified spatial pattern in a global city, our analysis of manufacturing change should therefore incorporate two dimensions: (1)An analysis of *small area* units is employed to disentangle the complexity behind the overall trend of deindustrialization in a global city. It can, for example, highlight the shifting importance of local industrial centres and distinguish

the uneven pace of deindustrialization among different regions in a global city. (2)Mapping of spatial movement of manufacturing should be disaggregated in *industries level* so that we can unravel the growth and decline of each industries in a global city, their respective locational dynamics, and their degree of decentralization with respect to the expansion of global city functions.

Third, the global city framework has oversimplified the manufacturing change, and 'decentralization' is so vague a concept to capture the rise and fall of industries and their subtle difference behind. The locational approach thus direct our attention to a disaggregated analysis of the spatial processes that underline this change. The important point is that a fuller understanding of these trends requires a more accurate account of manufacturing change based on the *establishments number, employment, firm size and industrial sectors*. For example, some areas in Hong Kong experienced a net growth of manufacturing firms during the deindustrialization, and production scales of some sectors might have been greater than the others.

Fourth, the above discussion also suggests that variations of urban industrial structure in global cities are jointly determined by the global economic restructuring and domestic societal attributes. Thus, the *specific context* in which pattern of industrial decentralization occurs should be emphasized. This brings back the *political economy of urbanization* into the global city literature. In the case of Hong Kong, we will explore the significant *role of state policy* in shaping the urban industrial structure through the provision of space for industrial expansion, development of new town, and redistribution of workforce.

Fifth, industrial location approach corrects the oversimplified global-city

framework by showing that the impact of global restructuring on the local industrial decentralization is also mediated by the organization of production. Thus the industrial decentralization are thought to be associated with the *industries' attributes* which cover the nature of products, the location of market, and transport cost, and location factors which include availability of labour force and space, land prices and rentals, and accessibility (Dicken and Lloyd 1990: Ch.4; Cadwallader 1996: 153-8). The spatial and sectoral disaggregation of employment data thus allow us to take these factors into account.

Sixth, it is interesting to know *which manufacturing sectors can retain comparative advantages* during the restructuring process, and hence not affected by the expansion of global city functions. Naturally, Sassen (1991) suggests that high-wage, high-valued added sectors such as telecommunication, printing and publishing can withstand the pressure of industrial decentralization. In addition, notwithstanding the decline of factories, sweatshop and various kinds of informal work are expected to flourish. An analysis of manufacturing change in industries level can reveal whether the Hong Kong case is close to Sassen's assertion, and which industries can maintain their operation in a global city.

Seventh, Sassen argues that the expansion of producer service industries in a global city *'crowds out' manufacturing* consequential of competition for space. It is built on the concept of intraurban competition, where manufacturing and service are thought to compete for factor resource (see Graham and Spence 1997:460-462). Due to a lack of comparable data, we cannot establish whether in Hong Kong producer service growth has been coincidental with manufacturing decline and dispersal. But we will consider it from the very board geographical unit in Hong Kong.

2.3 GLOBAL CITY AND URBAN BUSINESS STRUCTURE

2.3.1 Global-City Theories of Office Location

This section is an attempt to capture the locational characteristics of the office activities in a global city. In Hong Kong, the most dynamic and fastest growing office sectors, like those in other global cities, can be generally grouped into the 'producer services.' This term, according to Sassen, refers to intermediate outputs delivered to production firms or organizations of any kind, rather than to the final consumers. The core part of these services[8] include insurance, banking, finance, real estate, legal services, accounting and professional services, or what we usually call 'FIRE'.

Sources of growth in producer service activities are many. Diversified, complex and large production systems have increasingly generated demands for specialized services in recent years. It is especially the case when firms are moving internationally. Growing need to command investment and administer production among different regions require advanced services ranging from the provision of advertising, management consulting to legal advice (Sassen 1991:98-99). It is more efficient to buy these services from specialized agents than to provide them internally. Besides, the international financial flows also need such specialized services as accounting, securities brokers and financial services to deal with transactions of complicated sorts. Hence, one can say that the expansion of producer services is actually a byproduct of the growing globalization of the world economy.

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[8] It should be noted that producer services also cover legal services, management, innovation, development, design, administration, personnel, production technology,

The discussion on producer services is relevant here, for the growth of which has restructured the spatial structure of global cities. Interestingly, production and consumption of producer services usually takes place in the global city, notwithstanding the usual extremely high rentals. In order to understand its locational logic, a grasp of the production process of producer service is necessary. Setting up producer services sites in central city region is advantageous as it can offer "agglomeration economies and highly innovative environments" (Sassen 1995:67). First, information is pivotal to the production of producer services. Proximity among firms thus effectively helps them obtain, circulate and exchange important information. Second, the production of producer services, particularly those involving innovative parts, benefits from proximity to other specialized services. That is to say, to deliver complex and innovative outputs, specialized inputs from different sources of professions are required. Economies of scale will also be generated when the specialized firms are located close enough to facilitate joint production of service (Sassen 1994:65-66). Third, by setting up their offices in large city area, firms can attract and retain specialists and professionals preferring the lifestyles and amenities of city centre. Given the above reasons, firms find it very rewarding to cluster together in spite of the recent advances in information technology. After all, face-to-face communication with specialists is still the most effective way of tackling complex production process.

Thus, the clustering of these services coined as 'producer service complex' has distinct locational characteristics. It is somewhat different from what the

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maintenance, transport, communications, wholesale distribution, advertising, cleaning services.

traditional location research has shown. For example, the importance of access to transportation no longer applies to the location of 'producer service complex' as service needs no storage or transportation. Nevertheless, the central tenet of the office location research is relevant. That is, the centrality of the office location is still structured by the profit-making potential of different office activities. Through competition for space, a spatial hierarchy is formed according to the respective bidding power of different sectors. Higher-order offices thus tend to be more centrally located than lower-order offices.

High bidding power of producer service, inherited from the high profit levels during the intense globalization, will 'crowd out' other sectors in the competition of space (Sassen 1994:54). Finance sector, with its high profit margin, has therefore experienced exceptionally high concentrations in the downtown of major international financial centers (cf. Harris, 1991). It should be noted that, while Sassen argues that there is a concentration of producer service in the key city regions, she does not mean that the centrality of these services necessarily corresponds to geographical centrality. It is true that business center in the past is usually located at CBD but now, as Sassen argues, it assumes several geographical forms. Through a comparative investigation of urban forms among global cities, she has discerned a variety of spatial patterns. For example, conscious efforts in US to rebuild urban centre have made possible an accommodation of the ever-expanding producer service sectors. In contrast, urban centers in Europe have been so protected from large-scale urban renewal that producer service activities had to be placed outside the old center (Sassen 1994:95). This brings in the notion of an indeterminacy of the actual spatial distribution of producer services in a global city, as elaborated by Sassen (1991:135):

> "The locational concentration of producer services in certain regions can conceivably assume more than one pattern. It can be geographically concentrated or dispersed within such a region. Furthermore, there may or may not be firm decentralization along with territorial dispersal within regions of high concentration. Finally, in regions of high concentration with geographically dispersed producer services, there may or may not be considerable divergence among the various locations within such a region in terms of the composition of its producer service sector"

We have discussed in this section the rise of producer service complex in the global city during the global restructuring of production. What our discussion interests urban studies is that it has identified in a global city the producer services whose locational requirement are different from other types of services, and hence, do not necessarily follow the residential patterns, or even located close to buyers or consumers (Sassen 1990:471). Instead, it is also observed that the nature of producer services provision requires centralization to capitalize the economies of scale, to facilitate efficient communication and close follow-up, and so on. At last, let us end this section by noting that the global city theory of producer service location resembles the traditional office research in that it also emphasizes the economic benefits gained by agglomeration economy and geographical concentration. However, it is more complicated in that the latter puts the old question in a new context. In other words, it concerns how the changes of office location as structured by a newly evolved post-industrial production process in a service-based urban economies.

2.3.2 A Recapitulation

To scrutinize Sassen's claims and to qualify the global-city theories of business location, a research into the Hong Kong case is essential. The research question for the Hong Kong case is, therefore, to trace and identify the spatial development of producer services in Hong Kong. By ways of recapitulation, I briefly

introduce six research implications to be pursued in Chapter five.

First, our discussion shows that an intense globalization has led to an overconcentration of producer service activities in global cities. Spatial clustering of these activities are then found along with the dispersal of manufacturing. After an detailed investigation of industrial decentralization in chapter four, research in chapter five should center on the *geographical distribution of producer service activities* in Hong Kong. More specifically put, we should identify the spatial pattern of office development throughout the eighties when Hong Kong has been evolved into a global city. With this mapping, we could consider whether *producer service activities have become more concentrated* in Hong Kong city centre.

Second, it is of interest to know whether the locational patterns of producer service activities follows a pattern of concentration in city centre, like New York, or an agglomeration outside city centre in European cities, or even displays other pattern. Obviously, the distribution of producer service office in Hong Kong comes close to the pattern of US, namely, concentration in the urban centre. That said, the extremely high office rental in Hong Kong have made competition for space an important issue. Limited supply of office stocks have been contested by different industries. As such, a more refined analysis is needed to reveal if there is any *distinct spatial hierarchy* taken place in Hong Kong during globalization process.

Third, with the insights rendered by traditional office location research, we tend to utilize a *small geographic unit* of analysis by dividing Hong Kong into 27 areas, according to the boundaries devised by *EVS* (See Appendix @). Concepts like *CBD, secondary office centre, and office nodes* are deployed to classify different

office centre types according to the office number and employment they received. Such classification scheme allows us to differentiate the role of different areas in housing producer service activities, and hence, explore the uneven spatial development in a global city.

Fourth, we also propose to analyze the producer service activities at *an industry level*. Notwithstanding the concentrated pattern of office activities, Hong Kong differs from U.S. where producer service are specialized in a particular city to maximize the agglomeration economies (Sassen 1990:467-469), while Hong Kong consists of all major producer service industries, as grouped as FIRE, in an extremely small area. The importance of industries level analysis stands out here, for it highlights the possibility of regional specialization or concentration for some producer service industries. Furthermore, concepts like centralization are not precise enough to capture the spatial process that underlies the uneven urban growth pattern. The extent of centralization may vary significantly among different industries, and it may even coexist with office decentralization, as will be shown in the case of Hong Kong. A disaggregation at industry level helps to look at these issues in a more accurate way.

Fifth, an analysis of *urban political economy* also occupy a key role in the locational pattern of office activities. Sassen has treated the actual distribution of producer service activities as an empirical question, subjected to the influence of state policies as well as the historical and social development of the city in question. In Hong Kong, the development of the most received location for office activities like Central has also owed much to the state policies and historical legacies. We shall discuss these issues whenever necessary.

Last, we also wish to examine the so-called crowding-out hypothesis in which it stipulates that the high profit level of producer service activities has displaced other sectors, particularly manufacturing industries in the competition of space. In the global city literature, this crowding-out phenomenon is only discussed in terms of inter-sectoral competition of space, such as the dominance of producer service activities over manufacturing. This hypothesis can nevertheless be extended to explain *the process of intra-sectoral competition for space*. That is to say, the spatial distribution of producer services themselves is by no means homogeneous. Instead, they differentiate spatially according to the profitability and economic resource each type commands. The most profitable sector can afford to replace or move into the central urban area. As hinted by Sassen, finance sectors are usually overwhelmingly concentrated in the core of urban center due to their superprofit potential. Hong Kong, being a highly congested place, provides a very good empirical setting to illustrate this hypothesis.

In short, in order to contribute to the global city literature, a more detailed analysis, aided by techniques of office location research, will be undertaken in chapter five to explore spatial differentiation within the producer service sectors under intense competition in the central areas of Hong Kong.

2.4 Global City and Urban Social Structure

2.4.1 Global-City Theory of Urban Social Structure and the Debate of Polarization

We begin with locality studies. As mentioned before, Massey's work (1984) is influential in revitalizing the locality study and in illuminating how economic

restructuring results in spatial inequalities. She demonstrates the emergence of a new form of 'spatial division of labour' in England where the routine manual processes have been spatially separated from the executive function such as planning and R&D. It follows that management has operated solely in southern England while the assembly jobs spread over the rest of the areas. This thus led to a homogenization of old industrial regions and a growing north-south divide in Britain. Beneath this scene, the capital, Massey argues, has increasingly utilized the spatial differentiation as a means to squeeze profit (1984:5). The significance of Massey's work does not lie merely in the reassertion of the importance of space. It also emphasizes how local specificity is linked to the changing organization of production[9]. Though, as many critics point out (Martin 1993:70), the book fails to capture this linkage, it nevertheless provides an impetus for locality studies[10] (Day and Murdoch 1993:87). However, subsequent locality studies[11] have been occupied by the description of social and spatial polarization and consequently fail to develop a conceptual framework to debunk the behind-the-scene forces conducive to polarization (Woodward 1995:78). Thus, it is to a more theoretically informed perspective, namely, the global city theory, that we now turn.

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9 As Massey puts it, "the challenge is to hold the two sides together; to understand the general underlying causes while at the same time recognizing and appreciating the importance of the specific and unique" (Massey 1984:300).

10 The recent current of locality studies is also related to the economic recession in Britain. The recession in the mid 80s resulted in an uneven spatial distribution of unemployment. While the north suffered from the decline of manufacturing, the service industries in the south continued to grow. So it is of importance to know how the spatial differentials are related to local particularities (Cf. Green, Owen, and Winnett 1994).

11 Locality studies are then concerned with whether there is a homogenization of space in terms of wage differentials, women employment, and unemployment (Warde 1985; Green, Owen, and Winnett 1994). Other studies focus on spatial differentiation in terms of sociotenurial distribution (Hamnett 1987), labour market (Cooke 1989), gender inequality (Bagguley et.al. 1990), and even housing prices, health as well as voting behaviors (See

In a global city, Sassen argues that there occurs a reorganization of work (1991: Ch.8; 1994:Ch.6). On the one hand, the decline of manufacturing has taken place in the urban core. While jobs and wages decline continually; the sweatshops have expanded, leading to an informalization of work. On the other hand, the development of producer service activities has entailed a lot of low paid jobs, which include (i)service jobs incurred by the gentrification of high-income groups such as restaurant cleaners; and (ii)low grade jobs in advanced sectors such as stock clerk (Sassen 1994:105; also cf. Friedmann and Wolff 1982 for a similar view). Sassen summarizes it succinctly:

> "The new conditions of growth have contributed to elements of a new class alignment in global cities. The occupational structure of major growth industries characterized by the locational concentration of major growth sectors in global cities in combination with the polarized occupational structure of these sectors has created and contributed to growth of a high-income stratum and a low-income stratum of workers. It has done so directly through the organization of work and occupational structure of major growth sectors. And it has done so indirectly through the jobs needed to service the new high-income workers, both at work and at home, as well as the needs of the expanded low-wage work force" (1991:13).

What is new about this polarization thesis is that Sassen has linked the global economic restructuring to the changes of occupational and income distribution, and hence, the polarization within global cities. But Sassen's assertion is flawed at two counts. First, what 'polarization' means remains unclear to Sassen. For example, Hamnett (1994) charges Sassen for shifting the focus from occupational polarization to income polarization. Moreover, whether polarization is in absolute sense or relative sense is still ambiguous in her work. Second, she has not demonstrated precisely how social polarization, if any, translates into spatial inequality. For these reasons, we turn to the discussion of social polarization by noting two main types of

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Woodward 1995 for a review).

polarization thesis (Pinch 1993:781), namely, the declining middle thesis (or the dumbbell model) and the onion model. The former, employed mainly in America, argues that heightened international economic competition and rising wages have pushed U.S. firms toward three strategies, that is, relocation of firms, zapping labour and financial speculation. These strategies subsequently led to respective disastrous effects: i)large scale of unemployment, ii)deterioration of wage and iii)polarization of jobs (Harrision and Bluestone 1988: Ch.2-3). What the authors argue is that a swelling financial sector and services activities have stimulated an increase of "well-paid professional and technical workers at the one end, and poorly paid, semiskilled and unskilled workers at the other" (Harrision and Bluestone 1988:56). In a nutshell, the size of middle-income group declines[12].

The onion model, originally proposed by Pahl, points out how the distribution of informal work reinforces inequality (1988:249). Pahl argues that the households can survive through self-provisioning. It, however, requires income, skills and contacts that are available only in formal work. Those households that comprises mostly unemployed members suffer most because they are less likely to perform self-provisioning. In consequence, a vicious cycle set in, leading to the formation of an onion-shaped social structure[13]. Due to the lack of the discrete data of individual household structure and occupation, we cannot pursue this line of research. Yet this review is not irrelevant, for we can better grasp what 'polarization' means[14] from these

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[12] With regards to the wage inequality, Harrision and Bluestone have shown that the four-fifths of the increase is attributed to the restructuring of wages and hours of work. Only one-fifth is related to the sectoral shift from manufacturing sector to service sector (1988:120).

[13] Pahl's hypothesis is supported by Dale and Bamford (1989) who argue that an increase in non-earner households is paralleled to the increase of multiearner households.

[14] As noted earlier, the social polarization thesis is not without problems. With regard to

theoretical perspectives.

Apparently, Sassen's argument is near to the dumbbell model though she is quite ambivalent about whether the middle class is disappearing (1994:117). She also argues that social polarization takes place through reorganization of the spatial pattern. One of an oft-quoted example is the gentrification that has happened since the eighties when a growing number of upper-level professional workers have returned to live in the city core. At the same time, a significant proportion of low-level workers remain suffering from poverty and physical decay in the inner city. These two processes, Sassen argues, are spatial expression of the transformation of global city and social polarization (1991:255). The gentrification is largely related to the centralization of offices in the urban core. It, in turn, generates demands for goods and services that require a lot of labour intensive works. Increasing number of low-level workers thus work for paid housework, restaurant, and sweatshops.

Harris (1991) locates the inner city gentrification in larger geographical and historical context. Using a measurement of location quotient[15], Harris shows that between 1950-80, while manufacturing went suburbanized, the finance and business service sector became heavily concentrated in Manhattan, the core of New York. In terms of residential patterns, overrepresentation of managers and professionals in Manhattan became intensified between 1970-80, indicating a rapid rate of gentrification. At this point there seems to be a close connection between

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measurement, Sassen seems to argue for an absolute polarization in occupation and income distribution. However, it should be noted that there is a significant difference between absolute terms and relative terms (Hamnett 1994). In the case of polarization, given the different proportions among types of jobs (or regions), even an increase in absolute terms does not necessarily imply an increase in relative differentiation (Savage 1989:248-9).

[15] Location quotient measures "the extent to which a particular type of employment is

gentrification and the emergence of global city. In particular, Brint (1991) finds that the highest-paid residents in Manhattan were those employed in the corporate headquarters and producer services. Furthermore, DeGiovanni and Minnite (1991) discern a spatially segregated pattern in race, income and housing. Thus, the above findings seem to infer that social 'dualism' caused by economic restructuring has increasingly translated into a spatial 'dualism'.

2.4.2 Problems Reinstated

We have noted from the above review that a coexistence of both restructuring of manufacturing production and centralization of producer services, according to Sassen and her followers, have intensified social inequality in a global city in two ways. First, the number of well-paid professional and managers, and lower grade workers increase, as anticipated in the social polarization thesis. Second, social polarization and the spatial manifestation are thought to be associated with the interaction of global restructuring process and regional space economy, and subsequently leads to a thesis of spatial dualism.

Yet the above review shows that these polemic statements remain problematic. And it is generally well understood that the term 'global city' and 'dual city' are all-embracing and imprecise. However, recent attempts are not successful in demonstrating precisely how social polarization is constituted in global cities. As already explicated, the rise of global cities involves a complex articulation between the world economic restructuring and local reorganization of labour process. Given the multiplicity of the processes and mechanisms, it is impossible to isolate their separate

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over- or underrepresented in specific areas of the city" (Harris 1991:131).

effects. For example, Sassen has been criticized for misinterpreting the effects of large scale of ethnic immigration and the resulting cheap labour supply as an inevitable phenomena of social polarization within global cities (Hamnett 1994). Marcuse (1989) further accuses the concept 'dual city' of misdirecting attention to the results of polarization rather than the process per se (1989).

There are several attempts to build a causal framework of dualism. For example, Castells and Mollenkopf (1991) try to link up the dual city with cultural duality, unbalanced development and particularly the impact of urban form on class formation. Nevertheless, these attempts so far are not satisfactory as they still pay insufficient attention to the missing link between the conceptualization of dual city and global city (Clark 1996).

The conceptualization problems have certainly hampered the development of a rigorous methodology to testify the spatial polarization thesis. That is to say, it lacks a well grounded approach to comprehend spatial evolution and discern a spatial pattern of a global city. As a result, no consistent and comparable measures and models are well developed to fully understand the process and consequence of spatial dualization of a city. Therefore, while we agree that an advocacy of dual city is interesting, the current stage of the research makes it difficult for us to push the research too far. Feinstein and Harloe have summarized this problem concisely:

> "The image of a dual or polarized city are seductive, they promise to encapsulate the outcome of a wide variety of complete process in a single, neat, and easily comprehensible phrase. Yet the hard evidence for such a sweeping and general conclusion regarding the outcome of economic restructuring and urban change is, at best, patchy and ambiguous. If the concept of the 'dual' or 'polarizing' city is of any real utility, it can *serve only as a hypothesis, the prelude to empirical analysis, rather than as a conclusion which takes the existence of confirmatory evidence for granted.*" (1992:13, emphasis mine)

Thus, the development of a solid theoretical foundation of dual city on the one hand, and the design of a better methodology as well as accurate measure, on the other hand, are pivotal to the future research on dual city. Recognizing the tenuous linkage between global city and social polarization, however, does not nullify the significance of an attempt to understand the social and spatial consequences of the global city (cf. Sassen 1994:122). Given the limitations of the line of dual city studies, we thus instead focus on how to map out the spatial pattern of a global city. Here, urban ecology provides us with useful analytical tools.

2.4.3 Mapping of Urban Structure in a Global City: A Reappraisal of Urban Ecology

This section addresses the importance of urban ecology as a method in describing the urban social structure, despite a full recognition of its flawed theoretical assumptions. An advocacy of urban ecology in the global city research does not mean that the latter model is superior to the global city theories. On the contrary, what I want to point out is that urban ecology as a strategy of research, notwithstanding its theoretical pitfalls, can be engendered the literature of global city.

Urban ecology is mainly concerned with the distribution of population characteristics, activities and behavior across the urban area. According to Schwirian (1973), ecological research is organized around five basic models, namely, classical model, factorial model, density model, residential segregation model, and group location model. The first two models are relevant to this chapter and are therefore discussed here.

In fact, both models are descended from the tradition of human ecology. Human ecology is originally proposed by Park, who argues that the methods of

biological ecology can be applied to the study of human societies[16]. 'Ecological community,' his focus of inquiry, is characterized by "an unconscious process through which human beings were engaged in a biotic struggle for existence resulting in a functional adaptation" (Saunders 1985:70). People are spatially matched to different areas as a result of these unplanned adjustments. Given its emphasis on the biotic aspects of human interaction as the core subject matter, socio-economic and political dynamics are ignored, or at least, hidden in an ecological approach.

In spite of this theoretical flaws, human ecology has significantly molded the research agenda of the classical model, which is commonly referred to three approaches in analyzing spatial location, i.e. concentric zone theory, sector theory, and multiple nuclei theory. Concentric zone model argues that there are several zones spreading from the central city; each zones correspond to each functions, namely, the central business district, zone of transition, zone of workers, zone of middle class and the outer zone. Sector theory modifies the former model by asserting that a city grows in sectors rather than in concentric zones. Moreover, they are formed along the transportation route. Finally, multiple nuclei theory poses a different angle. It views a city as comprising many nuclei of different kinds such as residential nucleus, financial nucleus and wholesale nucleus. Thus, cities vary according to their different circumstances of location. Together they argue that the gross distributional pattern of the city is "a result of interplay of socioeconomic forces of competition in the urban land market" (Schwirian 1974:5). This patterning exercise is a path-

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[16] It is noted that the development of the Chicago school coincided with the growth of capitalism in US in the prewar period. This period witnessed serious social disorders accompanied with rapid industrialization, population growth and immigration. Thus, it is understandable why the concern of human ecology is how human populations adapted to their environment, and, hence, a focus of biotic and asocial side (for further intellectual and social

breaking advance in the field of urban geography. But their simplistic and biased assumptions have also subjected themselves to mounting criticisms.

First, their assumptions that people always maximize their utility and that their decisions are based on complete information are always criticized as problematic. Most people, in fact, aim only at a utility satisfaction on the basis of incomplete information. The validity of transport-cost minimization assumption is therefore dubious. Second, theories based on cost minimization are regarded as ahistorical and static since they cannot account for the evolution of the spatial patterns and the ways they change (Johnston 1981: Ch.1). Third, the ecological theories assume implicitly a free competition generated through market that locations are chosen according to individual preferences and buying power. They actually ignore the constraints imposed upon individual choice. For example, the role of state in restructuring the space does not receive serious treatment. By taking the market assumption for granted, they also ignore how market is organized (Logan and Molotch 1987:9).

In face of these vehement attacks, classical ecologists abandoned their theoretical work and substitute with a narrow analysis of spatial distribution of social data. This stream of development is largely subsumed under *the factorial model*, which embraces studies of urban sub-area by factor analysis. It is not our aim to defend the problematic theoretical position in urban ecology. Rather, it is to make use of the contributions of factorial ecology to sustain the inquiry derived by the global city research. In chapter six, factorial ecology is employed to map out the urban structure of Hong Kong.

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background of Chicago School, see Saunders (1989:52-62).

To conclude the above discussion, we set out four tasks to be undertaken in our empirical investigation of urban structure. First and foremost, as argued earlier, the global city thesis lacks a theory of space and a rigorous methodology in studying spatial structure. So it is our contention that an incorporation of ecological approaches in global city theories can help remedy the above pitfalls. Urban ecology, with its specific design in analyzing spatial organization of social activities can be employed to the case of Hong Kong. In short, there are three major ways that ecological model can help supplement the global city framework. First, it tries to identify critical structural variables in the study of urban community, particularly the spatial dimension, which is highly relevant to the concern of global city theories. Second, it commits to methodological sophistication and tries to follow theory-testing approaches (cf. La Gory 1993:112). Third, it is suggested from the above that their understanding of spatial pattern, as well as their effort in mapping urban structure is still relevant to our pursuits. Schwab (1993), for example, argues that Burgess's concentric zone model will continue to be important in describing urban structure of the city.

Secondly, our discussion shows that any 'polarizing' or 'dual; image can only serve 'a hypothesis, the prelude to empirical analysis' (Fainstein and Harloe 1992:13). Instead of jumping into the measurement of spatial duality, we set out our inquiry to map out Hong Kong's urban structure of mid nineties. Previous review on global cities suggests a spatially segregated pattern in income and housing, as well as a gentrification experienced (for example, see DeGiovanni and Minnite 1991, Harris 1991). Although the degree of dualization cannot be identified and rigorously measured at this stage, the claim of social demarcation and the reflected spatial

segregation can be subject to empirical examination. We thus postulate that a clear spatial segregation between upper professional and manager, and lower graded workers persists in the global city like Hong Kong.

Thirdly, previous works on Hong Kong show that the urban structure had evolved from a concentric-sectorial pattern into one with multi-centered development. By way of the comparison with this literature, we hope to delineate the continuities and changes during when Hong Kong increasingly performed the global city functions. Our speculation is that the expansion of producer service activities accompanied with the deindustrialization might lead to greater social polarization, and this in turn may reinforce and perpetuate the existing spatial segregation of Hong Kong's ecological structure.

Last, active state intervention in a 'laissez faire' economy has differentiated Hong Kong from other global cities. It is known that the Hong Kong government had reshaped our urban structure by a extensive redistribution of nearly half of Hong Kong population via the provision of public housing. Our mapping exercises thus put more emphasis on the aspect of urban political economy.

2.5 CONCLUDING REMARKS

In this chapter, I have discussed the debate on global city and its spatial implications for urban industrial structure, urban business structure and urban social structure. I have also tried to link up the global city thesis with uneven social and spatial development in a city. In a similar line of argument, Castells also sketches that while informational society is connected to the global flows of information, it produces the dualization of the urban social structure. In his view, therefore, "the

informational city, the global city, and the dual city are closely interrelated, forming the background of urban process" (1994:30). Although at this stage problems are encountered in showing precisely the linkage of global city and urban uneven development, conceptualizing social and spatial inequality in a framework of global city is still promising. It is because global city is still the contested terrain of active interaction of global changes and the local political and economic forces; and global city theories claim to capture these issues forcefully. In order to contribute to the literature, our study tries to qualify the concept of global city by extending and elaborating its spatial implications on industrial, business and social structure in the first place. Secondly, by an application of a refined global city framework to the case of Hong Kong, it is hoped that the aforementioned spatial dimensions will be explored empirically and results will shed light on the global city research in general. Last but not least, spatial differences are often ignored in most of the Hong Kong studies, and analyses of economic and social changes have tended to treat Hong Kong as being spatially internally homogeneous. Our modest aim in this study is to highlight the important economic and social differences within Hong Kong, and to unravel the spatial factors that have underpinned Hong Kong's rise to a global city.

Chapter 3

Hong Kong: From an Industrial City to a Global City

This chapter provides an empirical context of our study by exploring the transformation of Hong Kong from an industrial city to a global city. The point of departure is that changes of industrial structure and service economy are the major aspect of this transformation. I thus hope to delineate the development of manufacturing and service sector so that discussion on their spatial transformation in Part II can be more properly grasped. In section 3.1, I briefly trace the post-war industrial development and characteristics of manufacturing industries in Hong Kong with particular reference to number of establishments, employment, firm size and sectoral changes. In section 3.2, I examine the causes and patterns of industrial restructuring. These factors are significant not only in bringing about the decline of manufacturing industries, but also in pointing to the historical and geographical specificity of the Hong Kong's incorporation into the global or regional economy. In my view, it is inadequate to treat the rise of a global city as merely equivalent to a growth of the tertiary sector. Rather, it should be viewed as a fundamental transformation in which deindustrialization occurs with a concomitant growth of the service economy. In this process, Hong Kong has articulated the South China regions into the world economy and become increasingly internationalized. Therefore, the prosperity of Hong Kong in the eighties cannot be isolated from the rapid reform of China. In section 3.3, I outline this trend in terms of the diverse functions and the multidimensional nature of Hong Kong as a distinctive business setting and command centre in the regional economic articulation. Thus, efforts are

paid to frame Hong Kong into the discussion of global city by looking at the unique and specific geographical and institutional attributes which facilitate Hong Kong's rise to the league of global cities.

3.1 Post-war Industrial Development (1950-1975)

The Hong Kong story of success is too complex to tackle in this thesis (cf. So 1986). And the previous accounts are too well known to be reproduced here[17]. There are, however, two relevant points worthy of attention. First, it is fair to say that, apart from many internal favorable factors, the changing international division of labour played a crucial role in the rapid industrial growth in Hong Kong. The worldwide relocation of production provided a basis for Hong Kong to develop into a major export-orientated manufacturing site (Lui and Chiu 1995). Second, the main impetus of growth came from the local small factories, which specialized in labour-intensive production. Without adequate representation in the polity, they was not able to get direct support from the government (but see Schriffer 1991). Nor were they dominated by foreign capital. Instead, Hong Kong's continual success as an industrial centre owes much to the deployment of a flexible production system, coined as an 'unorganized industrialism.' It means "a large number of small-scale manufacturers, responding swiftly to domestic and international market signals, committed to labour-intensive production, and forming a dense network of subcontracting" (Chiu, Ho and Lui 1995:112). As we shall see, the large number of

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17 As Lui and Chiu (1993:66) has noted, the previous accounts of rapid growth of Hong Kong include: "entrepreneurship, particularly management and skills from emigrant entrepreneurs from mainland China; the economic culture of the population; a 'positive noninterventionist' government which promotes a laissez-faire economy and contributes to the construction of the infrastructure for economic development; and the supply of a hardworking and flexible labour forces etc."

small and medium size factories are critical in reshaping the spatial structure of Hong Kong (Sit 1982a).

Table 3.1 Average Annual Growth of Real Gross Domestic Production, 1961-1994

GDP	1961-1970	1970-1981	1980-1990	1990-1994
Real Growth Rate	9.8	9.6	7.5	5.2

Note: As Hong Kong government only began to collect the national income since the early seventies, the figure before that are most crude estimations and not directly comparable to those after 1970.

Source: International Monetary Fund, *International Financial Statistics,* Feb. 1983, quoted from Chen (1984:6) CSD, *Quarterly Estimates of Gross Domestic Product.*

Over the period 1961-1981, Hong Kong's real gross domestic products (GDP) grew at an average compound rate of about 9.9%[18] per annum (Chen 1984:4). The spectacular growth persisted from 9.8% in the sixties to 9.6% in the seventies. Such miraculous post-war economic transformation was largely substantiated by the growth of manufacturing industries. The story goes as follows. Trade embargo on China at the early fifties brought disastrous effect on the entreport trade in Hong Kong. Since then, Hong Kong's economy had undergone a structural change in terms of dominance of manufacturing industries. Economic development in mid fifties was driven by the growth of textile industry, which was itself stimulated by the inflows of mainland industrialists arriving with large amount of capital. By 1961, the share of manufacturing industries in GDP already attained 24%. It further went up to 31% in 1970. In terms of employment, manufacturing industries increased from over two-fifth of the total employment in 1961 to almost a half (47%) in 1971. These changes reflected that the transformation of Hong Kong to an industrial city was largely

[18] As the 1961 GDP estimate is not subject to the latest revision, the associated growth rate may have been overstated (Ho 1986:169).

completed in the sixties. They also indicated that industrialization had run to its peak in the early seventies. To substantiate our observation, let us compare the breakdown of average GDP in different period. **Table 3.2** shows that during the fifties, manufacturing only contributed to 15.5% of GDP. But a decade later, its share had already doubled (30.9%), representing the highest share it had ever attained.

Table 3.2 Distribution of Average Gross Domestic Production by Sector and Year

Industry	1950-1960	1960-1970	1970-1980
Agriculture and fishing	3.4	2.6	1.3
Mining and quarrying	- -	0.2	0.1
Manufacturing	15.5	30.9	27.4
Construction	5.5	9.8	6.4
Electricity, gas and water	1.6	2.2	1.5
Transport, storage and communication	12.2	11.3	7.3
Finance and business services	25.6	37.6	42.5
Others	36.1	5.5	13.6

Source: World Bank, *World Tables 1983*, quoted from Mok (1993:114).

Thus, the structural change of the Hong Kong economy in the sixties is crystal clear. However, more subtle difference among manufacturing industries still deserves to be explored. Particularly relevant here are the changes in number of establishments and employment, scale of production, and intersectoral mix within the manufacturing.

The trend of number of establishments and employment further confirmed that the early seventies experienced the greatest increase in manufacturing industries (cf. **Table 3.3**). Between 1971 and 1976, number of establishments and employment increased by over 50% and 30% respectively. The growth of the subsequent period (1976 and 1980) then slid to 30% and 20% respectively, which were significant enough, but still less than that of the early seventies. It was totally different in eighties in that the manufacturing industries fluctuated and even experienced an

absolute decline (see section 3.2).

Table 3.3. and **3.4** summarize the changing scale of production in Hong Kong. Obviously there is a significant decline in scale of production, as reflected in a decrease of average factory size from 41 in 1960 to 20 in 1980[19]. Using the standard of the seventies[20], it is found that the large and medium size factories declined substantially during 1961 and 1981 both in terms of number and employment. By 1976, sectors with the greatest average factory size were tobacco industry (195.5) and beverage industries (188.3), and their share of GDP are insignificant (1.7%) (Mok 1993:129). The small and small-to-medium factories, on the other hand, increased substantially in number, as a result of proliferation of small factories, and expansion of production scale of small factories to small-to-medium size (Mok 1993:130). The small production scale is caused by the timing and the ways in which Hong Kong was incorporated into the world economy. That is to say, during the changing international division of labour, the subcontracting network between the foreign buyers and local factories allowed factories to focus on labour-intensive production (Lui and Chiu 1993). The trend was reinforced by the government's refusal to offer any direct support such as financing (cf. Chiu 1994). The prevalence of small firms was, however, subjected to a number of different factors. To certain extent, labour-

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[19] It should be noted that before 1970, all employment statistics are obtained from the Labour Department. The problem is that Labour Department only included the data from those registered factories. As a result, many small factories were excluded. The extent of 'under-coverage' varied from year to year. Thus, it is only after 1970 when census of manufacturing industries were launched did the data become more reliable (cf. Industry Department 1995:1)

[20] We can classify different scale of production by the employees engaged into four groups: (1)establishments with 1-19 persons belong to small size, (2) establishments with 20-99 persons belong to small-to-medium size, (3) establishments with 100-499 belong to median size, and (4)establishments with 500 persons or above belong to large size (cf. Mok 1993:130).

intensive production encouraged the starting up of small-scale business by providing an easy entry and, facilitating the formation of a family business. This set off a path dependent process in which small factories were difficult to shift to less labour-intensive industries when they were endowed with limited capital. Thus, they were forced to be so responsive and flexible as to survive in the market niche[21] (Lui and Chiu 1993:68-69).

Having surveyed the changes of production scale, we now turn to intersectoral changes between 1950s and 1970s. In the fifties, shipbuilding and repairing industries declined, suggesting the decreasing importance of capital-intensive heavy industries in Hong Kong. The textile industries, on the contrary, experienced a significant growth in the post-war period. As the only capital-intensive industry, it almost accounted for over 30% of the total employment by 1957 (Mok 1993:117). However, its status of leading export earner and employer was soon replaced by the garment industry in the sixties. The difference between textile and garment industry might be the reasons for their rise and falls. The textile industry heavily depended on mass production, making it difficult to diversify products, and hence vulnerable to the rise of wages. In contrast, garment industries required flexibility in order to meet changing market demands. So garment factories could survive by employing skilled labour and diversifying products (Mok 1993:120).

Signs of changes of industrial structure were shown in the seventies when the pace of manufacturing growth slackened. Its share of GDP decreased from 31% in

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[21] Here, it is not to say that the small factories were necessarily flexible and highly responsive to the turbulent overseas market. Rather, the logic should be as follows. Because of the easy entry, many small factories started up. Through a selection process of competition, the more flexible factories survived in the market.

1970 to about 23% in 1981, while its share of employment reduced by 5.4%. On the other hand, the tertiary sector increased significantly. The financial and business service, in particular, increased from 15% to about one-fourth of GDP over the same period. But the reader should note that, despite the slackening growth, manufacturing sector still remained the largest single sector both in terms of the share in GDP and in total employment throughout the seventies.

Table 3.3 Distribution of Manufacturing Establishments and Employment, 1971-1980

Year	Number of establishments	Number of employment	Average size
1960[(1)]	5,346	218,405	41.0
1971	26,149	671,308	25.7
1976	39,462	865,648	21.9
1980	52,566	1,030,861	19.6

Note: (1): The data of 1961 are drawn from Employment Statistics, Labour Department. So it is not directly comparable to the rest (see fn.1).

Source: CSD, 1971 *Census of Manufacturing Establishments, 1976 Census of Industry* and *Survey of Industrial Production*, 1976, 1980.

Table 3.4 Distribution of Manufacturing Establishments and Employment by the size of the establishments (%)

Size of Establishments	Establishment distribution				Employment distribution			
(persons)	1961	1971	1981	1993	1961	1971	1981	1993
1-9	38.9	51.9	65.1	72.6	6.0	6.9	13.3	17.1
10-19	21.6	19.1	15.6	13.1	8.4	7.5	10.9	12.0
20-49	18.2	15.5	11.1	8.9	15.1	14.0	17.9	18.2
50-99	6.7	6.6	4.7	3.3	12.4	13.2	16.2	15.0
100-199	4.0	3.9	2.0	1.3	14.7	15.7	14.4	12.2
200-499	2.5	2.1	0.9	0.6	20.3	18.6	13.7	12.9
500 and over	0.9	0.7	0.3	0.2	22.9	24.2	13.6	12.7

Source: *Annual Digest of Statistics*, various years.

After a review of the trends and patterns of industrial development, we have suggested that while the sixties experienced the rapid expansion of manufacturing, the

seventies saw its slackening growth. However, it was not until the late eighties did the absolute decline begin.

3.2 Industrial Restructuring (1975-91)

Beginning from the eighties, it was difficult for a labour intensive model of industrialization to sustain a vibrant growth. Several patterns can be discerned to suggest that the economy has been undergoing a great transformation.

Firstly, the eighties experienced a slackening growth in the economy as a whole. The average annual growth rate of real GDP was 7.5%, which was significantly lower than 9.4% in the seventies. It further decreased to 5.2% between 1990 and 1994 (Chiu, Lai and Lee 1996:1-2). The declining share of manufacturing industries in GDP was particularly acute considering that it shirked more than proportionately in a period of falling GDP growth.

Secondly, the process of restructuring can be traced to 1971 when the share of manufacturing in GDP started to decline. It then fell by 6.5% and 7.3% in the seventies and eighties respectively (**Table 3.5**). **Table 3.6** provides a more detailed picture of GDP in the eighties. Thirdly, although manufacturing had experienced a declining share for two decades, it remained the largest single contributor to GDP until 1987 when it was replaced by the 'wholesale, retail trade, restaurants and hotels'. Its share soon slid into the fourth place (i.e. behind the financing and business service sector, and 'community social and personal services').

In terms of contribution to employment[22], manufacturing remained the largest

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22 As for the employment figures in the eighties, I have used the data from *Reports of*

sector throughout the whole eighties. However, it slumped radically from 46% in 1980 to 29.5% in 1990. From 1987 onwards, even an absolute decline in total number of persons began. As a result, its status as the largest employer was overtaken by the commerce sector (i.e. wholesale, retail, import / export trades,

Table 3.5 Gross Domestic Product by Industrial Origin, 1961-94

(Number to the nearest thousand)

Industry / Year	1961-2[4]	1971	1976	1981	1986	1991	1994
Agriculture and fishing		407	645	1,122	1,332	-	1,596
	(3.4)	(1.9)	(1.6)	(0.7)	(0.5)		(0.2)
Mining and quarrying		36	28	253	346	-	249
	(0.3)	(0.2)	(0.1)	(0.2)	(0.1)		(0.0)
Commerce		4,433	9,674	30,749	59,890	163,284	257,798
	(21.9)	(21.1)	(23.8)	(19.5)	(21.3)	(26)	(27)
Finance and business services		3,743	7,668	37,688	48,588	143,296	248,750
	(17.4)	(17.9)	(18.8)	(23.8)	(17.3)	(23)	(26.1)
Community, social, personnal services		3,618	6,496	21,071	46,778	94,293	148,905
	(15.3)	(17.3)	(15.9)	(13.3)	(16.6)	(15)	(15.6)
Manufacturing		6,150	11,165	36,049	62,779	97,223	160,819
	(23.6)	(29.3)	(27.4)	(22.8)	(22.3)	(15)	(16.9)
Construction		762	1,683	11,922	13,556	-	49,863
	(6.2)	(3.6)	(4.1)	(7.5)	(4.8)		(5.2)
Transport, storage, communication		1,329	2,475	11,853	22,895	60,604	92,926
	(9.6)	(6.3)	(6.1)	(7.5)	(8.1)	(10)	(9.7)
Others		133	163	-	-	72,814	-
	(2.3)	(0.6)	(0.4)			(12)	
Total		20,980	40,713	158,086	281,523	631,514	953,328
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)

Note: (1) 'Commerce' refers to "Wholesale, retail and I/E trades, restaurants and hotels".
(2) 'Finance and business services' refers to "Financing, insurance, real estate, business service."
(3) Figures in brackets denote the respective percentage share of the column total.
(4) Omitted data are either incomparable or not available.

Source: (1) E.R. Chang, *Report on the National Income Survey of Hong Kong*,1969.
(2) CSD, *Estimates of Gross Domestic Product*, various years.

Employment, Vacancies and Payroll Statistics, which is not directly comparable to that of Population Census.

restaurants and hotels). By 1994, only 17.1% of employment share was left. The fact that the manufacturing workforce halved within ten years was, in Tsang's (1994:132) word, "one of the records in world economic history."

A similar trend was recorded for the number of establishments, indicating that the relocation of manufacturing were at its full speed. Factory number slightly increased from 45,000 in 1980 to 51,000 in 1988. After that, they declined rapidly to

Table 3.6 Working Population by Industry, 1961-1991

Industry / Year	1961	1971	1976	1981	1986	1991
Agriculture and fishing	87,581	60,595	47,570	47,004	47,702	29,269
	(7.3)[1]	(3.9)	(2.6)	(2.0)	(1.8)	(1.1)
Mining and quarrying	8,869	4,381	1,020	1,556	812	882
	(0.7)	(0.3)	(0.1)	(0.1)	*[2]	*
Commerce	171,206	251,252	359,900	461,489	589,918	611,386
	(14.4)	(16.2)	(19.5)	(19.2)	(22.3)	22.5
Finance and business services	19,164	41,018	62,050	115,870	169,967	287,168
	(1.6)	(2.7)	(3.4)	(4.8)	(6.4)	10.6
Community, social, personal services	217,647	232,575	284,460	375,703	486,167	539,123
	(18.3)	(15.0)	(15.4)	(15.6)	(18.4)	(19.9)
Manufacturing	512,438	728,461	829,240	990,365	946,653	768,121
	(43.0)	(47.0)	(44.8)	(41.2)	(35.8)	28.2
Construction	58,209	82,837	103,670	185,999	164,268	187,851
	(4.9)	(5.4)	(5.6)	(7.7)	(6.2)	6.9
Transport, storage, communication	86,740	114,145	135,970	181,368	210,367	265,686
	(7.3)	(7.4)	(7.4)	(7.5)	(8.0)	9.8
Others	16,628	24,716	13,220	30,044	75,933	55,768
	(1.4)	(1.6)	(0.7)	(1.2)	(2.9)	2.1
Total	1,191,099	1,546,924	1,846,810	2,404,067	2,643,273	2,715,103
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	100

Note: (1) Figures in brackets denote the respective percentage share of the column total.
(2) * denotes the figure is less than 0.05.

Source: (1) CSD, *Population Census*, 1961-1991.
(2) CSD, *Quarterly Report of Employment, Vacancies and Payroll Statistics*, Dec 1994.

an extent that about 17,000 establishments were closed in eight years time.

During the industrial restructuring (from 1980 onwards), the main industries in terms of contribution to gross output and employment were garment, electronics, textiles, printing, watches & clocks, food & beverage, metal products, and plastics. They altogether accounted for about forth-fifth of gross output of manufacturing and over seventh-tenth of total manufacturing employment. In particular, garment industry is still recorded as the largest employer, export earner and contributor to gross output. Having achieved the highest output in the mid-seventies, it began to decline.

The average size of industrial establishments also kept dropping from 21 persons in 1981 to 13 persons in 1994. While recognizing the limitations of using average factory size to probe the scale of manufacturing production[23], it is nevertheless true to say that the scale of production *in* Hong Kong was approaching to the smallest size (i.e. 10 persons or below). By 1994, of over 34,000 establishments, about 88% was comprised of less than 20 persons and over 95% was made of less than 50 persons. But it should be noted that, the large establishments (i.e. those employing more than 50 persons) still accounted for about a half of the total employment (Industry Department 1995:9). The decreasing size was brought about by the increasing automation and the relocation of labour intensive production to China. It follows that the industries reported to be extensively involved in outward

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[23] It does not make much sense to treat the average factory size as the production scale especially in the eighties when massive relocation of labour intensive production and outward processing were very popular. But I still use it as a proxy because (1) there is no data for the establishments which set up business in other places, (2) the changing average factory size in Hong Kong has some important consequences on the social structure and spatial structure as well (see the later chapters).

processing[24] had experienced the most rapid reduction of average size (CSD 1993b:118). They also received the largest percentage decrease in operatives (CSD 1993b: Table **5**). Thus, what seems to be clear is that the decline of operatives in manufacturing was highly correlated with the relocation of industries. The remaining manufacturing industries became more capital intensive and skill intensive than before. Both contributed, paradoxically, to the higher value added gained and the improvement of productivity in Hong Kong (CSD 1993b:118-120).

We have detailed the pattern of restructuring in terms of factory size and number, employment composition, contribution to GDP, as well as sectoral shifts. Let us wind up this section by pointing to the causes of industrial restructuring, namely, tight labour market, rising property cost and keen competition from other newly industrialized countries (Lui and Chiu 1994, CSD 1993, Ho 1986:170).

First, the labour market became very tight in the eighties. The main reasons are traced to the decline in fertility, a fall in the labour participation rate and a reducing net inflows of immigrants (Lam and Liu 1995). In fact, strained labour market has long been a problem for a rapidly growing economy like Hong Kong. But it was temporarily eased by several massive influxes of Chinese immigrants. The problems surfaced and became more acute in the late eighties. In consequence, problems of labour shortage and hence, of upsurge of labour cost turned into rising vacancy rates and increasing real wages. Between 1986 and 1990, the average vacancy rate of manufacturing was 4.49 compared with only 1.75 in 1985. The real wage increased by 11% over the same period. The impact of high labour costs was

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[24] They include: radio, television and communication equipment; electrical appliances and electronic toys; plastic products; and the watches and clocks, photographic and optical goods,

particularly detrimental to the small and labour intensive factories, as evidenced from the fact its share had reached to about one-fifth of total production costs.

Second, the restructuring process was also stimulated by the 'booming property market' in the eighties. During 1986 and 1995, rentals for private flatted factories increased by about 280% and their prices rose at 402% (RVD 1997: Table **52**). The results are twofold: rising production cost discouraged the manufacturers from maintaining production process in Hong Kong; and the high land prices encouraged them to switch to the investment in property market (Lui and Chiu 1994:57)

Third, apart from the internal constraints, Hong Kong was also subjected to strong pressure of protectionism from overseas market and keen competition from other suppliers. As 80% of the local products are made for export, projectionist practices, particularly the quantitative import restrictions on textiles and clothing from US and EU, and occasional anti-dumping measures, certainly have adverse effects on Hong Kong. Besides, Hong Kong has been challenged by the newly industrialized countries in South-East Asia. Much cheaper labour cost is but one of their edges. Even worse, they have been increasingly adapted to efficiently produce high quality and high-technology products with a short production cycle (Industry Department 1995:15).

The problems experienced by local manufacturers are confirmed by the surveys of Hong Kong's manufacturing environment conducted by Industrial Department since 1989 (see *Hong Kong's Manufacturing Industries*, various year).

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scientific equipment.

The labour cost and cost of office / factory space are always ranked as the top five investment factors. More importantly, almost half of the manufacturers have regarded labour cost and cost of office/ factory as unfavorable factors (Industry Department 1995).

The industrial restructuring aroused much attention in the seventies. However, the 'timely arrival of immigrants' in the late seventies not only temporarily eased the problems but also delayed "the need to take positive action to cope with rising costs of production and increasing protectionism" (Lui and Chiu 1994:57). As a result of this do-nothingism, the pace of restructuring process in mid eighties was exceptionally swift. This brought a substantial effect to the spatial distribution of manufacturing industries and the population, as evidenced in part II and III.

In sum, our attempt to contrast the industrial structure before and after the eighties is impressive in that both industrialization and deindustrialization occurred in a very short time. All that said, however, it is simply inadequate to view the transformation of the eighties as a phenomenon of deindustrialization. To have a comprehensive understanding of these changes, we should instead treat the deindustrialization as a part of the structural changes towards the formation of a global city. Therefore, the intersectoral changes experienced in the eighties was not only confined to the decline of manufacturing as such, but also exemplified in the growth of service economy.

3.3 Is Hong Kong a Global City?

We have suggested that a global city is characterized as a command point of global economy, a post-industrial production site and marketplaces. More concretely

put, it is qualified by being a centre of transnational corporations and headquarters, of international finance and business services, and of telecommunication and information processing (Sassen 1991, Friedmann 1986:73). That said, intense controversy surrounds how to define precisely the subject matter when attempts to operationlize the concept of global city are suggestive rather than definitive (Abu-Lughod 1995:176). Conceptual disagreements are certainly related to the early stage in the development of the literature, and the volatile evolvement of global cities per se. Hierarchical classification, functional definition and scale of global cities will be therefore brought up in this discussion (cf. Knox 1995).

First of all, attention has been devoted to *identify the best scale of analysis*. In Knox words (1995:11), the question is "at what level of resolution can we best identify and/or theorize the functional dynamics of world cities". According to Knox, we can roughly recognize four scales: (1) the global urban system in which networks and interdependence among cities are emphasized, (2) the regional interface between global cities and groups of nation-states, (3) a cyberspace in which information is disseminated and economic activities conducted, and (4) the metropolitan scale, in which the built environment and economic activities are structured to accommodate the global cities function. Inevitably there is no unanimity on which scale is superior since each implies a distinct agenda. The emphasis on global urban system, for instance, would naturally entail an analysis of the network system of global cities and the ways they are articulated with each other (Simth and Timberlake 1995, Simon 1995). To analyze the spatial patterns in a global city, our focus should be best put Hong Kong into both a regional context and a metropolitan scale. It thus directs our attention to how Hong Kong can articulate the regional political economy and how its

internal facilities help to perform the global city function.

Table 3.7 Spatial Articulations: 30 World Cities

1		**Global finance financial articulations**
	#	London * A (also national articulation)
	#	New York A
	#	Tokyo * A (also multinational articulations : SE Asia)
2		**Multinational articulations**
	#	Miami C (Caribbean, Latin America)
	#	Los Angeles A (Pacific Rim)
	#	Frankfurt C (Western Europe)
	#	Amsterdam C or Randstad B
		Singapore* C (SE Asia)
3	#	**Important national articulations (1989 GDP>$200 billion)**
	#	Paris*B
	#	Zurich C
		Madrid*C
		Mexico City*A
		Sao Paulo A
		Seoul* A
	#	Sydney B
4		Subnational / regional articulations
		Osaka-Kobe (Kansai region) B
	#	San Francisco C
	#	Seattle C
	#	Houston C
	#	Chicago B
	#	Boston C
	#	Vancouver C
	#	Toronto C
		Montreal C
		Hong Kong (Pearl river delta) B
	#	Milano C
		Lyon C
		Barcelona C
	#	Munich C
	#	Dusseldorf-Cologne-Essen-Dortmund (Rhine-Ruhr region) B

A 10-20 million
B 5-10 million
C 1-5 million
major immigration target
Source: Friedmann 1995:24.

Turning to our discussion on *regional interface,* I find Friedmann's schema (1995, 1996) particularly relevant. He proposes that global cities can be arranged hierarchically with respect to their economic power. According to this typification (1993:23), we can find New York, London and Tokyo at the top of the list being the global financial articulations (see also Sassen 1991). After that, three kinds of global

cities are specialized respectively in: (a) commanding transaction in multinational level, (b) integrating large national economies into the global economy, and (c) articulating important subnational / regional economies (cf. Jao 1993 for a similar classification of financial centre). This classification, though tentative, is useful as a heuristic and sensitizing device. The recent characterization of Hong Kong as being globalized is unclear and overly simplified. As such, a more accurate approach is to locate Hong Kong in the list of *regional articulations* on two counts (see **Table 3.7** for a mapping of Hong Kong within a set of global cities). First, Hong Kong is a centre through which capital flows and information commodities are channeled into and out of the South China and Asia, laying the foundation for articulation of South China into the global economic system[25]. Secondly, Hong Kong also plays a key role of regional financier because of its strategic location. Situated in central Asia, and supported by efficient transport and telecommunication systems, Hong Kong has become a conduit for investment and capital flows from Asian countries. The geographical proximity to China has also attracted many MNCs, foreign banks and the Chinese firms to set up their offices for various finance activities like syndicate loans. .

Having briefly discussed Hong Kong's role as a regional interface, we now turn to a *functional account* of global city. As noted earlier, the contention of global cities as a new urban form often begs the question of whether they are homogeneous (Fainstein and Harloe 1992; Abu-lughod 1995). For example, even Sassen's forceful account has downplayed the diversities of London, New York and Tokyo (Friedmann

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[25] Hong Kong is ranked as the leading outside investor in China. By end-1993, its amount of investment in China have reached about US$40 billion. On the other hand, China is also the leading outside investor in Hong Kong, having contributed at least US$12-20

1995:30-1; Abu-lughod 1995:172; Knox 1995:8). To explore the mulit-faceted nature of the Hong Kong transformation, we should not restrict ourselves in depicting the external environment of Hong Kong as suggested by regional interface approach. More importantly, we should also focus on how the internal socio-economic and political development have structured the global city formation.

A functional account is considered important here, for it helps to specify the functional criteria that qualifies Hong Kong as a global city. Sassen originally formulated the global city as a command point of global economy, post-industrial production site and marketplaces. Afterwards, various attempts have tried to further operationlize the concept. Simon (1995:141-142) pursues another three criteria that highlight economic factors, i.e. the existence of a financial and service complex, the development of international networks of capital and information flows, and a quality of life that favors skilled international migrants. Abu-Lughod (1995) adds such demographic and cultural aspects as the size, diverse source of population, and the resultant 'cosmopolitan' character of the city.

To reiterate, the focus in our study is that how spatial order is structured by the economic changes in a global city. For this reason, it is well justified to take the economic definition of global cities as a necessary criterion for inquiry. Furthermore, the multidimensional nature of Hong Kong makes any simple labeling exercise futile. As such, we take a more eclectic approach here by delineating, with special reference to the economic criteria, multiple functions and roles of Hong Kong in the Asia economic growth[26]. I hope this account can help throw light on the strategic position

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billion (Planning Department 1995a:66).

[26] The following discussions draw heavily from Planning Department (1995).

of Hong Kong and complicated factors involved in the restructuring process. It can further clarify the actual meanings and characteristics of the transformation of Hong Kong into a global city.

Regional Financial Centre: An upsurge of international trade and the China's reform in the eighties have fostered the growth of banking sector in Hong Kong. **Table 3.8** shows that a total of 160 licensed banks, 53 restricted license banks and 159 deposit-taking companies were operated in 1991. Over a half of the largest 500 banks in the world also have their offices in Hong Kong (Jao 1993:327). Many international banks also established their business in Hong Kong[27]. The comparative advantage of Hong Kong over neighboring cities, such as strategic location, efficient operation, free capital movement made its rise into a regional centre possible. In 1991, 70% of syndicated loans for China and East Asia were arranged by Hong Kong (Wong and Kwong 1995:182). China-backed companies have also counted on Hong Kong's stock market to raise funds through share placements. Furthermore, financial

Table 3.8 Number of Financial Institutions in Hong Kong

	1969	1978	1991
Licensed Banks			
No. Of main offices	73	80	160
No. Of total offices	362	851	1,409
Representative Offices of Foreign Banks	21	104	159
Registered Deposit-taking Companies	0	234	159
Insurance Companies	207	328	237
Life	51	101	110
General	156	227	127

Note: (1) Includes merchant banks and finance companies.

Source: Banking Commissioner's Office and Register-General's Department, quoted from Jao (1979:675) and Jao (1993: Table 17.1)

[27] There were about 150 foreign banks' representative offices and another 150 overseas banks, coming from the world's 500 largest banks and representing over 30 countries (Planning Department 1995a:67-7).

market and other financial institutions also experienced rapid expansion. Hong Kong, for instance, was ranked as the fifth largest foreign exchange market in 1995 and the sixth largest stock market in 1993 (Jao 1996:3-5). They were both the third largest Asia's markets in Asia lagging just behind Japan and Singapore.

There are three major groups of favorable reasons for the success of Hong Kong as a financial centre: (a) background factors: political and social stability, the use of English, good legal system; (b) economic factors: economic freedom, financial liberalization and good infrastructure; as well as (c) external factors: locational attributes, rapid growth of Asia-Pacific, China's economic growth and globalization of finance (Jao 1993b:343-350). In consequence, Hong Kong has become a regional financier that articulates China and Asia into the world economy and through which become globalized.

Regional Business Centre: The intense economic activities generated by the opening of China have brought a huge demand in business services in two ways. First, Hong Kong has gradually taken up the role of trade intermediation centre. It is because decentralization of trade into individual Chinese enterprises and the swelling trade volume involved with Mainland China requires a go-between to facilitate economic transaction, especially in case of the Sino-Taiwan trade, and trade disputes settlement. Second, the growing demand for business services has been met by the abundant supply of lawyers, accountants, investment and credit analysts, market researchers, executives and other professionals. Hong Kong's role as a regional business centre will persist until China has trained up expertise and replaced the existing well-educated professionals. It also takes a long time for China to build up the strong infrastructure of Hong Kong; both the hardware like transportation system

and container terminal, and software like accounting system and financial regulatory framework.

Regional Trade Centre: Hong Kong has been increasingly involved in Asia's regional integration. The regionalization is manifested in flows of capital, technology, manpower, goods and services among the Asian countries. The intra-regional growth of FDI is particularly significant due to the factors such as changes of corporate strategies and relocation of manufacturing firms. As a result of the outward processing activities, the opening of China and the recent waves of trade liberalization, intra-regional trade also increases substantially (Wong and Kwong 1995:164-165). In particular, Hong Kong recently is both the major source and recipient of the intra-NIEs flow of FDI (ibid: 167-168).

Centre for Technical and Professional Expertise: Hong Kong has continually received FDI and the accompanying advanced technologies. The technology and production process, in turn, can be transferred to China through various sources of FDIs especially those in manufacturing. Furthermore, it provides production training ground for China as people often learn the technical knowhow and practice through trading with and receiving FDI by Hong Kong.

Regional Telecommunication Centre: Hong Kong is equipped with 'the world's most efficient and up-to-date telecommunications facilities. For example, it has advanced satellite transmission facilities and optical fibre links connected to many parts of the world. Thus, it has become a key conduit of economic and market information for China.

Trading Entrepot: Hong Kong is the primer entrepot centre in the world, with the greatest concentration of entrepot trading activities. The provision of services from handling, storage, processing, trading to re-export services, has greatly facilitated the entrepot. Moreover, the huge volume of transactions has stimulated demand for insurance, finance, communications, marketing, and legal services. They altogether constitute a set of entrepot functions that are unparalleled in Asia.

Control and Command Centre of Overseas Investment: One of the important functions of global city is the provision of centralized management. Hong Kong's role as a command centre can be dated back to the colonial period when the British company set up their regional headquarters. This role has resumed and became significant from the eighties onwards. In a survey conducted by the government in 1995 (**Table 3.9** and **3.10**), 782 companies are found to be regional headquarters of overseas companies. Only 20.2% (158) of them were set up in or before 1979. Between 1980 and 1984, regional headquarters setting up in Hong Kong increased by 108 (about 13.8%) to take advantage of the reform of China. But it was not until the last ten years did they begin to flourish. A total of 504 (66%) regional headquarters were set up between 1985 and early 1995. The annual growth rate between 1990 and 1994 was even faster than that between 1985 and 1989, suggesting the pace of globalization of Hong Kong was faster than ever. The role of Hong Kong as a control point was well represented by the fact that distributive trade sector (wholesale / retail and import/export activities included), accounted for most of the business of the regional headquarters (about 40%).

We began this section by a search for the best scale of analysis of global city. We have then put the Hong Kong case in the context of regional economy, and

provided a functional account of its characteristics as a global city. Of the functions Hong Kong has performed, many are well recognized by the government. It is perhaps worth quoting a government report which sums up the key features of the role of Hong Kong as a global city (Planning Department 1995a:70-1):

> "(O)ver the long term, Hong Kong's greatest potential as a financial centre is likely to concentrate most heavily in serving as a key financial conduit, intermediary, and entrepot for Chinese business communities throughout Asia and, increasingly, the rest of the world. Hong Kong' role as a financial centre has traditionally had significant appeal for the ethnic "Overseas Chinese" business communities scattered throughout Asia, as well as serving a large segment of financial needs for Chinese businesses and individuals in Taiwan. More recently, the rapid expansion of the Chinese business communities in Canada, Australia, the United States, and most recently in Europe, are clearly globalizing the ethnic Chinese links with the Hong Kong financial centre."

3.4 Concluding Remark

This chapter is an attempt to provide some background information on economic development and transformation of Hong Kong. We have reviewed Hong Kong's economic changes, and noted that it has performed the role of a global city since the eighties. Without repeating our discussion in the above section, it is emphasized that global city, however, is 'neither a theory nor a universal generalization about cities'. Instead it is originally proposed for a heuristic purpose, being 'but a starting-point for political enquiry' (Friedmann 1986). That is why Sassen and Friedmann only provide a summary of the features of global cities, without actually defining the concept (Simon 1995). This chapter does not intend to resolve these problems once and for all. Rather, in discussing different definitions of a global city, this chapter elaborates the multi-facets and different meanings of the transformation of Hong Kong into a global city. Apart from the internal favorable conditions, the historical timing and geographical location has also jointly contributed

to Hong Kong's rise to global city. Facilitated by the reform of China and the industrialization of South China Region, Hong Kong has been highly integrated to the global capitalism and thus become a global city, articulating China and Pacific region into the world economy. To wind up the discussion, let us note that the Hong Kong case also presents its own characteristics to the global city literature. Below are a few examples.

Unlike major global cities, the control and managerial function is not performed by foreign capital but by local financial capital and the small and medium firms. Furthermore, it is the opening of China that allows the restructuring of labour process of the Hong Kong manufacturing firms. It has led to a mass migration of capital to the mainland, and an extensive use of the surplus labour in Southern China. As a result, firms left in Hong Kong have concentrated on marketing, product design, quality control, technical supervision and financial arrangement and centralized management. Global capital has also played an important role in Hong Kong's regional financial market, in the form of financial capital rather than productive capital. There are at least two causes. First, the continued growth of Hong Kong and the rapid valorization of property and stock market have invited huge amount of "hot money" to take part in the speculation. Second, Hong Kong has become a financial market for foreign capital and Mainland Chinese enterprises such as loans.

In short, we have detailed the ways Hong Kong has transformed from an industrial city to a global city. In the following chapters, we shall take a close look at the effects of this transformation on the spatial order of Hong Kong and how the urban form has been structured by both the government policy and economic changes.

Table 3.9 Regional headquarters by year of establishment in Hong Kong, 1981-1995

Year of establishment	No. of companies		
1979 and before	158	-	
1980	22		
1981	17	266	(Sub-tctal)
1982	22	+108	(No.of growth)
1983	24	21.6	(average No.of growth)
1984	23	11.0%	(average growth rate)
1985	40		
1986	49	488	(Sub-total)
1987	43	+222	(No.of growth)
1988	39	44.4	(average No.of growth)
1989	51	12.9%	(average growth rate)
1990	47		
1991	42	770	(Sub-total)
1992	59	+282	(No.of growth)
1993	59	56.4	(average No.of growth)
1994	75	9.6%	(average growth rate)
1995 (first 5 months)	12		
Total	782		

Source: Industry Department, *Report on the 1991 Survey of Regional Representation by Overseas Companies in Hong Kong, Report on the 1995 Survey of Regional Representation by Overseas Companies in Hong Kong.*

Table 3.10 Regional headquarters and their overseas parent companies by major line of business

Line of business	Number of companies							
	Regional headquarters				Overseas parent company			
	1991		1995		1991		1995	
Manufacturing	69	3	94	3	261	1	274	1
	(11.5%)		(10.4%)		(43.4%)		(26.7%)	
Construction, Architectural & Civil engineering	36	6	44	6	36	6	54	6
	(6.0%)		(4.9%)		(6.0%)		(5.3%)	
Wholesale / Retail, Import / Export	311	1	366	1	193	2	249	2
	(51.7%)		(40.4%)		(32.1%)		(24.3%)	
Restaurants and Hotels	12	10	10	9	16	10	24	9
	(2.0%)		(1.1%)		(2.7%)		(2.3%)	
Transport and Related Services	60	4	66	5	69	3	77	5
	(10.0%)		(7.3%)		(11.5%)		(7.5%)	
Communication Services	26	7	24	8	36	7	29	8
	(4.3%)		(2.6%)		(6.0%)		(2.8%)	
Finance and Banking	57	5	84	4	64	5	96	4
	(9.5%)		(9.3%)		(10.6%)		(9.4%)	
Insurance	24	8	25	7	35	8	33	7
	(4.0%)		(2.8%)		(5.8%)		(3.2%)	
Real Estate and other Business Services	77	2	183	2	66	4	153	3
	(12.8%)		(20.2%)		(11.0%)		(16.9%)	
Others	22	9	1	10	33	9	1	10
	(3.7%)		(0.1%)		(5.5%)		(0.1%)	
Total	694		907		809		1025	

Note: 1. Since some companies had more than one line of business, the total is greater than the number of regional headquarters identified in these two surveys.
2. Percentages in brackets indicate the share of the total number of regional headquarters.

Source: Industry Department, *Report on the 1991 Survey of Regional Representation by Overseas Companies in Hong Kong*, *Report on the 1995 Survey of Regional Representation by Overseas Companies in Hong Kong.*

PART II

THE GEOGRAPHY OF GROWTH AND DECLINE

Chapter 4

Urban Industrial Structure:

Locational Pattern of Manufacturing Industries 1971-1989

This chapter examines the spatial trends of manufacturing industries from 1971 to 1990. Hong Kong transformed itself into an industrial city in the sixties, and then attained the fastest industrial growth during the seventies. The eighties became a turning point in the economy, as industrial growth started to slacken and the service sector prospered. This process was mostly generated by a global restructuring of production and rising production cost in Hong Kong. Despite the deindustrialization in the eighties, it is still correct to say that the post-war economic development was largely driven by the manufacturing sector. As such, it is of primary importance to study how industrialization, as indicated by the increase in manufacturing capacity and employment, affected the urban development, and how the locational patterns of manufacturing evolved over the past two decades. Our major argument is that there was a rapid decentralization of industries, brought about mainly by the state policies and the locational characteristics of the industries. I therefore put the following discussion in the context of the industrial location approach and the global city framework.

Let us reinstate several research lines derived from our discussion on the ILA and global city framework. Spatial pattern of manufacturing industries is firstly mapped out in section 4.1 to examine the thesis of 'counterurbaniation of manufacturing' as suggested in global city theory. To explore the internal heterogeneity of global city, we base our analysis upon a detailed breakdown of

locations and number of establishment and employment. In an empirical setting of Hong Kong, our focus is placed on how the spatial patterns varied with the growth and decline of manufacturing throughout the seventies and eighties.

Section 4.2 is particularly devoted to analyze the overall trend of deindustrialization and unravel the subtle differences behind the decentralization[28]. I investigate whether the prevalent patterns experienced significant changes during the process of deindustrialization in the eighties. How state policies structured the spatial development of manufacturing is also demonstrated through our discussion of public housing policies, new town development and industrial land provision. It is our contention that the pivotal role of public policies in reshaping the urban industrial structure has differentiated Hong Kong from other global cities.

Armed with the insights rendered by ILA, we also try to link up the nature of industrial production with their preferred location in section 4.3 and 4.4. Special reference goes to the following industries: wearing apparel, textile, printing and publishing, plastic products, metal products, and, electronic and electrical products. Their changes are representative, as they together made up about a half of total establishment number and total employment during this period. We shall end this chapter by a brief discussion on the crowding out thesis and the impact of intra-city competition for space on industrial activities.

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28 According to Scott (1982:122), industrial decentralization refers to the social process involving "relative locational shifts of units of capital and employment from the core of the city of the suburbs." The decentralization process usually takes three forms, namely, (1)plant closure / plant openings, (2)out-migration / in-migration; and (3)in situ contraction / in situ expansion (ibid.).

Data drawn from the government publications (mostly from ***Survey of Industrial Production*** (SIP) and ***Employment and Vacancies Statistics*** (EVS)) are used to map out the locational pattern of manufacturing employment. I have chosen these time points[29] (1971, 1976, 1981 / 1982, 1986, 1988 / 1989), as they mostly coincide with the population census for the sake of cross-reference. The limitation of this study is of course the aggregate level of analysis employed. As no individual data is available, it is not possible to classify the type for industrial decentralization according to the closure of premises, in situ shrinkage or peripheral growth of employment (Eias and Keogh 1982:2).

4.1 SPATIAL PATTERN OF MANUFACTURING INDUSTRIES

There are three phases of spatial development of industrial activities in the post-war Hong Kong. The early phrase of industrialization, characterized by small size factories, invoked a spatial clustering of manufacturing activities in the Metro areas[30]. They concentrated in the city centre obviously for making use of the facilitates in the built-up area, especially harbour services (Clarke and Jackson 1964). Parallel to the rapid industrial growth, the Metro areas were soon saturated with industrial establishments.

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[29] 1971 is selected as a starting point of analysis for two reasons. First, I can examine the changing industrial location during this period of a peak of industrialization, and the following deindustrialization. Second, the constraints of data do not allow me to trace the spatial development to the sixties. Census of manufacturing industries, the first systematic and comprehensive study providing data in this kind, was held in 1971. But before that, factory statistics were recorded by the Labour Office, and many small establishments were not registered. To illustrate this problem, let us quote an example - in 1971 manufacturing census, about half of the 35,000 establishments were not recorded by Labour Department, and over 14,000 were found to be located in domestic premises. A more reliable statistics thus came from the Survey of Industrial Production (SIP), which was done and published regularly only after 1976.

Turning into the second phase, new industrial locations were created during the sixties in the undeveloped places of the urban periphery areas, such as New Kowloon, Aberdeen and North Point. The changing urban industrial structure was largely brought about by the colonial state policies on both capital accumulation and political legitimation (Ho 1989, Offe 1984). To put it simply, the state transformed the spatial structure through a massive construction of public housing in the fringes of New Kowloon. At the same time, it promoted industrial growth not only by pooling a large supply of working class but also by providing industrial land for further expansion of factories[31]. It was well reflected from the fact that, during 1961 and 1971, a six-fold increase in manufacturing employment was registered in the fringe areas of New Kowloon while the rest of the Metro area recorded only a 15% increase (Sit 1981b). The peripheral expansion was largely completed by the early seventies. Insufficient space for industries then again became a major problem. How the industrial growth was sustained by a search of space and how the overall spatial pattern of manufacturing changed thus are the foci of this section.

The decentralization program in the seventies started in the late sixties, when peripheral urban growth reached its saturation point, and New Kowloon could not afford any further large-scale expansion. As most of the developable land was

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30 Metro areas refer to Hong Kong Island, Kowloon and New Kowloon.

31 Even as earlier as 1953, the government was aware its role in promotion of industrial expansion: "(i)t is therefore not simply a matter of building cheap, manageable, fireproof houses. It is a matter of building these houses in areas where industry can absorb the occupants and of stimulating and assisting industry so that it is in a position to increase employment" (Hong Kong Annual Report 1953:12, quoted from Ho 1989:220). In 1956, Mr. Clarke, the financial secretary even proclaimed that: "(w)e have, I think, a clear duty to provide industry, industry of the right kind, with land on terms which will enable it to compete, and to compete successfully, in overseas markets" (Hong Kong Hansard, Session 1955:62, quoted from Ho 1989:261).

already exploited in the sixties, 'overcrowding' of factories in the Metro area became very acute. As a result, a rapid infiltration of small factories into the domestic premises occurred (cf. Sit 1983). The problem was intensified by a continual growth of manufacturing industries[32]. This imperative of residential land and industrial land provision thus forced the government to initiate a new town programme in 1972. However, it is somewhat difficult to examine the nature of industrial decentralization.[33] Here, we can only use aggregate data from *SIP, EVS* and *Property Review*. Through the proportionate changes of the industries in particular areas, we can, however, indirectly probe the locational differences and changes of the industries.

In 1971, the problem of over-concentration of manufacturing industries was considerable, as 89% of the total manufacturing establishments and 71% of their total employment were found within the Metro areas. Hong Kong Island merely shared less than one-fifth of the establishments. As a result of state-led periphery growth, New Kowloon was the most industrialized area. Together with Kowloon, it consisted of 70% of total establishments and total employment. As is seen from **table 4.1**,

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[32] In the mid-seventies, it was estimated that about one million workers were to be employed in manufacturing sector in ten years time. It thus implied that a total amount of 2,500 acres of land was needed between mid-seventies and mid-eighties. The available industrial land of the Metro area was only limited to about 1,000 acres. Therefore, the government had to arrange an additional 1,500 acres by 1986, or about 100 acres per annum. Together, the demand of residential land would be about 400 acres per annum (Wigglesworth 1971:49).

[33] The problem is not just brought by difficulties in obtaining information on types of industries, production scale, subcontracting relations of the factories etc. in any particular region. More fundamentally, no data on the numbers of in-mover or out-mover firms in both Metro areas and new towns are available, and hence we cannot determine how much industrial growth in one particular region was originated from natural growth, or from in-moving or out-moving of factories. There are quite a limited number of surveys on this issue. They cover some useful information on the reasons why the firms move. But all of them focused only on one region, for example, HKPC and RTPHK's study (1983) on Tuen Mun and SNTDO's study (1981) on Shatin.

manufacturing industries were heavily concentrated in Metro areas, as vividly described by Sit (1986:213), "the majority of (them) are located less than 7km from the mid point of Victoria Harbour (taken to be the point midstream between the tip of Tsimshatsui and Central District".

Since then, an industrial decentralization program was launched in corollary to the public housing program. The efforts of redirecting industrial growth out of the urban areas were well substantiated from the changing distribution of the industrial activities during this period. For example, the share of manufacturing establishment of Metro areas decreased from 89% in 1971 to 73% in 1981. The changes of overall proportion in Kowloon were particularly drastic from 32% in 1971 to 20% in 1981.

Table 4.1: Distribution of Manufacturing Establishments by Areas, 1971-1989[1]

Area / Year	1971[a]		1976[b]		1981[c]		1986[d]		1989[e]	
	Establish--ments	Persons Engaged	Establish--ments	Persons Engaged	Establish--ments	Persons Engaged	Establish--ments	Persons Engaged	Establish--ments	Persons Engaged
Hong Kong	4,670	106,041	6,706	115,965	8,120	152,683	6,544	112,821	8,051	98,372
Island	(17.9)	(15.8)	(21.0)	(14.4)	(16.8)	(15.3)	(13.1)	(12.0)	(15.3)	(11.9)
Kowloon	8,302	140,128	8,795	148,360	9,782	147,820	8,142	116,633	7,636	103,480
Area	(31.7)	(20.9)	(27.6)	(18.4)	(20.2)	(14.8)	(16.3)	(12.4)	(14.6)	(12.5)
New	10,240	322,326	11,289	364,492	17,388	419,087	18,633	390,202	17,536	311,958
Kowloon	(39.2)	(48.0)	(35.4)	(45.1)	(36.0)	(42.1)	(37.2)	(41.4)	(33.4)	(37.6)
Tsuen Wan,	1,357	71,240	3,251	140,754	9,169	212,078	11,052	225,120	12,689	211,528
Kwai Chung	(5.2)	(10.6)	(10.2)	(17.4)	(19.0)	(21.3)	(22.1)	(23.9)	(24.2)	(25.5)
New[2]	1,580	31,573	1,856	38,231	3,865	64,453	5,729	97,959	6,564	104,387
Territories	(6.0)	(4.7)	(5.8)	(4.7)	(8.0)	(6.5)	(11.4)	(10.4)	(12.5)	(12.6)
Metro	23,212	568,495	26,790	628,817	35,290	719,590	33,319	619,656	33,223	513,810
Area[3]	(88.8)	(84.7)	(84.0)	(77.9)	(73.0)	(72.2)	(66.6)	(65.8)	(63.3)	(62.0)
All manufacturing industries	26,149	671,308	31,896	807,803	48,324	996,121	50,099	942,734	52,475	829,723
	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Year			**1971-1976**		**1976-1981**		**1981-1986**		**1986-1989**	
Change in share of establishments (%) in Metro Area			-4.8		-11.0		-6.5		-3.2	
Change in the share of employment (%)in Metro Area			-6.8		-5.6		-6.5		-3.8	

Source: a: Census of Manufacturing Industries 1971.
b: 1976 Census of Industry.

c: Survey of Industrial Production, 1981, 1986 and 1989.
Computation mine.

Note: (1): The figures in parentheses denote the percentage share of all manufacturing industries in respective regions.
(2): Tsuen Wan is excluded from the New Territories.
(3): Metro area includes Hong Kong Island, Kowloon and New Kowloon.

The most obvious expansion was found in Tsuen Wan, which was first established as a nucleus of textile mills and clothing factories by Shanghai entrepreneurs, and was later developed in the sixties through a planned provision of land for industries and housing (cf. Lai and Dwyer 1964:156). During 1971 and 1981, Tsuen Wan quickly expanded to become the leading industrial site, when the number of establishment and employment in this district increased over five-fold and two-fold respectively. Compared with Tsuen Wan, the industrial growth of other new towns began in the sixties, and only in the eighties a faster growth was recorded. However, it should be noted that, by 1979, over three quarters of total establishments still located themselves in the urban areas. However rapid the diversification was during the seventies, it is fair to say that the manufacturing industries were still overwhelmingly concentrated in urban areas. It was not until the late eighties did the New Territories really become an important industrial base.

Stepping into the eighties, a number of interesting changes deserved to be noted. First, after a rapid expansion in the past two decades, Tsuen Wan has already become the most industrialized area. Since the early eighties, it has ranked as the top region in both the number of establishment and employment. By 1989, Tsuen Wan has contributed one quarter of the total manufacturing establishments and employment. Second, industrial activities in New Territories also burgeoned. The total share of establishment and employment of New Territories (excluding Tsuen Wan) reached one-eighth in 1989 and thus ranked as the third most industrialized areas. The most

rapid industrialization in the New Territories, occurred between 1976-1986, was in fact a direct result of government policy of industrial decentralization. Notwithstanding an absolute growth in office number and employment, the industrialization has came to a halt in late eighties.

Third, between 1981 and 1989, Kowloon and New Kowloon further shrinked from 56% to 48% and 57% to 50% in terms of establishments and employment. The declining share of establishment was largely from the changes in Kowloon area where an absolute decrease of about 2100 establishments was recorded. The greatest decline in employment mainly came from New Kowloon (over 100,000) and followed by Kowloon (about 44,000). The substantial loss of employment in New Kowloon indicated a diminishing average factory size from 24.1 to 17.8. This brings us to the fourth point; that is, the eighties witnessed not only the declining production scale in general, but also changing composition of production scale in particular regions. Kwuntong region, the second largest industrial area, was responsible for a loss of 45,000 workers and over 2,300 gains in factories during 1981 and 1989. The average factory size in Kwuntong region therefore reduced from 29 persons to 17 persons. It might be related to the shrinking production size of the large factories or the relocation of large factories to Mainland China. As a result, there was an absolute decline of factories employing over 20 persons while those employing less than 20 persons increased by about 50% (*EVS*, 1982, 1989).

Fifth, of the whole New Territories (including Tsuen Wan), the share of establishments and employment grew from 11.2% and 15.3% in 1971 to 36.7 and 38.1% in 1989 respectively. That is to say, about two-fifth of manufacturing employment were located in the New Territories, in contrast to over four-fifths in

Metro areas. Approaching the nineties, it is therefore fair to say that the decentralization of industries in the whole New Territories (including Tsuen Wan) has largely been completed, though two-thirds of them are still located in Tsuen Wan.

To sum up, in the past two decades, there was clearly a trend of decentralization in manufacturing industries. During 1971 and 1989, the share of total manufacturing establishments and employment in urban areas declined from 89% to 63% and 85% to 62% respectively. The spatial decentralization into the New Territories was actively pursued by state policies of land provision, land use zoning and public housing. In short, that industrial growth concentrated in New Kowloon was part of the government policy on peripheral urban growth. Likewise, industrial decentralization since the seventies was a result of multi-centric growth strategy. However, to argue the role of planning policy does not necessarily downplay the importance of socio-economic changes and the locational choice of industries in determining the spatial pattern of industries, which will be touched upon in section 4.5. But before that, let us first study the patterns of decentralization in details.

4.2 Decentralization of Manufacturing Industries

4.2.1 Decentralization in the Seventies

Having mapped out the spatial pattern, we now turn to the overall difference between the seventies and eighties. It is our contention that over the seventies the government policy of decentralization was limited in scope, and hence, New Kowloon remained the most important industrial site. While Kowloon area experienced a significant decline in the share of total number of establishments, both New Kowloon and Hong Kong Island only decreased slightly (3.2% and 1.1% respectively). Put it

direct, manufacturing activities still grew in both areas, although at a slower rate, and reached a 70% growth of office number. And New Kowloon alone maintained over one-third of all manufacturing establishments and over 40% of total employment. On the contrary, the eighties was the first time that almost all urban areas experienced an absolute decline in manufacturing establishments and employment[34]. The degree of decline varied considerably. This can only be studied by dividing the whole district into several regions.[35]

Table 4.2 and **4.3** depicts the changing spatial pattern of manufacturing in different regions. In 1971, Hong Kong Island recorded a 17.9% share of establishments and 15.8% of employment. Such a small share was understandable as the inner urban districts were so well established in the pre-war period that no further space, particularly no industrial land, were left for manufacturing. This point is substantiated by the case of Central and West region, which recorded only 9% and 6% of manufacturing establishments and workforce in 1971. As a major commercial centre in Hong Kong, Central attracted head offices of banks and large companies to cluster, and guarded off manufacturing which could not afford high rents there. Thus, the limited number of factories had to move out to Sheungwan, West and Aberdeen (cf. EVS, various years). Another fully developed area was Wanchai region, which recorded a smaller share of manufacturing than in Central and West region. There was a number of densely populated pre-war housing in Wanchai, and Taihang was a

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[34] Kwuntong recorded an increase of establishments from 6,500 to 8,900. But in terms of employment, it lost over 35,000 workers.

[35] As each surveyed regions of SIP in fact covers several areas. For example, Central and West region includes Sheungwan, West, Mid-levels, Aberdeen and the Peak. For the sake of convenience, we use the term "region" to denote there are several areas inside. Please see

mixed regional shopping, commercial and residential centre (Wong 1974:30). As a matter of fact, such land use pattern was not conducive to manufacturing. There was simply not much industrial land left. By 1975, there were only 1,300 sq. ft. flatted factories stock in Wanchai region, compared with 959,000 sq. ft. in the West (RVD 1976: Table 37). In fact, the factories stock was stagnant at 1200m^2 from mid 1970s to late 1980s (RVD, various year). As a result, Wanchai region has consistently ranked as the least industrialized regions over the past two decades.

The above discussion clearly indicated that the western part of Hong Kong Island had already reached its limits. The possible urban growth potential thus lied in the eastern part. As mentioned before, the later industrial extensions took place mainly in two directions: (1) from West into Aberdeen, and (2) from Shaukeiwan to Chaiwan (Liang 1965:34). These two paths of growth are revealed by the growth rates in industrial activities and residence as follows. Between 1961 and 1971, while Hong Kong Island had substantial loss of population, only Aberdeen and North point recorded a net migration gain. Their development were essentially different for growth of Aberdeen was initiated by the government, whereas the growth of North Point by private land capital. That the population of North Point and Shaukeiwan grew at 25.8% (cf. Choi 1976: table 6) was spectacular, as compared to a negative growth in Hong Kong Island. Besides, the two places further expanded by 31% during the 1971 and 1981 while only 18.9% of growth occurred in the whole Island. During the same period, industrial establishments grew at North Point region by 145%. And over 27,000 workforce were increased in North Point region, taking up 58.2% of total growth in the whole Island. This rapid industrial growth was supported by a

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the Appendix for their coverage.

substantial amount of industrial land and factories stocks, as over 50% of the factories in Hong Kong Island were found in North Point region.

Aberdeen is another example of government policy of periphery growth, accomplished by the provision of industrial space and workforce. Population in Aberdeen grew by about 250% during the sixties, in which 200% came from net migration (Choi 1976: table 6). This massive in-migration was brought about by the completion of several public housing estates such as Wah Fu Estate, and Yue Kwong Estate in 1962, Tin Wan Estate in 1966, and Shekpaiwan Estate in 1968 (SDB 1989:5). Although there is no comparable data on Aberdeen before 1982, we can still infer that a substantial industrial expansion had taken place. In 1975, it still lagged behind North Point in terms of flatted factories stock. But in 1980, it outnumbered North Point with 366,500 m^2 (RVD 1976: Table 37; 1982: Table 23). Until 1982 only 21.9% of establishments and about 50% (over 25,000) of employment in the Central and West region were found in Aberdeen. The figures above show that the industrial momentum in Hong Kong Island in the seventies was largely from the expansion in North Point region, which was consistently ranked as the medium industrialized areas.

The overall growth was far less in Kowloon than in Hong Kong Island (5.5%. as against 44.0%). Yau Tsim region, for example, recorded the largest decrease of manufacturing in Kowloon[36]. The development of Tsimshatsui was quite similar to that of Wanchai and Central. It being a rising office centre, the high land-use intensity and the keen competition for space has eliminated possible industrial sites. Likewise, the small aerial size also constrained the industrial expansion of Mongkok

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[36] A negative growth of 34.8% in establishment number was recorded as against a positive growth in all other regions, as well as a reduction of employment by 28.6%

region and Hunghom region. Growth of factories and workforce was limited in both Mongkok (only 29% and 7%) and Hunghom (69% and 17%, all below the sector average). In sum, the share of industries in all these three regions therefore reduced significantly between 1971 and 1981, signifying the dwindling status of Kowloon as an industrial site.

Throughout the seventies, New Kowloon was still the most industrialized area. But the importance of three regions below was reshuffled. In 1971, Shamshuipo region was the leading industrial site in terms of both establishments and workforce. It was followed by Kwuntong region and Kowloon City region, which ranked as the second and third largest industrial sites. In ten years time, Kwuntong region rose to the second largest industrial sites with more than a three-fold increase in office number and 80% increase in employment growth. On the contrary, both Shamshuipo region and Kowloon City region slightly lost their importance by gradually giving way to the developments of Tsuen Wan and of New Territories[37]. By mid-seventies, Tsuen Wan has already become the largest industrial site both in terms of office number and workforce.

In sum, we can simplify the pictures of decentralization during 1971 and 1981 by sorting different regions into three groups according to their proportions in manufacturing employment (see **table 4.4**). The first group is called *the least industrialized area*, which means that the share of manufacturing employment is the lowest, like Central, West region and the New Territories (in 1971). The second group, a *moderate industrialized area* includes North Point region, Hunghom region

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[37] Their share of manufacturing declined by about 10% (10.6% in establishment number and 9.2% in employment

and Mongkok region (in 1971 and 1976 only). The final group coined as *the most industrialized area* includes the three regions of New Kowloon as well as Tsuen Wan. This grouping enables us to see the significant mobility of some industrial sites. The New Territories, among others, was upwardly mobile from the least industrialized region to the moderate one in ten years time, while Mongkok region experienced a downward mobility into the least industrial site by 1981.

More subtle and dynamic changes can be probed by re-grouping these regions according to the changing share of industrial workforce. First, Tsimshatsui and Wahchai increasingly became *non-industrial sites*, where the commercial activities had driven out the manufacturing industries, leading to an absolute of industrial workforce. Second, there were several *declining industrial sites* in which workforce grew at a rate less than the industry average between 1971 and 1981. This group included Mongkok region, Hunghom region, Shamshuipo region and Kowloon City region. That all these regions were located in Kowloon or New Kowloon, provided further evidence on the impact of decentralization. In short, most urban areas were gradually replaced by the third group, i.e. the *new industrial centres*, such as Tsuen Wan and New Territories. But it should be noted that, Kwuntong region, initially developed in the early fifties, grew rapidly. Industrial establishments increased three-fold in this decade, employing one-fifth of the total workforce, and its share of manufacturing was far beyond that of New Territories.

4.2.2 New Town Development and Industrial Decentralization

The seventies was characterized by a rapid decentralization of population to new towns. Beginning in 1972, the new town programme was implemented in full-

scale in 1973 when the 'Ten-Year Housing Target Programme' was launched. One important feature of the new town programme was a 'self-contained and balanced development' that new towns should 'attract a spread of skilled, unskilled and professional income groups,' and become 'a healthy and balanced community where the basic needs of all its residents can readily be met: an identifiable and meaningful community in which people of all ages and incomes can live and develop healthily and socially.'[38] However, the distribution of manufacturing in New Territories (except Tsuen Wan) proved the ineffectiveness of the policy. Its overall share of establishments and employment remained insignificant throughout the whole seventies only (7.8% and 6.6% respectively in 1979).

The Hong Kong Government also used industrial estate policy to promote industrial growth. It was arranged to help entrepreneurs 1) with cheaper factory sites, 2) improve the technology and quality of products, and 3) develop new products. On the other hand, new town policy intended to induce a large number of quasi-voluntary migrations (Wang & Yeh 1987) so that a large pool of labour would be available for these industries. Nevertheless, the new towns never achieved self-containment. In contrast, residents could not find employment in new towns, and this led to the problem of home-work separation (Yeh 1985; and see our discussion in chapter 5).

Industrial estate policy also could not induce factories to move in, and it failed to facilitate the development of capital-intensive industries for two reasons.

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[38] There is no explicit official statement of what 'a balanced and self-contained community' means. But the above explication is quite succinct in summarizing this concept. See A.R. Crosby [Chief Planning Officer, Shatin], "Physical Planning for the New Towns: Symposium on Social Planning in a New Town, Hong Kong Council of Social Services, 1976, pp.2-3 (mimeographed), quoted from Sit (1981b:155).

First, an increase in industrial land supply greatly reduced the advantages of industrial estate. Second, there were no supporting networks for research and development (Sit 1983). While the new town policy succeeded in providing a great pool of labour supply, the absence of R&D policies finally led to the failure of industrial upgrading. The most effective policy instrument seemed to be the public housing. The failure of industrial estates indicates inconsistencies and incoherence of the government policies. In this case, the factory's decision to move in industrial estates was based on the transportation cost and rent rather than on the availability of labour.

4.2.3 Decentralization in the Eighties

The whole eighties, in fact, was a decade of industrial deindustrialization. All regions in the Metro areas experienced an absolute decrease in the number of employment. Furthermore, the reduction of workforce in these nine regions had all

Table 4.4 Ranking of Manufacturing Employment among Different Regions, 1971-1989

	1971	1976	1981	1986	1989
Hong Kong Island					
Central, Sheungwan, West, Mid-levels, Aberdeen, the Peak	L	L	L	L	L
Wan Chai, Tai Hang	L	L	L	L	L
North Point, Shau Kei Wan, H.K. South	M	M	M	M	M
Kowloon					
Tsimshatsui, Yau Ma Tei	L	L	L	L	L
Mong Kok, Tai Kok Tsui	M	M	L	L	L
Hung Hom, Ho Man Tin, To Kwa Wan	M	M	M	M	M
New Kowloon					
Shamshuipo, Cheungshawan, Shekkipmei	1	3	3	3	4
Kowloon City (Kai Tak), San Po Kong	3	4	4	M	M
Ngautaukok, Leiyuemun, Kwuntong	2	2	2	2	2
New Territories					
Tsuen Wan, Kwai Chung	4	1	1	1	1
New Territories (excluding Tsuen Wan) and Islands	L	L	M	4	3

1-4 = 4 most industrialized regions ranked from 1 to 4, with 1 as the highest concentration.
M = Moderate industrialized regions (ranked as 5-7)
L = Least industrialized regions (ranked as 8-11)
Source: see **Table 4.1**

exceeded the industry average, with six out of nine even recorded more than double of the average loss rates. Five of them were in Hong Kong Island and Kowloon, suggesting that these areas recorded the most rapid decentralization.

Industrial decentralization further intensified, as evidenced from a more than proportionate decrease of industries in all Metro areas. More specifically, the share of all regions in Metro areas shrinked, making Tsuen Wan and the New Territories the two most important industrial centres. Workforce in Tsuen Wan continued to increase, accounting for more than a quarter of the total employment. In fact, only New Territories was able to maintain industrial growth in Hong Kong as a whole. It is therefore fair to conclude that the development of the New Territories was most drastic. It rose from the least industrialized area in mid- seventies to the third largest industrial sites in late eighties.

Besides, the relative rare distribution of manufacturing industries in Central and Yau Tsim regions and these regions surrounded them, reflecting during the eighties the small industrial units were virtually priced out of the land market.

4.3 SPATIAL DIFFERENCE OF PRODUCTION SCALES

The previous section presents an overall picture of the factories distributions in Hong Kong. This section takes a step further to examine the locational pattern of factories with different production scales. Enterprises in Hong Kong are predominately small in size. The trend of shrinking production scale was found in the peak period of industrialization, as also in the restructuring. This is certainly related to the labour intensive and low technology nature of production, and the prevalence of flexible subcontracting systems in Hong Kong (Sit 1982:402). During 1961 and 1989,

the number of firm with 1-9 persons increased from 39% to 70%, while the proportion of firms with more than nine persons diminished. Therefore, the locational dynamics of small-scale industries deserves closer scrutiny.

In the seventies, "factories in domestic premises" (FIDs) are indispensable in the discussions of small - scale industries. Due to a shortage of industrial buildings and high rents, many industries could only infiltrate into non-factory accommodation, particularly residential building. This situation was clearly revealed by the CMI in 1971 that 68.7% of establishments were found in domestic premises.[39] The constraints of limited space in domestic premises has, by selection, housed most of the small - scale industries during that period, as evidenced from the significant differences between the average size of the FIDs and other factories (10 persons as against 60 persons) (CME 1971).

There are some interesting locational characteristics for FIDs. First, they are highly concentrated in Metro areas, which alone contained 88% of all FID employment in 1971. More specifically, 88% of the total FIDs' employment was localized in four areas, namely, Shamshuipo, Mongkok-Yaumatei, Hunghom and Western District - Sheungwan. Second, the spatial pattern of FIDs in the seventies was broadly similar to that of 1971. For example, in 1977, Shamshuipo District was still the popular site for FIDs, as nearly 12% of the total floor area of its residential buildings was occupied by industries (Lai and Sit 1985:262). Third, since the FIDs housed a significant share of all industrial establishments in the seventies, regions with smaller average production size naturally witnessed a concentration of FIDs (cf. **Table**

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[39] Domestic premises include two types of building in the classification of SIP, namely, residential and residential / commercial building.

4.5). They include: Central and West region, Wanchai region in Hong Kong Island, Yau Tsim region, Mongkok regions in Kowloon, and Shamshuipo region in New Kowloon.

Fourth, it was discovered that the FIDs were mostly found in areas which exhibited conditions of residential congestion, high proportion of private residential land, and a mixed land use function. So these sites seldom coincided with the locations of factories in industrial building (Sit 1983: Ch.3-5). Fifth, it follows that the FIDs were spatially differentiated from other larger - scale industries. **Table 4.5** shows that the new industrial sites were more likely to house larger - scale factories throughout the seventies, as evidenced by the relatively greater average size of these regions. In 1976, the average size of North Point region (25.4 persons), Kowloon City region (31.3 persons), Kwuntong region (53.4 persons) and Tsuenwan region (43.3 persons) were far greater than the FIDs' site like Central and Western region (17.4), Wanchai region (6.7), Mongkok region (9.4), and Shamshuipo region (23.1).

Since the late seventies, the proliferation of FIDs was much under control when their shares in total establishments reduced rapidly from 68.7% in 1971 to 46.4% in 1978 and further declined to 38% in 1983 (SIP, various years). Three reasons lied behind this rapid decline of the FIDs. First, the significant progress of decentralization reduced the continual industrial growth in Metro areas, and thus lessened the pressure of factory space in the late seventies. This observation was substantiated by a considerable shrinkage in the shares of office number in all Metro areas except Kwuntong region. New Territories, on the contrary, experienced a significant expansion of small industrial units, but the growth was largely outside the government control (Dwyer and Sit 1986:107). Second, the reduction of FIDs was

also caused by the construction of resettlement factory estates. Those ended up in factory estates mainly came from small factories that were affected by the programs of squatter clearance and land resumption. By 1979, ten thousand workshop units have already been relocated. One-fifth of them was even subsidized by the Government in rental items (Sit, Wong and Kiang 1979:370). Last but not least, the Government facilitated an increase of small industrial units by imposing new rules in industrial land sales since 1978. The new regulation requires "the final superstructure on the site to yield a certain amount of small workshop units, of less than 1000 sq.ft. Floor area, the usual size demanded by small manufacturing industries" (Sit and Wong 1989:14). This then pushed up the supply of small factories, and eased the problem of FIDs.

Stepping into the eighties, the significance of the FIDs further diminished. Yet, at the same time, the production scale of industries in Hong Kong also declined considerably. As information on the distributions of the FIDs is not available, my focus thus shifts to a comparison between large-scale and small-scale industries as a proxy[40]. For brevity, two types of establishments are classified (simplified from Sit 1979, 1982), namely, small manufacturing establishments (SMEs) employing fewer than 50 persons; and medium and large manufacturing establishments (MLEs) employing more than 50 persons. The spatial pattern of establishments with less than 20 persons are specifically noted for its preponderance in the eighties (over 80% of establishments number).

We first examine the distribution of industries of different scales by using

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[40] Here, I employ the data from EVS in which the division of districts is not the same as the SIP. Therefore, the data presented here are not directly comparable to that of SIP, and so the interpretation of spatial distribution of different scale factories should be treated with cautions.

their proportions in particular regions. The spatial differences of factories is examined in **Table 4.6** which summarizes the changes of average firm size in different regions. Here, we can observe a spatial separation of factories with different sizes in two ways. First, the size of factories increased from the inner urban districts to the outer rings. That is, the inner urban core contained mostly small-sized factories, while the outer rings contained the bigger factories. This pattern has been further identified in three layers: (1) Central and West, Wanchai, Yau Tsim, Mongkok -- the inner rings were consistently ranked as the areas of least - firm size; (2) Hunghom / Homantin and North Point / Shaukeiwan, situated a bit further from the mid Victoria Habour, are recorded to be dominated by firms of larger size; and (3) Kwuntong, Sanpokong / Kowloon City and Tsuen Wan, the outer layer, held up the biggest factories in Hong Kong.

Second, it is noted that there had been an east-west divide of factory sizes in Kowloon. According to Sit, small-scale factories mainly located in the districts "west of an imaginary line cutting north-south through Kowloon Tong and Homantin," whereas bigger factories clustered in districts east of that line (1986:214). **Table 4.5** and **4.6** shows that the deindustrialization did not change these two patterns. In other words, they have largely remained stable in the past two decades.

It is our contention that, these patterns are in fact the joint results of the development sequence of different districts, supply of factory space and government policies. First, the early industrialization concentrated in the built-up areas around the harbour for the sake of the harbour services, free port and most importantly, adequate labour supplies (Clarke and Jackson 1964; Sit 1983). Thus, given such heavy demand on land, much of the factories had infiltrated into the residential buildings that could

only accommodate small-sized firms. Second, the limited number of factory buildings in the inner urban cores definitely made accommodation of factories difficult. Equally important is that industrial space from both land sales and private factory buildings was "offered in lots too large and too expensive for the small-scale industrialist" (Dwyer and Sit 1986:107).

Table 4.6 Average Size of Manufacturing Establishments By Census Districts, 1971-89

Census Districts	1971	1976	1981	1986	1989
Central, Sheungwan, West, Mid-levels, Aberdeen, the Peak	17.3	17.4	18.0	13.6	11.5
Wan Chai, Tai Hang	12.4	6.7	7.3	6.9	5.0
North Point, Shau Kei Wan, H.K. South	40.4	25.4	24.8	27.1	15.8
Hong Kong Island Subtotal	22.7	17.3	18.8	17.2	12.2
Tsimshatsui, Yau Ma Tei	8.0	9.4	8.8	6.5	6.0
Mong Kok, Tai Kok Tsui	16.6	18.3	13.7	11.8	12.1
Hung Hom, Ho Man Tin, To Kwa Wan	28.2	19.0	19.5	21.6	20.0
Kowloon Area Subtotal	16.9	16.9	15.1	14.3	13.6
Shamshuipo, Cheungshawan, Shekkipmei	19.8	23.1	17.5	16.3	15.0
Kowloon City (Kai Tak), San Po Kong	35.8	31.3	27.5	25.2	25.3
Ngautaukok, Leiyuemun, Kwuntong	65.8	53.4	29.0	23.3	17.3
New Kowloon Subtotal	31.5	32.3	24.1	20.9	17.8
Tsuen Wan, Kwai Chung	52.5	43.3	23.1	20.4	16.7
New Territories (excluding Tsuen Wan) and Islands	20.0	20.6	16.7	17.1	15.9
All manufacturing industries	25.7	25.3	20.6	18.8	15.8

Source: a: Census of Manufacturing Industries 1971.
b: 1976 Census of Industry.
c: Survey of Industrial Production, 1981, 1986 and 1989.
Computation mine.

Third, the role of the government was crucial in structuring the locations and growth of FIDs. The predominance of the FIDs in Metro areas was mainly caused by the tolerance of Government though the FIDs posed the problems of noise, dirt, smell, health and serious fire (Clarke and Jackson 1964:4, Sit 1983). Labour Department, for example, was fully aware of the cause of the FIDs, especially the shortage in industrial land (Dwyer 1971:127). More than that, the government's construction of industrial satellites further encouraged the continual decline of large factories in the

urban core areas. As a result of reconstruction, industrial buildings that housed large factories were relocated from inner core area to Kwuntong and Tsuenwan since the mid -fifties (Dwyer 1971:124). The problems of space for small scale factories still remained even after the moving out of large factories. They were further intensified by the ad hoc and restricted nature of planning practices before the practices ended the seventies.

To conclude this section, we can note that an intricate pattern of mixed residential, commercial and industrial land-use developed along with the rapid growth of FIDs during the fifties and the late seventies (Dwyer 1971). Furthermoer, while the inner districts of Metro areas were free from Government's direct intervention, pattern of outer rings was actively shaped by the zoning of industrial land. Many larger industries also clustered because of the provision of factory buildings by private land developer, there.

4.4 Locational Dynamics of Manufacturing Industries

The previous sections have identified two major phrases of urban industrial development: (1) a rapid industrialization in New Kowloon in the sixties; (2) decentralization of industries into Tsuen Wan and new towns between 1970 and 1990. However, manufacturing industries as a measuring unit is too rough to delineate how different manufacturing industries evolved over the past twenty years. Therefore, a selective review of the spatial development of the following industries[41] is provided:

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[41] These industry groups are only broadly aggregated categories and therefore the figures should be interpreted with caution. More specifically, most of the available data only cover three-digit (1976-89), it is not possible to completely map out some industries. The problems are particularly in electronics. Please see fn. 15.

wearing apparel, textile, printing and publishing, and, electronic and electrical products.[42] Unless otherwise stated, relative importance of different locations is measured by their employment shares taken by industry.

Wearing Apparel (except Footwear): Wearing apparel is the major part of clothing industry, which had been the largest industry since the mid- sixties. The growth of this industry slowed down after reaching its peak in 1975. But it was not until 1988 did the industry experience an absolute decline. What remained unchanged over the past thirty years is that the clothing industry continued to be the largest export earner, accounting for over 30% of total domestic exports of total manufacturing industries (Industry Department 1995:41). Wearing apparel is basically a labour-intensive industry, but surprisingly, factory relocation has been quite limited in recent years. It belongs to a centrally located industries according to ILA. The concentration of which in the city is essential for keeping face-to-face contacts among producers and buyers, and acquiring the latest market information. It is particularly the case in Hong Kong whose flexible garment production requires the producers to closely follow the market (Chiu and Lui 1995:96). Besides, the imposition of quota restriction and origin rules from US and Europe also discouraged the firms to move out. As the three-digits industry code do not allow us to use the clothing industry, wearing apparel industry thus can only be used as a proxy of the location of clothing industry, and therefore the following analysis should be interpreted

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[42] That is, according to the International Standard Industrial Classification (ISIC) code: Wearing Apparel, 22(1971), 320 (1976), 320&322 (1981-1990); textile, 21, 25-29(1971), 321(1976), 325&329(1981-1990); printing 42(1971), 342(1976-1990); plastic 56(1971), 356 (1976-1990); metal products, 7&81 (1971), 371-372, 380-381(1976-1990); and electronic and electrical products, 83(1971), 383-384(1976-1990). It should be note that, no electronic or customer electronics were classified in 1971. Instead, only electrical machinery, apparatus, appliances and supplies were grouped in 83.

with caution.

In 1971, wearing apparel industry overwhelmingly concentrated in Kowloon and New Kowloon. It seems quite surprising that Kowloon has a very significant share both in terms of establishment number and employment (35.6% and 26.8% respectively), especially for Yau Tsim region and Mongkok region which together contributed to more than a quarter of the total factories. In accordance with the new town program, their share of employment halved and soon their importance faded. We can also see that the production scale of wearing apparel in the commercial cores like Yau Tsim region, Wanchai region and Central and West region (all with average sizes lower than 12 across the research period) were significantly different from that in other locations. It implied that factories there operated in very small scales, and a large part of them were home-based firms. It is also possible that the firms were priced out from the land market for which commercial offices competed fiercely.

Since 1971, most of the wearing apparel factories (about 45% establishments) have clustered in New Kowloon, employing more than 50% workforce. Shamshuipo region, in particular, was consistently ranked as the most concentrated area for wearing apparel, accounting for over one-fifth of employment in the past two decades. In the seventies, Mongkok region and Kowloon City region were also prominent in clothing industry. But their importance was soon replaced by Kwuntong region and Tsuen Wan region in the eighties.

A high degree of concentration could be explained by the nature of the production itself. In order to face the volatile market demand and to enhance the flexibility of production, subcontracting networks were widely utilized in wearing

apparel industry. Surveys of small and median scale industries revealed that in 1978, 34% of wearing apparel obtained their orders from the local factories (Sit, Wong and Kiang 1979: Table 14.7). This subcontracting arrangement still persisted, and in 1987, 27% of garment firms still received subcontracts from contractor factories[43] (Sit and Wong 1989: Fig 13.2). Geographical proximity not only facilitated face-to-face contacts and freedom of choosing its contractors, but also made timely delivery of products easier. In addition, as it is quite a common practice for the contractor firm to provide subcontracting firms (mostly small-size firms) with the needed material input[44], geographical adjacency ensures a more efficient transportation. As a result, the factories producing wearing apparel tended to cluster in the same districts. This point is further substantiated when 53.8% of the sample clothing factories were found to be in the same districts or neighboring district (Sit 1983: Table 7.24).

Textiles: As the most important industry in the fifties, the textiles industry contributed considerably to the economy. Although the growth of which was surpassed by clothing and electronics in the sixties and seventies, it was still the third largest manufacturing industry in Hong Kong between the mid- seventies and 1990, in terms of employment, gross outputs and export earnings (Industrial Department 1995:31-33). Besides, textiles was the only capital-intensive industry in Hong Kong, as indicated by the fact that labour cost was higher than that of manufacturing. Until early seventies, the average employment size per factories was double of that of

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[43] It is also found that smaller firms are more likely to receive and to give out subcontracts. So they are more dependent on subcontracting orders and helps from other firms as subcontractors (Sit and Wong 1989:180).

[44] For example, a sample survey in 1975 founded that 55.8% of the clothing FIDs obtained their material inputs from other manufacturers (Sit 1983:71).

manufacturing as a whole. Since then, however, the average size decreased from 67 in 1970 to 20 in 1988.

Employment in textiles had been highly concentrated in Tsuen Wan since the sixties when "a nucleus of textile mills and clothing factories, first established by Shanghai businessmen who left Mainland China in the late 1940s" (Dwyer and Sit 1986:100). For the past two decades, it accounted for not less than 40% of total workforce in the industry. The degree of concentration is the highest amongst the industries in Hong Kong. This development was of course benefited from the setting up of business by early Shanghai industrialists. But we should not therefore ignore the locational dynamics of the industry. Indeed, the capital-intensive production required such substantial amount of land that the large-scale development was only possible in the new towns instead of Metro areas. The rapid industrial expansion, together with the locational requirement thus drove the government to develop Tsuen Wan as an industrial satellite. Textile mills were the major sites in Tsuen Wan for employment in large and medium factories (50-1000). As Lai and Dwyer (1964:161) noted, factories in Tsuen Wan employing more than a thousand workers were all engaged in cotton spinning and weaving. This observation applied to the period from late fifties to early seventies. Until 1971, the average size of the textiles industry in Tsuen Wan was 162, which was still far higher than the one in Kowloon (18) and New Kowloon (28). After that, however, the production scale of textile production in Tsuen Wan declined drastically. It declined to 66 in 1976 when the growth of factories outpace the growth in textile employment. Between 1971 and 1976, the factory numbers increased by 240% while only 37% of employment growth was recorded. A closer look reveals that the declining trend was directly brought by the

negative employment growth, which means that the large factories either reduced the production scale or even closed off their operation. These outcomes were certainly related to the general decline of the textiles industry as a whole since the mid-seventies.

Followed Tsuen Wan, Kwuntong region had consistently contributed one-fifth of employment. Besides, Shamshuipo region and Kowloon city region was also the major production sites for the textiles. The industry thus overwhelmingly clustered in New Kowloon, constantly employing up to 45% of total workforce (except 1971). In this sense, the textiles industry shared a quite similar coverage with wearing apparel. Sit (1983:46), in an analysis of FIDs of 1971, also finds that wearing apparel and the textiles largely shared the same production location. This spatial pattern remained quite stable throughout the past two decades. We have no ready answer as to why the two patterns overlapped, but it might be related to the timing of industrialization of both industries. That is to say, they expanded in the sixties when a large amount of land in New Kowloon was available. The linkages between the textiles and wearing apparel might also be relevant as the textile products (especially the finishing sector) were always supplied to the wearing apparel, industry and so getting close to the materials might be an advantage.

Printing, Publishing and Allied Industry: The share of printing industry in the seventies and eighties was negligible. But it had grown rapidly in the past two decades to become the third largest employer in manufacturing industries in the mid-nineties. To study its locational pattern, however, is not to argue for its importance in the industrialization of Hong Kong. Rather, it shows us a spatial distribution which is qualitatively different from the previous two. In the past two

decades, printing companies were highly concentrated in the Metro areas. Hong Kong Island solely accounted for over 60% of employment in the seventies. Although its share continuously shrinked in the eighties, it still had 47% in 1988. For New Kowloon, despite some fluctuations, it had steadily accounted for over one-forth of total employment. Together with Hong Kong Island, the two areas constituted over third-forths of total printing employment over the past two decades. Clearly enough, printing industry overwhelmingly clustered in the Metro areas. This also means that the scope of decentralization in printing industry was very limited.

The contrast of the spatial patterns between printing industry and manufacturing reveals the underlying difference between them. While most goods were produced for exports, the output of printing industry was mainly consumed locally. In ILA's jargon, it is a centrally located communication economy industries which gears towards local market and requires timely delivery of products. Industrial Department (1996:94) estimates that about 70% of them were sold locally. Over 80% of total workforce were employed in the 'job printing sector' and 'pre- and post-press service,' that were produced mainly for local consumption.[45] In Hong Kong, the locational choice of these sectors thus depends largely on the targeted market for two reasons. First, the production scale of most printing shops is quite small, as indicated by the extremely small average size over the research period (17.5 in 1971 and 8.6 in 1988). The printing shop had to deal with so many customers that accessibility was important and that a suitable location could facilitate contacts with customers.

[45] The products of job printing sectors range from posters, catalogues, office paper stationery, name cards (for local consumption) to books, pamphlets, diaries, greeting cards, periodicals and security products (mainly for export-oriented). Pre- and post-press services means the work type in typesetting, colour separation, platemaking, lamination and book binding (adopted from Industrial Department 1996a:93).

Second, many local orders, like the printing of posters, were small but rush. To meet the needs of quick delivery and efficient operation, the criterion of 'close to the market for quick service' thus became significant in choosing locations. Another interesting attributes of printing industry was that, printing-related services also clustered around the print shop or even in the same industrial building for a close network assure efficient operation (Industrial Department 1996:94). This activities may further contribute to a concentrated pattern of the printing industry, i.e. the more the print shops, the greater amount of press services in the same district.

Table 4.7 provides a more detailed account of the industry. The largest amount of the printing workforce (more than a quarter) was obviously clustered in North Point over the past two decades. North Point was also a region of the largest production scale, as the average factory size almost doubled that of the printing industry as a whole. The concentration of newspaper printing companies in North Point is an answer to such difference. The production scale of newspaper printing differed greatly from the rest of printing sectors. Although it only accounted for 0.4% of factory numbers by the 1994 standard, it contained 16% of total workforce up to an average size of 340. The clustering of the newspaper printing therefore led to an upsurge in the employment share and average firm size. A similar case is also found in Kwuntong region where large newspaper printing companies were located.

While it is emphasized that printing shops was located in urban areas, we should not therefore ignore their regional diversities. It is because the imperative of catering customers made the printing firms operate on a regional base. On the Hong Kong side, the largest concentration followed North Point was Wong Chuk Hang (i.e. Central and West region) which served the central and west district. The other side of

Island was mainly served by Kwuntong region and Shamshuipo region. For New Territories, we can see that Tsuen Wan had risen into a regional printing centre since the late seventies in term of an increase of employment share from 0.8% in 1971 to 14.1% in 1988.

Electrical and Electronics Industry: Due to the limitation of data, we can only use the broad industrial group of 'electrical and electronic products' instead of 'electronics.'[46] Electronics has been the second largest industry since the late seventies. The genesis of the industry was in the late sixties when the global relocation of semi-conductor production together with Hong Kong's cheap labour cost boosted the electronics industry. It then experienced the fastest growth between 1975 and 1985. That an average growth rate of 10.3% in factory numbers over the same period also implied a remarkable quest for industrial factory premises. It was reinforced by their medium production scale. On average, each electronics factory employed 84.8 persons in 1971 and 61.7 persons in 1988. This figure was far larger than that of the industry average, which was about 27.8 and 17.1 respectively. Another interesting characteristics is that electronics industry's productivity increased considerably in the past decades, mainly because of the use of more capital intensive

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[46] The classification of 'electronic' industry is contradictory to the industry classification system (both Standard International trade Classification and International Standard Industrial Classification). The former system will be disrupted because 'electronics' is not classified by the degree of manufacture and uses. For the later system, one needs to pick up subgroups from other industries if 'electronics industry' is to be formed (see CSD 1986). As no 4-digits industry breakdown is available, we can only use the broadly defined group 383 "manufacture of consumer electrical and electronic products' and 384 "manufacture of electrical and electronic parts, accessories and machinery." It differs from the 'electronic industry' in two ways: 1) two important groups of electronics (3825 and 3854) out of ten are omitted in the current classification. It should be noted that, industrial group 3825, namely, electronic watches and clocks is a very important item which alone accounted for one-forth of gross output. 2) 5 minor unrelated sub-groups of 'electrical' products (groups 3833, 3840, 3846-49)are included.

and automated production methods, and the subcontracting of labour intensive process to China (Industrial Department 1996:60).

With regards to the geographical distribution, all regions in Metro area except the very small proportion housed by Central and West, and Kowloon City, suffered an absolute loss of electronic workers during the deindustrialization in eighties. This largely followed the aggregate pattern of industrial decentralization in Hong Kong. This trend is possibly caused by the relocation of firms to Mainland China, and the escalation of rentals in Metro area. Growth in electronic employment was then received mainly by Tsuen Wan and New Territories.

Electrical and electronics industry, according to ILA, is a noncentrally located communication economy industry. It does not require centrality in location, but requires the firms cluster together to get communication economies of scale. It is true that compared with other industries, the location of electronic industry has displayed in a highly concentrated pattern in Hong Kong. In 1981, Tsuen Wan and Kwun Tong jointly accounted for over 50% of the total electronic employment. By 1989, the concentration became more intense for over three-fifth of total employment were recorded in Tsuen Wan, Kwun Tong and New Territories. Like wearing apparel, subcontracting network in electronics and electrical products were prominent. It is well revealed in 1979 survey that 40.9% of establishments were producing parts and semi-finished products, which meant a substantial horizontal linkage within the industry. Also, linkage with local factories as a source of orders was considerable as 36.4% of them received orders from local factories (Sit, Wong and Kiang 1979:339-349). Electronic factories clustered together not for communication economies of scale, in view of their low technological level. Rather, the clustering of factories may

be generated to facilitate the subcontracting process and horizontal linkage.

4.6 A Recapitulation

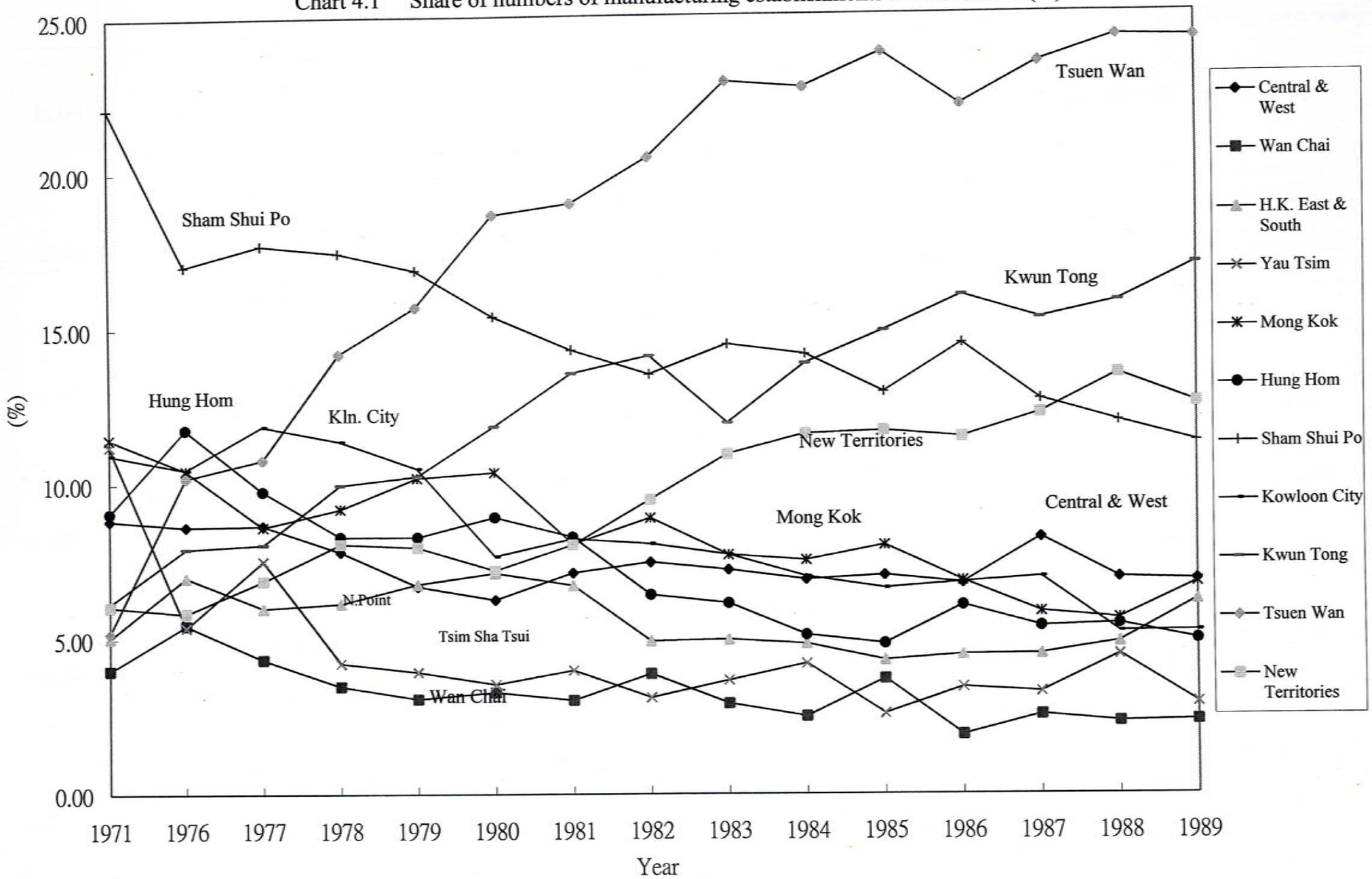
In this chapter we have discussed the spatial development of manufacturing industries in the past two decades. We have also successfully mapped out the overall distribution of industrial activities and presented a detailed account of the changes of industrial locations and industries. First, our findings show that Hong Kong, like other global cities, has experienced a similar trend of deindustrialization and counterurbanisation of manufacturing activities. The deindustrialization launched in full speed in late eighties as a result of Hong Kong's growing economic integration with China and the Southeast Asian. More interestingly, the deindustrialization occurred concomitantly with the dual spatial process of manufacturing dispersal and producer services' concentration, the latter to be explicated in next chapter.

Secondly, a more complicated pattern is provided through a detailed examination of locational change in terms of aggregate trends, and small area units. It is shown that a remarkable area-wide deindustrialization was occurred at all geographical scales, but a closer look with a smaller area unit helps us reveal the uneven pace of deindustrialization. Specifically put, old industrial centres like Sham Shui Po, Kowloon City and Tai Kok Tsui experienced more acute deindustrialization. We have further portrayed the cause and pattern of the recent rise of such industrial centres as Kwun Tong and New Territories. Their development are documented to demonstrate how the state policy reshaped the urban industrial structure through the pooling of industrial labour supply, provision of industrial land and industrial estate, and development of new towns and public housing. In short, the emergence and

evolution of the industrial complex in Hong Kong is an outcome of both global restructuring of industrial production and active state intervention.

Thirdly, it is revealed that the locational choice of factories varied considerably with industrial sectors. Factories of some industries, like wearing apparel, tended to cluster together for economies of scale and efficient subcontracting arrangement (Planning Department 1992b). In accordance with ILA, we relate the locational choices of different industries to their production attributes and market orientation on the one hand, and other locational characteristics such as the supply of factory premises and factory rental. As a result of the above difference, the extent of industrial decentralization varied. While wearing apparel and electronics are notable for their movements into newly created industrial centres, printing and publishing retained its major operation in urban core areas. This phenomenon resembles the cases as described in the global city literature. Yet informal activities did not flourish as in New York. Contrary to what is spelled out by Sassen (1991), small and informal industrial activities like FIDs have been losing their significance during Hong Kong's deindustrialization. Last but not least, there is insufficient information as to answer the question of 'crowding-out thesis'. But our mapping exercise in chapter four and five suggests that the area experienced the acute industrial decentralization has not much overlapped with where producer services are highly concentrated. This hints that industrial activities may not be directly crowded out by an expansion of producer service activities. However, as an important cause for industrial decentralization, escalation of land price and factory rentals are certainly sustained by the growth of producer service activities.

Chart 4.1 Share of numbers of manufacturing establishments in each district(%)



Source: Census of Manufacturing Industry 1971; 1976 Census of Industry, Survey of Industrial Prc duction, various years

Chart 4.2 Share of Manufacturing Employment in Each District

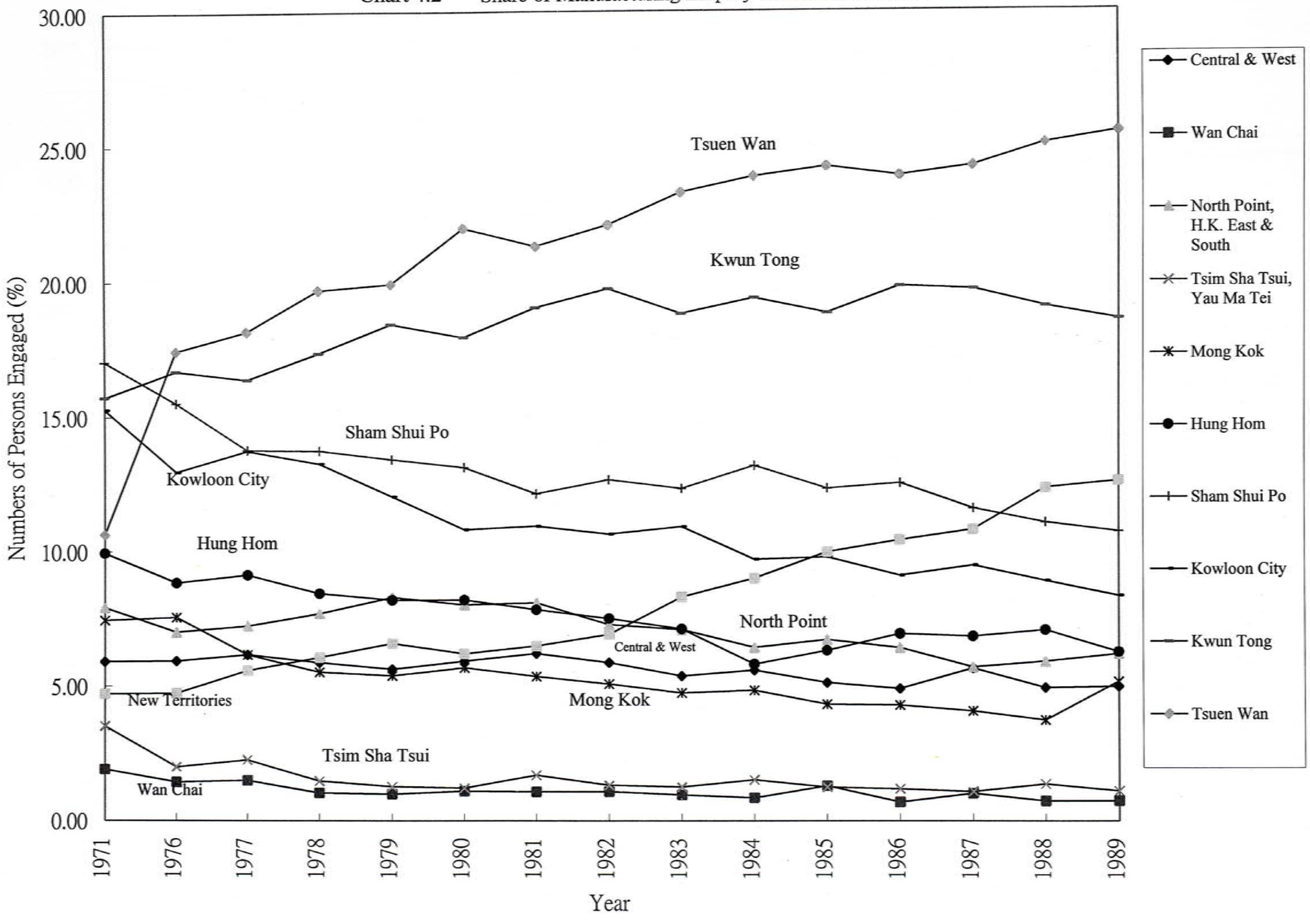


Chart 4.3 Employment share of Wearing Apparel in each District

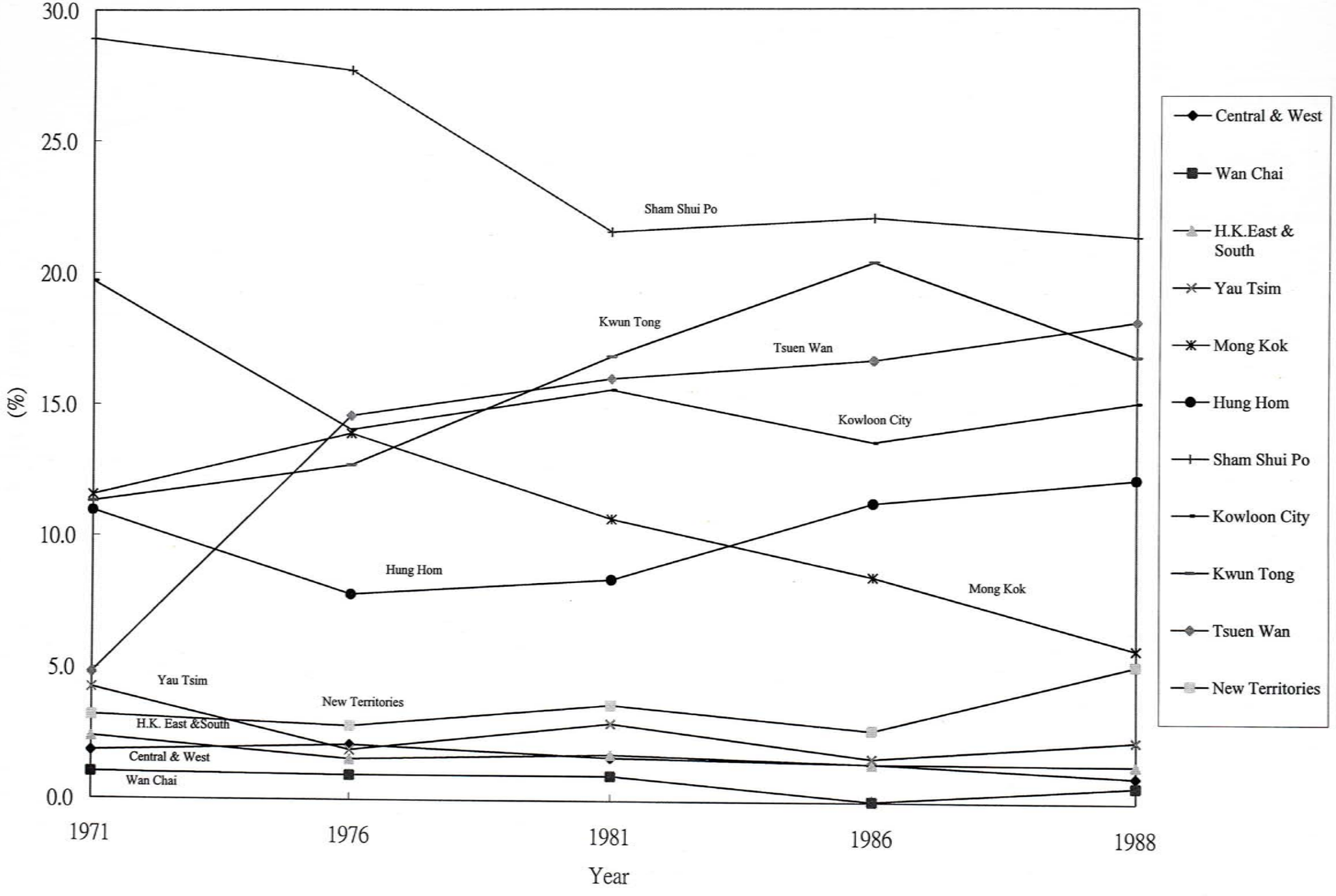


Chart 4.4 Employment share in Printing, Publishing and Allied Industries in each district

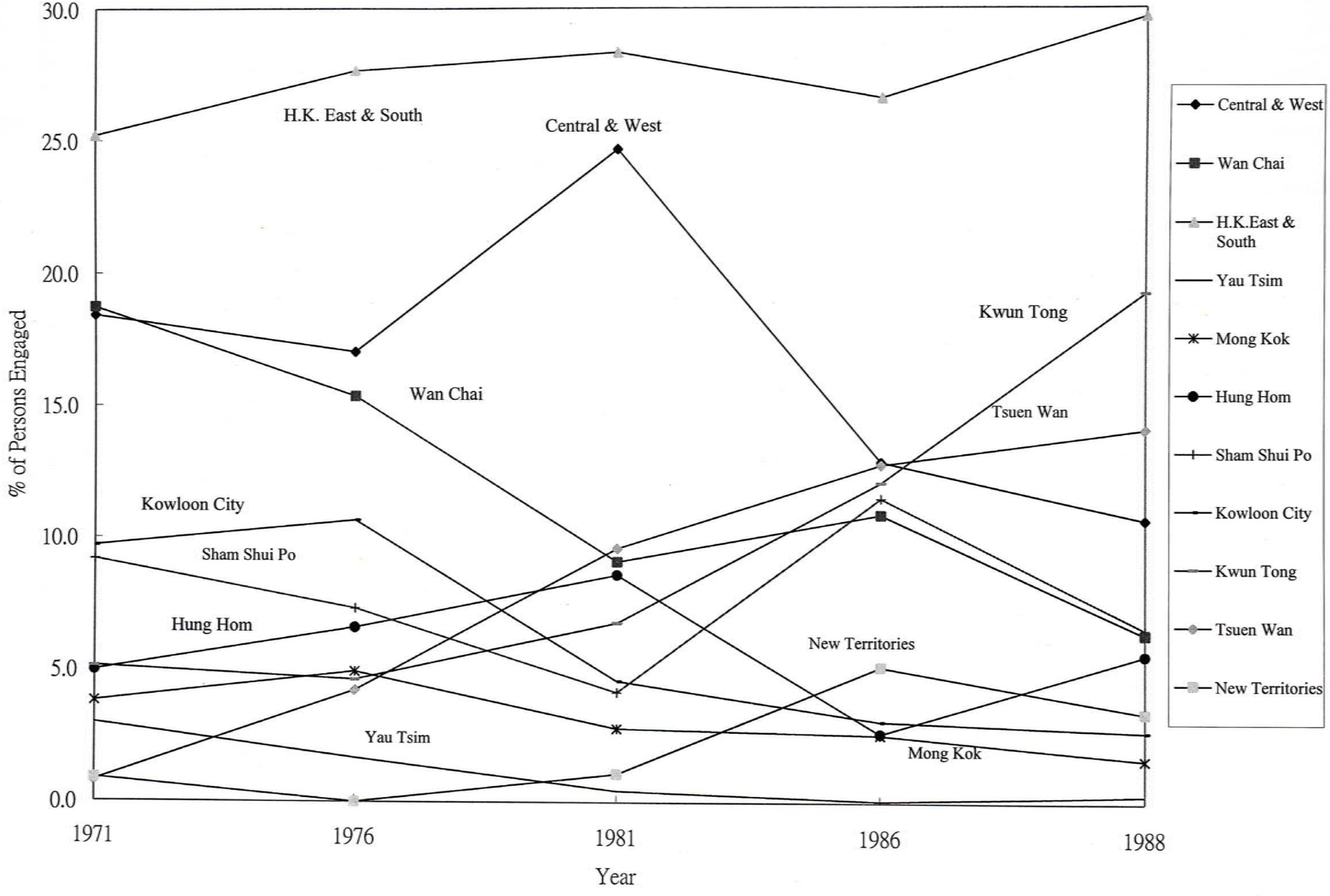


Chart 4.5 Supply of Flatted Fatory

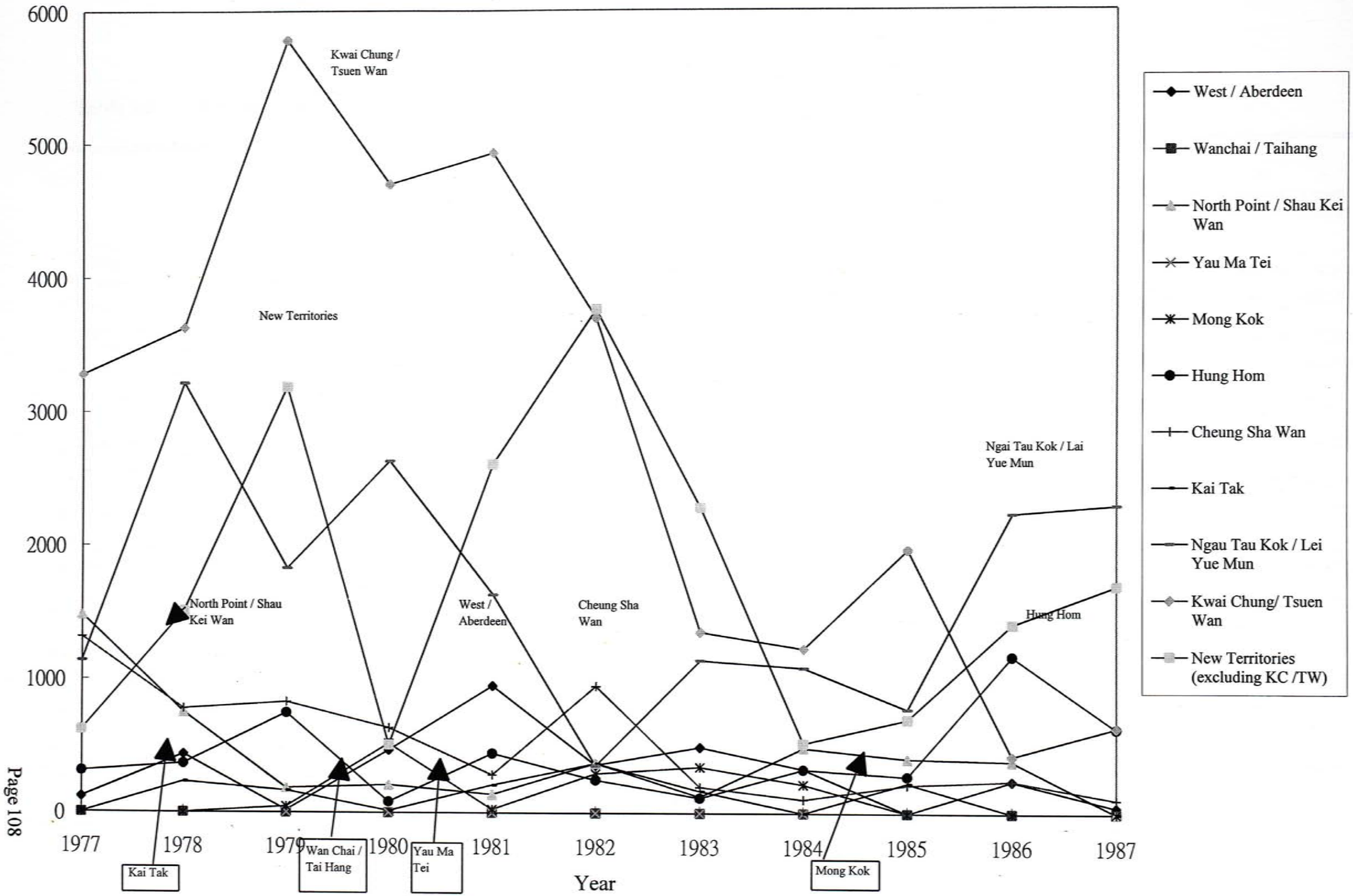


Table 4.2 Distribution of Manufacturing Establishments in Hong Kong, 1971-1989

		Number of Establishments																			
		1971	%	rank	1976	%	rank	% Growth 1971-76	1981	%	rank	% Growth 1976-81	1986	%	rank	% Growth 1981-86	1989	%	rank	% Growth 1986-89	% Growth 1971-81	% Growth 1981-89
1	*Central, Sheung Wan, West, Mid-levels, Aberdeen, the Peak*	2,308	(8.8)	6	2,747	(8.6)	6	19.0	3,431	(7.1)	8	24.9	3,376	(6.7)	7	-1.6	3,580	(6.8)	5	6.0	48.7%	4.3%
2	*Wan Chai, Tai Hang*	1,044	(4.0)	11	1,733	(5.4)	10	66.0	1,454	(3.0)	11	-16.1	942	(1.9)	11	-35.2	1,228	(2.3)	11	30.4	39.3%	-15.5%
3	*North Point, Shau Kei Wan, H.K. South*	1,318	(5.0)	10	2,226	(7.0)	8	68.9	3,235	(6.7)	9	45.3	2,226	(4.4)	9	-31.2	3,243	(6.2)	7	45.7	145.4%	0.2%
4	*Hong Kong Island*	4,670	(17.9)		6,706	(21.0)		43.6	8,120	(16.8)		21.1	6,544	(13.1)		-19.4	8,051	(15.3)		23.0	73.9%	-0.8%
5	*Tsim Sha Tsui, Yau Ma Tei*	2,937	(11.2)	3	1,712	(5.4)	11	-41.7	1,916	(4.0)	10	11.9	1,704	(3.4)	10	-11.1	1,521	(2.9)	10	-10.7	-34.8%	-20.6%
6	*Mong Kok, Tai Kok Tsui*	2,997	(11.5)	2	3,332	(10.4)	4	11.2	3,876	(8.0)	6	16.3	3,416	(6.8)	5	-11.9	3,532	(6.7)	6	3.4	29.3%	-8.9%
7	*Hung Hom, Ho Man Tin, To Kwa Wan*	2,368	(9.1)	5	3,751	(11.8)	2	58.4	3,990	(8.3)	4	6.4	3,022	(6.0)	8	-24.3	2,583	(4.9)	9	-14.5	68.5%	-35.3%
8	*Kowloon Area*	8,302	(31.7)		8,795	(27.6)		5.9	9,782	(20.2)		11.2	8,142	(16.3)		-16.8	7,636	(14.6)		-6.2	17.8%	-21.9%
9	*Sham Shui Po, Cheung Sha Wan, Shek Kip Mei*	5,772	(22.1)	1	5,428	(17.0)	1	-6.0	6,894	(14.3)	2	27.0	7,237	(14.4)	3	5.0	5,910	(11.3)	4	-18.3	19.4%	-14.3%
10	*Kowloon City (Kai Tak), San Po Kong*	2,865	(11.0)	4	3,339	(10.5)	3	16.5	3,961	(8.2)	5	18.6	3,389	(6.8)	6	-14.4	2,722	(5.2)	8	-19.7	38.3%	-31.3%
11	*Ngau Tau Kok, Lei Yue Mun, Kwun Tong*	1,603	(6.1)	7	2,522	(7.9)	7	57.3	6,533	(13.5)	3	159.0	8,007	(16.0)	2	22.6	8,904	(17.0)	2	11.2	307.5%	36.3%
12	*New Kowloon*	10,240	(39.2)		11,289	(35.4)		10.2	17,388	(36.0)		54.0	18,633	(37.2)		7.2	17,536	(33.4)		-5.9	69.8%	0.9%
13	*Tsuen Wan, Kwai Chung*	1,357	(5.2)	9	3,251	(10.2)	5	139.6	9,169	(19.0)	1	182.0	11,052	(22.1)	1	20.5	12,689	(24.2)	1	14.8	575.7%	38.4%
14	*New Territories (excluding Tsuen Wan) and Islands*	1,580	(6.0)	8	1,856	(5.8)	9	17.5	3,865	(8.0)	7	108.2	5,729	(11.4)	4	48.2	6,564	(12.5)	3	14.6	144.6%	69.8%
15	*All manufacturing industries*	26,149	(100.0)		31,896	(100.0)		22.0	48,324	(100.0)		51.5	50,099	(100.0)		3.7	52,475	(100.0)		4.7	84.8%	8.6%

Sources: Same as Table 4.1

Table 4.3 Distribution of Manufacturing Employment in Hong Kong, 1971-1989

		Persons Engaged																		
		1971	%	rank	1976	%	rank	% Growth 1971-76	1981	%	rank	% Growth 1976-81	1986	%	rank	% Growth 1981-86	1989	%	rank	% Growth 1986-89	% Growth 1971-81	% Growth 1981-89
1	*Central, Sheung Wan, West, Mid-levels, Aberdeen, the Peak*	39,894	(5.9)	8	47,841	(5.9)	8	19.9	61,672	(6.2)	8	28.9	46,040	(4.9)	8	-25.3	41,124	(5.0)	9	-10.7	54.6%	-33.3%
2	*Wan Chai, Tai Hang*	12,944	(1.9)	11	11,569	(1.4)	11	-10.6	10,673	(1.1)	11	-7.7	6,521	(0.7)	11	-38.9	6,161	(0.7)	11	-5.5	-17.5%	-42.3%
3	*North Point, Shau Kei Wan, H.K. South*	53,203	(7.9)	6	56,555	(7.0)	7	6.3	80,338	(8.1)	5	42.1	60,260	(6.4)	7	-25.0	51,087	(6.2)	7	-15.2	51.0%	-36.4%
4	*Hong Kong Island*	106,041	(15.8)		115,965	(14.4)		9.4	152,683	(15.3)		31.7	112,821	(12.0)		-26.1	98,372	(11.9)		-12.8	44.0%	-35.6%
5	*Tsim Sha Tsui, Yau Ma Tei*	23,582	(3.5)	10	16,125	(2.0)	10	-31.6	16,833	(1.7)	10	4.4	11,120	(1.2)	10	-33.9	9,153	(1.1)	10	-17.7	-28.6%	-45.6%
6	*Mong Kok, Tai Kok Tsui*	49,884	(7.4)	7	60,903	(7.5)	6	22.1	53,189	(5.3)	9	-12.7	40,295	(4.3)	9	-24.2	42,626	(5.1)	8	5.8	6.6%	-19.9%
7	*Hung Hom, Ho Man Tin, To Kwa Wan*	66,662	(9.9)	5	71,332	(8.8)	5	7.0	77,798	(7.8)	6	9.1	65,218	(6.9)	6	-16.2	51,701	(6.2)	6	-20.7	16.7%	-33.5%
8	*Kowloon Area*	140,128	(20.9)		148,360	(18.4)		5.9	147,820	(14.8)		-0.4	116,633	(12.4)		-21.1	103,480	(12.5)		-11.3	5.5%	-30.0%
9	*Sham Shui Po, Cheung Sha Wan, Shek Kip Mei*	114,381	(17.0)	1	125,183	(15.5)	3	9.4	120,788	(12.1)	3	-3.5	117,956	(12.5)	3	-2.3	88,733	(10.7)	4	-24.8	5.6%	-26.5%
10	*Kowloon City (Kai Tak), San Po Kong*	102,478	(15.3)	3	104,572	(12.9)	4	2.0	108,806	(10.9)	4	4.0	85,525	(9.1)	5	-21.4	68,961	(8.3)	5	-19.4	6.2%	-36.6%
11	*Ngau Tau Kok, Lei Yue Mun, Kwun Tong*	105,467	(15.7)	2	134,737	(16.7)	2	27.8	189,493	(19.0)	2	40.6	186,721	(19.8)	2	-1.5	154,264	(18.6)	2	-17.4	79.7%	-18.6%
12	*New Kowloon*	322,326	(48.0)		364,492	(45.1)		13.1	419,087	(42.1)		15.0	390,202	(41.4)		-6.9	311,958	(37.6)		-20.1	30.0%	-25.6%
13	*Tsuen Wan, Kwai Chung*	71,240	(10.6)	4	140,754	(17.4)	1	97.6	212,078	(21.3)	1	50.7	225,120	(23.9)	1	6.1	211,528	(25.5)	1	-6.0	197.7%	-0.3%
14	*New Territories (excluding Tsuen Wan) and Islands*	31,573	(4.7)	9	38,231	(4.7)	9	21.1	64,453	(6.5)	7	68.6	97,959	(10.4)	4	52.0	104,387	(12.6)	3	6.6	104.1%	62.0%
15	*All manufacturing industries*	671,308	(100.0)		807,803	(100.0)			996,121	(100.0)			942,734	(100.0)			829,723	(100.0)			48.4%	-16.7%

Sources: Same as Table 4.1

Table 4.5 Distribution of Manufacturing Estabishments by Production Scale and Regions, 1982-1989

DISTRICT / INDUSTRY	1982 Number of establish-ment	1982 % of Locality	1982 % Estab-lishment	1982 % Persons Engaged	1986 Number of establish-ment	1986 % of Locality	1986 % Estab-lishment	1986 % Persons Engaged	1990 Number of establish-ment	1990 % of Locality	1990 % Estab-lishment	1990 % Persons Engaged
Central + Sheung Wan + West + Mid-levels + Peak + Aberdeen												
1 -19	3,096	8.0	*86.2*	*31.1*	3,131	7.8	*87.9*	*34.5*	3,140	7.4	*91.5*	*44.0*
20 -49	302	5.9	*8.4*	*17.8*	288	5.7	*8.1*	*20.1*	204	4.8	*5.9*	*20.4*
< 50	3,398	7.8	*94.6*		3,419	7.6	*96.0*		3,344	7.2	*97.4*	
>= 50	194	5.6	*5.4*	*51.1*	141	4.0	*4.0*	*45.4*	88	3.4	*2.6*	*35.6*
SUB-TOTAL	3,592	7.6	*100.0*	*100.0*	3,560	7.3	*100.0*	*100.0*	3,432	7.0	*100.0*	*100.0*
Wan Chai + Tai Hang												
1 -19	1,518	3.9	*96.2*	*70.3*	1,274	3.2	*97.6*	*78.4*	1,050	2.5	*97.4*	*76.8*
20 -49	48	0.9	*3.0*	*13.8*	27	0.5	*2.1*	*11.0*	26	0.6	*2.4*	*14.2*
< 50	1,566	3.6	*99.2*		1,301	2.9	*99.7*		1,076	2.3	*99.8*	
>= 50	12	0.3	*0.8*	*16.0*	4	0.1	*0.3*	*10.6*	2	0.1	*0.2*	*9.0*
SUB-TOTAL	1,578	3.4	*100.0*	*100.0*	1,305	2.7	*100.0*	*100.0*	1,078	2.2	*100.0*	*100.0*
North Point + Shau Kei Wan + South												
1 -19	2,093	5.4	*78.0*	*21.2*	2,004	5.0	*79.8*	*22.0*	2,409	5.7	*87.8*	*34.0*
20 -49	364	7.1	*13.6*	*18.4*	307	6.0	*12.2*	*16.4*	214	5.1	*7.8*	*16.7*
< 50	2,457	5.6	*91.6*		2,311	5.1	*92.0*		2,623	5.6	*95.6*	
>= 50	226	6.5	*8.4*	*60.4*	201	5.7	*8.0*	*61.6*	121	4.7	*4.4*	*49.3*
SUB-TOTAL	2,683	5.7	*100.0*	*100.0*	2,512	5.2	*100.0*	*100.0*	2,744	5.6	*100.0*	*100.0*
Hong Kong												
1 -19	6,707	17	260	16.7	6,409	16	265	14.9	6,599	16	277	14.9
20 -49	714	14	25	13.8	622	12	22	11.9	444	11	16	10.5
< 50	7,421	17	285		7,031	16	288		7,043	15	293	
>= 50	432	12	15	13.1	346	10	12	11.0	211	8	7	8.6
SUB-TOTAL	7,853	17	300	14.1	7,377	15	300	12.1	7,254	15	300	10.8
Tsim Sha Tsui + Yau Ma Tei												
1 19	2,517	6.5	*95.3*	*70.3*	2,195	5.5	*96.5*	*80.8*	2,017	4.8	*97.1*	*75.8*
20 49	109	2.1	*4.1*	*17.2*	73	1.4	*3.2*	*15.6*	56	1.3	*2.7*	*17.7*
< 50	2,626	6.0	*99.5*		2,268	5.0	*99.7*		2,073	4.5	*99.8*	
50	14	0.4	*0.5*	*12.5*	6	0.2	*0.3*	*3.6*	4	0.2	*0.2*	*6.5*
SUB-TOTAL	2,640	5.6	*100.0*	*100.0*	2,274	4.7	*100.0*	*100.0*	2,077	4.2	*100.0*	*100.0*

Table 4.5 Distribution of Manufacturing Estabishments by Production Scale and Regions, 1982-1989

DISTRICT / INDUSTRY	1982 Number of establish-ment	1982 % of Locality	1982 % Estab-lishment	1982 % Persons Engaged	1986 Number of establish-ment	1986 % of Locality	1986 % Estab-lishment	1986 % Persons Engaged	1990 Number of establish-ment	1990 % of Locality	1990 % Estab-lishment	1990 % Persons Engaged
MONG KOK / TAI KOK TSUI												
1 -19	2,492	6.5	84.4	35.5	2,201	5.5	83.2	34.4	1,937	4.6	86.8	38.9
20 -49	329	6.5	11.1	25.2	319	6.3	12.1	27.1	209	5.0	9.4	26.0
< 50	2,821	6.5	95.6	60.8	2,520	5.6	95.2	61.5	2,146	4.6	96.2	64.9
>= 50	131	3.8	4.4	39.2	127	3.6	4.8	38.5	85	3.3	3.8	35.1
SUB-TOTAL	2,952	6.3	100.0	100.0	2,647	5.4	100.0	100.0	2,231	4.5	100.0	100.0
Hung Hom + Homantin												
1 -19	1,579	4.1	*51.0*	*18.8*	2,041	5.1	*78.0*	*17.8*	1,915	4.5	*81.4*	*21.5*
20 -49	329	6.5	*10.6*	*16.3*	306	6.0	*11.7*	*16.3*	251	5.9	*10.7*	*18.9*
< 50	1,908	4.4	*61.6*		2,347	5.2	*89.7*		2,166	4.7	*92.1*	
>= 50	1,191	34.4	*38.4*	*64.9*	270	7.6	*10.3*	*65.8*	186	7.2	*7.9*	*59.5*
SUB-TOTAL	3,099	6.6	*100.0*	*100.0*	2,617	5.4	*100.0*	*100.0*	2,352	4.8	*100.0*	*100.0*
Kowloon												
1 -19	4,096	11	146	11.3	4,236	11	175	9.5	3,932	9	179	8.4
20 -49	438	9	15	8.6	379	7	15	7.4	307	7	13	7.6
< 50	4,534	10	161		4,615	10	189		4,239	9	192	
>= 50	1,205	35	39	9.0	276	8	11	7.9	190	7	8	7.1
SUB-TOTAL	5,739	12	200	9.5	4,891	10	200	8.2	4,429	9	200	7.6
Cheung Sha Wan + Shek Kip Mei												
1 -19	5,241	13.6	*83.5*	*25.2*	5,179	12.9	*82.3*	*24.5*	4,475	10.6	*84.4*	*27.1*
20 -49	525	10.3	*8.4*	*15.9*	593	11.7	*9.4*	*18.2*	486	11.5	*9.2*	*19.8*
< 50	5,766	13.2	*91.9*		5,772	12.8	*91.7*		4,961	10.7	*93.6*	
>= 50	511	14.8	*8.1*	*58.9*	522	14.7	*8.3*	*57.2*	338	13.1	*6.4*	*53.1*
SUB-TOTAL	6,277	13.3	*100.0*	*100.0*	6,294	12.9	*100.0*	*100.0*	5,299	10.8	*100.0*	*100.0*
Kowloon Tong + Kai Tak												
1 -19	3,135	8.1	*78.9*	*17.2*	2,480	6.2	*74.6*	*14.3*	2,170	5.1	*75.9*	*15.3*
20 -49	415	8.1	*10.4*	*14.6*	393	7.7	*11.8*	*14.9*	376	8.9	*13.1*	*17.9*
< 50	3,550	8.1	*89.3*		2,873	6.4	*86.4*		2,546	5.5	*89.0*	
>= 50	424	12.3	*10.7*	*68.3*	451	12.7	*13.6*	*70.8*	314	12.1	*11.0*	*66.8*
SUB-TOTAL	3,974	8.4	*100.0*	*100.0*	3,324	6.8	*100.0*	*100.0*	2,860	5.8	*100.0*	*100.0*

Table 4.5 Distribution of Manufacturing Estabishments by Production Scale and Regions, 1982-1989

DISTRICT / INDUSTRY	1982 Number of establish-ment	% of Locality	% Estab-lishment	% Persons Engaged	1986 Number of establish-ment	% of Locality	% Estab-lishment	% Persons Engaged	1990 Number of establish-ment	% of Locality	% Estab-lishment	% Persons Engaged
Ngau Tau Kok + Lei Yu Mun												
1 -19	4,550	11.8	*73.0*	*17.9*	5,293	13.2	*75.7*	*19.6*	6,581	15.6	*83.1*	*26.0*
20 -49	995	19.5	*16.0*	*19.3*	960	18.9	*13.7*	*18.1*	793	18.8	*10.0*	*17.9*
< 50	5,545	12.7	*89.0*		6,253	13.9	*89.4*		7,374	15.9	*93.1*	
>= 50	687	19.9	*11.0*	*62.8*	742	20.9	*10.6*	*62.3*	550	21.3	*6.9*	*56.1*
SUB-TOTAL	6,232	13.2	*100.0*	*100.0*	6,995	14.4	*100.0*	*100.0*	7,924	16.1	*100.0*	*100.0*
NewKowloon												
1 -19	12,926	34	235	33.3	12,952	32	233		13,226	31	243	31.2
20 -49	1,935	38	35	38.9	1,946	38	35		1,655	39	32	38.8
< 50	14,861	34	270		14,898	33	268		14,881	32	276	
>= 50	1,622	47	30	45.9	1,715	48	32		1,202	46	24	44.0
SUB-TOTAL	16,483	35	300	41.5	16,613	34	300		16,083	33	300	39.2
TSUEN WAN AREA												
1 -19	7,602	19.7	*79.7*	*23.9*	9,209	23.0	*81.6*	*25.7*	10,278	24.3	*86.1*	*30.5*
20 -49	1,196	23.5	*12.5*	*18.7*	1,284	25.3	*11.4*	*18.6*	1,062	25.2	*8.9*	*18.6*
< 50	8,798	20.2	*92.3*		10,493	23.3	*92.9*		11,340	24.4	*95.0*	
>= 50	736	21.3	*7.7*	*57.3*	799	22.6	*7.1*	*55.7*	598	23.1	*5.0*	*50.9*
SUB-TOTAL	9,534	20.2	*100.0*	*100.0*	11,292	23.2	*100.0*	*100.0*	11,938	24.3	*100.0*	*100.0*
Sai Kung + Tai Po + Yuen Long												
1 -19	3,805	9.9	*84.0*	*32.7*	4,990	12.5	*86.0*	*30.1*	5,750	13.6	*80.4*	*25.4*
20 -49	485	9.5	*10.7*	*21.4*	534	10.5	*9.2*	*17.2*	1,186	28.1	*16.6*	*31.7*
< 50	4,290	9.8	*94.7*		5,524	12.3	*95.2*		6,936	14.9	*97.0*	
>= 50	238	6.9	*5.3*	*45.9*	279	7.9	*4.8*	*52.7*	216	8.3	*3.0*	*42.9*
SUB-TOTAL	4,528	9.6	*100.0*	*100.0*	5,803	11.9	*100.0*	*100.0*	7,152	14.6	*100.0*	*100.0*
ALL AREAS												
1 19	38,532	100.0	*81.8*	*24.8*	39,997	100.0	*82.3*	*25.0*	42,281	100.0	*86.1*	*29.9*
20 49	5,097	100.0	*10.8*	*18.2*	5,084	100.0	*10.5*	*18.0*	4,219	100.0	*8.6*	*18.6*
<50	43,629	100.0	*92.7*		45,081	100.0	*92.7*		46,500	100.0	*94.7*	
50	3,460	100.0	*7.3*	*57.0*	3,542	100.0	*7.3*	*57.0*	2,587	100.0	*5.3*	*51.5*
SUB-TOTAL	47,089	100.0	*100.0*	*100.0*	48,623	100.0	*100.0*	*100.0*	49,087	100.0	*100.0*	*100.0*

Source: Computed from *Employment and Vacancies Statistics,* various years.

Table 4.7 Spatial Distribution of Top Three Major Manufacturing industries by Regions, 1971 -1989

	1971		% of			% of
	estab	%	Locality	person	%	Locality
Central, Sheung Wan, West, Mid-levels, Aberdeen, the Peak						
Plastic	411	12.9	***17.8***	14207	15.9	***35.6***
Wearing	328	4.1	***14.2***	4009	1.8	***10.0***
Printing	243	23.6	***10.5***	3318	18.4	***8.3***
all	2308	8.8	***100.0***	39894	5.9	***100.0***
Wan Chai, Tai Hang						
Printing	196	19.0	***18.8***	3374	18.7	***26.1***
Wearing	267	3.4	***25.6***	2234	1.0	***17.3***
Metal	129	8.3	***12.4***	1166	2.3	***9.0***
all	1044	4.0	***100.0***	12944	1.9	***100.0***
North Point, Shau Kei Wan, H.K. South						
Plastic	248	7.8	***18.8***	15048	16.9	***28.3***
Electronic	78	11.3	***5.9***	6817	11.6	***12.8***
Wearing	219	2.8	***16.6***	5197	2.4	***9.8***
all	1318	5.0	***100.0***	53203	7.9	***100.0***
Hong Kong Island						
Plastic	726	22.7	***15.5***	30333	34.0	***28.6***
Wearing	814	10.3	***17.4***	11440	5.2	***10.8***
Printing	549	53.2	***11.8***	11232	62.4	***10.6***
all	4670	17.9	***100.0***	106041	15.8	***100.0***
Tsim Sha Tsui, Yau Ma Tei						
Wearing	1160	14.6	***39.5***	9247	4.2	***39.2***
Metal	298	14.01	***10.1***	2339	4.644	***9.9***
Electronic	83	12.0	***2.8***	1345	2.3	***5.7***
all	2937	11.2	***100.0***	23582	3.5	***100.0***
Mong Kok, Tai Kok Tsui						
Wearing	1075	13.5	***35.9***	25222	11.6	***50.6***
Metal	425	19.61	***14.2***	5379	12.26	***10.8***
Plastic	306	9.6	***10.2***	4689	5.3	***9.4***
all	2997	11.5	***100.0***	49884	7.4	***100.0***
Hung Hom, Ho Man Tin, To Kwa Wan						
Wearing	589	7.4	***24.9***	23924	11.0	***35.9***
Electronic	129	18.6	***5.4***	12333	21.0	***18.5***
Plastic	499	15.6	***21.1***	8529	9.6	***12.8***
all	2368	9.1	***100.0***	66662	9.9	***100.0***

	1981		% of			% of
	estab	%	Locality	person	%	Locality
Central, Sheung Wan, West, Mid-levels, Aberdeen, the Peak						
Electronic	181	16.7	***5.3***	10989	15.4	***17.8***
Printing	536	16.5	***15.6***	8634	24.7	***14.0***
Plastic	389	7.6	***11.3***	8368	9.2	***13.6***
all	3431	7.4	***100.0***	61672	6.3	***100.0***
Wan Chai, Tai Hang						
Printing	295	9.1	***20.3***	3178	9.1	***29.8***
Wearing	389	4.2	***26.8***	2802	0.9	***26.3***
Machinery	132	3.6	***9.1***	880	4.4	***8.2***
all	1454	3.1	***100.0***	10673	1.1	***100.0***
North Point, Shau Kei Wan, H.K. South						
Electronic	317	29.1	***9.8***	25665	33.8	***31.9***
Plastic	636	12.4	***19.7***	15005	16.4	***18.7***
Printing	558	17.2	***17.2***	9912	28.3	***12.3***
all	3235	7.0	***100.0***	80338	8.2	***100.0***
Hong Kong Island						
Electronic	528	48.5	***6.5***	37346	50.0	***24.5***
Plastic	1096	21.4	***13.5***	23735	26.0	***15.5***
Printing	1389	42.8	***17.1***	21724	62.1	***14.2***
all	8120	17.5	***100.0***	152683	15.6	***100.0***
Tsim Sha Tsui, Yau Ma Tei						
Wearing	852	9.3	***44.5***	8660	2.9	***51.4***
Metal	182	2.671	***9.5***	1063	1.257	***6.3***
Electronic	35	3.2	***1.8***	370	0.5	***2.2***
all	1916	0.1	***100.0***	16833	0.1	***100.0***
Mong Kok, Tai Kok Tsui						
Wearing	1293	14.1	***33.4***	31600	10.7	***59.4***
Metal	717	11.99	18.498	4814	7.149	9.0507
Electronic	178	16.5	***4.6***	2888	4.572	***5.4***
all	3876	8.4	***100.0***	53189	5.4	***100.0***
Hung Hom, Ho Man Tin, To Kwa Wan						
Wearing	505	5.5	***12.7***	24795	8.4	***31.9***
Electronic	290	26.8	***7.3***	14343	21.2	***18.4***
Metal	632	11.03	15.84	6804	8.135	8.7457
all	3990	8.6	***100.0***	77798	7.9	***100.0***

	1988		% of			% of
	estab	%	Locality	person	%	Locality
Central, Sheung Wan, West, Mid-levels, Aberdeen, the Peak						
Electronic	160	15.6	***4.5***	8199	13.4	***18.8***
Plastic	403	7.2	***11.3***	7668	10.3	***17.6***
Printing	879	18.6	***24.6***	4312	10.7	***9.9***
all	3566	6.9	***100.0***	43501	4.9	***100.0***
Wan Chai, Tai Hang						
Printing	362	7.7	***30.5***	2563	6.3	***39.5***
Wearing	290	3.0	***24.4***	1530	0.6	***23.6***
Metal	189	2.5	***15.9***	621	0.9	***9.6***
all	1187	2.3	***100.0***	6482	0.7	***100.0***
North Point, Shau Kei Wan, H.K. South						
Printing	738	15.6	***29.5***	12003	29.7	***23.0***
Electronic	203	21.812	***8.1***	10075	15.98	***19.3***
Plastic	389	7.0	***15.5***	8770	11.8	***16.8***
all	2503	4.8	***100.0***	52112	5.9	***100.0***
Hong Kong Island						
Printing	1979	42.0	***27.3***	18878	46.6	***18.5***
Electronic	378	38.7	***5.2***	18332	29.5	***18.0***
Plastic	886	15.9	***12.2***	16722	22.5	***16.4***
all	7256	14.0	***100.0***	102095	11.5	***100.0***
Tsim Sha Tsui, Yau Ma Tei						
Wearing	1210	12.7	***52.9***	5866	2.3	***48.8***
Metal	109	1.416	4.764	647	0.959	5.38
Printing	18	0.4	***0.8***	111	0.3	***0.9***
all	2288	4.4	***100.0***	12026	1.4	***100.0***
Mong Kok, Tai Kok Tsui						
Wearing	586	6.1	***20.3***	14567	5.8	***44.3***
Metal	514	6.6771	17.816	3308	4.903	10.051
Textile	345	6.6	***12.0***	2294	1.8	***7.0***
all	2885	5.6	***100.0***	32911	3.7	***100.0***
Hung Hom, Ho Man Tin, To Kwa Wan						
Wearing	759	8.0	***27.1***	30824	12.2	***49.4***
Electronic	145	15.8	***5.2***	7500	11.9	***12.0***
Textile	153	2.9	***5.5***	2981	2.4	***4.8***
all	2797	5.4	***100.0***	62404	7.0	***100.0***

Table 4.7 Spatial Distribution of Top Three Major Manufacturing industries by Regions, 1971 -1989

	1971		% of			% of	1981		% of			% of	1988		% of			% of
	estab	%	Locality	person	%	Locality	estab	%	Locality	person	%	Locality	estab	%	Locality	person	%	Locality
Kowloon Area							*Kowloon Area*						*Kowloon Area*					
Wearing	2824	35.6	***34.0***	58393	26.8	***41.7***	*Wearing*	2650	28.8	***33.6***	65055	22.0	***49.5***	*Wearing*	2555	26.8	***32.1***	51257	20.3	***47.8***
Electronic	277	40.0	***3.3***	15023	25.6	***10.7***	*Electronic*	503	46.5	***6.4***	17601	26.2	***13.4***	*Electronic*	328	33.5	***4.1***	9740	15.4	***9.1***
Plastic	923	28.9	***11.1***	14254	16.0	***10.2***	*Metal*	1531	25.69	19.385	12681	16.54	9.6411	*Metal*	976	12.679	12.246	6614	9.803	6.1617
all	8302	31.7	***100.0***	140128	20.9	***100.0***	*all*	7898	17.0	***100.0***	131530	13.4	***100.0***	*all*	7970	15.4	***100.0***	107341	12.1	***100.0***
Sham Shui Po, Cheung Sha Wan, Shek Kip Mei							*Sham Shui Po, Cheung Sha Wan, Shek Kip Mei*						*Sham Shui Po, Cheung Sha Wan, Shek Kip Mei*					
Wearing	2463	31.0	***42.7***	63093	28.9	***55.2***	*Wearing*	2199	23.9	***31.9***	63781	21.6	***52.8***	*Wearing*	2743	28.8	***44.5***	53981	21.4	***55.2***
Metal	692	37.92	***12.0***	8058	17.32	***7.0***	*Textile*	1390	24.5	***20.2***	19099	15.0	***15.8***	*Textile*	801	15.4	***13.0***	16858	13.6	***17.2***
Plastic	426	13.3	***7.4***	7886	8.8	***6.9***	*Metal*	792	29.79	11.488	7828	14.95	6.4808	*Metal*	819	23.73	13.298	5348	9.502	5.47
all	5772	22.1	***100.0***	114381	17.0	***100.0***	*all*	6894	14.9	***100.0***	120788	12.3	***100.0***	*all*	6159	11.9	***100.0***	97769	11.0	***100.0***
Kowloon City (Kai Tak), San Po Kong							*Kowloon City (Kai Tak), San Po Kong*						*Kowloon City (Kai Tak), San Po Kong*					
Wearing	794	10.0	***27.7***	42985	19.7	***41.9***	*Wearing*	764	8.3	***19.3***	46107	15.6	***42.4***	*Wearing*	637	6.7	***23.9***	38155	15.1	***48.6***
Plastic	538	16.8	***18.8***	16901	18.9	***16.5***	*Electronic*	61	5.6	***1.5***	13975	19.0	***12.8***	*Textile*	474	9.1	***17.8***	9405	7.6	***12.0***
Electronic	77	11.1	***2.7***	10807	18.4	***10.5***	*Textile*	848	14.9	***21.4***	12487	9.8	***11.5***	*Electronic*	102	10.1	***3.8***	6661	11.1	***8.5***
all	2865	11.0	***100.0***	102478	15.3	***100.0***	*all*	3961	8.6	***100.0***	108806	11.1	***100.0***	*all*	2669	5.2	***100.0***	78558	8.9	***100.0***
Ngau Tau Kok, Lei Yue Mun, Kwun Tong							*Ngau Tau Kok, Lei Yue Mun, Kwun Tong*						*Ngau Tau Kok, Lei Yue Mun, Kwun Tong*					
Wearing	375	4.7	***23.4***	24686	11.3	***23.4***	*Wearing*	1063	11.6	***16.3***	49860	16.9	***26.3***	*Wearing*	981	10.3	***12.0***	42559	16.9	***25.2***
Textile	166	9.4	***10.4***	15142	17.7	***14.4***	*Electronic*	428	39.4	***6.6***	37444	59.1	***19.8***	*Electronic*	472	47.2	***5.8***	30003	49.1	***17.8***
Plastic	317	9.9	***19.8***	13141	14.7	***12.5***	*Textile*	701	12.3	***10.7***	25898	20.3	***13.7***	*Textile*	950	18.3	***11.7***	28703	23.1	***17.0***
all	1603	6.1	***100.0***	105467	15.7	***100.0***	*all*	6533	14.1	***100.0***	189493	19.4	***100.0***	*all*	8152	15.8	***100.0***	168895	19.1	***100.0***
New Kowloon							*New Kowloon*						*New Kowloon*					
Wearing	3632	45.8	***35.5***	130764	59.9	***40.6***	*Wearing*	4026	43.8	***23.2***	159748	54.0	***38.1***	*Wearing*	4361	45.8	***25.7***	134695	53.3	***39.0***
Plastic	1281	40.1	***12.5***	37928	42.5	***11.8***	*Textile*	2939	51.7	***16.9***	57484	45.1	***13.7***	*Textile*	2225	42.8	***13.1***	54966	44.2	***15.9***
Electronic	219	31.6	***2.1***	29398	50.1	***9.1***	*Electronic*	577	53.1	***3.3***	55492	85.2	***13.2***	*Electronic*	617	62.1	***3.6***	39535	65.0	***11.5***
all	10240	39.2	***100.0***	322326	48.0	***100.0***	*all*	17388	37.5	***100.0***	419087	42.8	***100.0***	*all*	16980	32.9	***100.0***	345222	39.0	***100.0***
Tsuen Wan, Kwai Chung							*Tsuen Wan, Kwai Chung*						*Tsuen Wan, Kwai Chung*					
Textile	242	13.7	***17.8***	39129	45.7	***54.9***	*Textile*	1651	29.0	***18.0***	53375	41.9	***25.2***	*Textile*	1840	35.4	***14.7***	49687	40.0	***22.4***
Wearing	315	4.0	***23.2***	10503	4.8	***14.7***	*Wearing*	870	9.5	***9.5***	47376	16.0	***22.3***	*Wearing*	1078	11.3	***8.6***	45907	18.2	***20.7***
Metal	199	4.11	***14.7***	4697	0.723	***6.6***	*Metal*	1793	55.33	19.555	21973	35.58	10.361	*Electronic*	452	45.6	***3.6***	32220	54.4	***14.5***
all	1357	5.2	***100.0***	71240	10.6	***100.0***	*all*	9169	19.8	***100.0***	212078	21.7	***100.0***	*all*	12521	24.2	***100.0***	222039	25.1	***100.0***
Yuen long, Tuen Mun							*Yuen long, Tuen Mun*						*Yuen long, Tuen Mun*					
Wearing		0.0	-		0.0	-	*Metal*	345	33.2	18.5	6378	26.6	17.9	*Textile*	292	5.6	***7.8***	9249	7.4	***18.6***
Textile		0.0	-		0.0	-	*Plastic*	285	5.6	***15.3***	5612	6.1	***15.8***	*Plastic*	491	8.8	***13.1***	8667	11.6	***17.4***
Printing		0.0	-		0.0	-	*Wearing*	202	2.2	***10.8***	5231	1.8	***14.7***	*Metal*	803	36.925	***21.5***	6776	30.8	***13.6***
all			-			-	*all*	1867	4.0	***100.0***	35586	3.6	***100.0***	*all*	3737	7.2	***100.0***	49762	5.6	***100.0***

Table 4.7 Spatial Distribution of Top Three Major Manufacturing industries by Regions, 1971 -1989

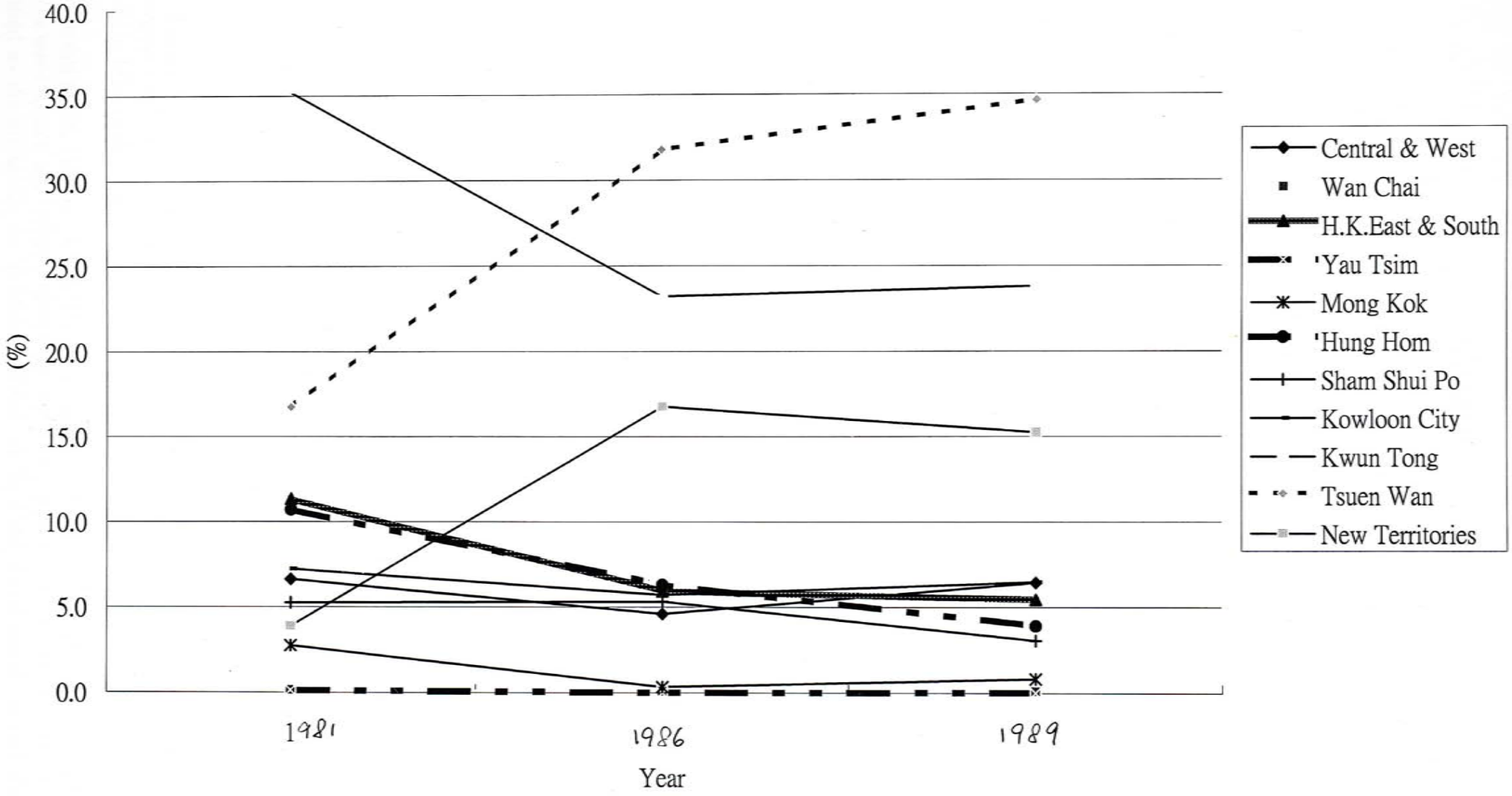
	1971		% of			% of	1981		% of			% of	1988		% of			% of
	estab	%	Locality	person	%	Locality	estab	%	Locality	person	%	Locality	estab	%	Locality	person	%	Locality
Shatin, Tai Po, North			-			-	*Shatin, Tai Po, North*						*Shatin, Tai Po, North*					
Wearing		0.0	-		0.0	-	*Wearing*	214	2.3	***12.6***	5415	1.8	***22.7***	*Electronic*	110	10.6	***3.8***	16943	27.6	***30.8***
Textile		0.0	-		0.0	-	*Metal*	303	8.3	17.8	4301	15.7	18.0	*Wearing*	333	3.5	***11.5***	6813	2.7	***12.4***
Printing		0.0	-		0.0	-	*Electronic*	124	11.5	***7.3***	2869	4.3	***12.0***	*Metal*	650	26.5	22.5	6735	32.7	12.2
all			-			-	*all*	1704	3.7	***100.0***	23829	2.4	***100.0***	*all*	2889	5.6	***100.0***	55087	6.2	***100.0***
Sai Kung, Hang Hau			-			-	*Sai Kung, Hang Hau*							*Sai Kung, Hang Hau*						
Wearing		0.0	-		0.0	-	*Metal*	22	2.7	12.4	1791	25.4	44.5	*Metal*	58	9.8	26.5	1560	32.6	40.5
Textile		0.0	-		0.0	-	*Textile*	13	0.2	***7.3***	503	0.4	***12.5***	*Textile*	6	0.1	***2.7***	465	0.4	***12.1***
Printing		0.0	-		0.0	-	*Plastic*	61	1.2	***34.5***	268	0.3	***6.7***	*Plastic*	16	0.3	***7.3***	242	0.3	***6.3***
all			-			-	*all*	177	0.4	***100.0***	4025	0.4	***100.0***	*all*	219	0.4	***100.0***	3856	0.4	***100.0***
New Territories (excluding Tsuen Wan) and Islands							*New Territories (excluding Tsuen Wan) and Islands*							*New Territories (excluding Tsuen Wan) and Islands*						
Wearing	352	4.4	***22.3***	6963	3.2	***22.1***	*Metal*	670	44.1	17.9	12470	67.6	19.7	*Electronic*	199	19.8	***6.3***	22104	35.7	***37.3***
Plastic	110	3.4	***7.0***	2218	2.5	***7.0***	*Wearing*	421	4.6	***11.2***	10740	3.6	***16.9***	*Metal*	1511	73.2	48.0	15071	96.1	25.5
Textile	89	5.0	***5.6***	1550	1.8	***4.9***	*Plastic*	527	10.3	***14.1***	8220	9.0	***13.0***	*Plastic*	905	16.3	***28.8***	14313	19.2	***24.2***
all	1580	6.0	***100.0***	31573	4.7	***100.0***	*all*	3748	8.1	***100.0***	63440	6.5	***100.0***	*all*	3147	6.1	***100.0***	59205	6.7	***100.0***
All manufacturing industries							*All manufacturing industries*							*All manufacturing industries*						
Wearing	7937	100.0	***30.4***	218171	100.0	***32.5***	*Wearing*	9194	100.0	***19.8***	295727	100.0	***30.2***	*Wearing*	9530	100.0	***18.4***	252571	100.0	***28.5***
Plastic	3193	100.0	***12.2***	89276	100.0	***13.3***	*Electronic*	2170	200.0	***4.7***	135993	200.0	***13.9***	*Textile*	5197	100.0	***10.1***	124354	100.0	***14.0***
Textile	1769	100.0	***6.8***	85575	100.0	***12.7***	*Textile*	5685	100.0	***12.3***	127381	100.0	***13.0***	*Electronic*	1977	200.0	***3.8***	121944	200.0	***13.8***
Electronic	692	100.0	***2.6***	58706	100.0	***8.7***	*Plastic*	5131	100.0	***11.1***	91272	100.0	***9.3***	*Plastic*	5566	100.0	***10.8***	74483	100.0	***8.4***
Printing	1031	100.0	***3.9***	18014	100.0	***2.7***	*Metal*	7138	200.0	15.4	90647	200.0	9.3	*Metal*	8006	200.0	15.5	71019	200.0	8.0
Machinery	1163	100.0	***4.4***	9150	100.0	***1.4***	*Printing*	3246	100.0	***7.0***	35002	100.0	***3.6***	*Printing*	4716	100.0	***9.1***	40482	100.0	***4.6***
Metal							*Machinery*	3700	100.0	***8.0***	19948	100.0	***2.0***	*Machinery*	5170	100.0	***10.0***	30892	100.0	***3.5***
all	26149	100.0	***100.0***	671308	100.0	***100.0***	*all*	46323	100.0	***100.0***	978818	100.0	***100.0***	*all*	51671	100.0	***100.0***	885963	100.0	***100.0***

Table 4.8 FLATTED FACTORIES - SUPPLY

					Average							Average				Average			Stock					
	1977	1978	1979	1980	77-80	%	1981	1982	1983	1984	1985	81-85	%	1986	1987	86-87	%	1977	%	1981	%	1985	%	1989[(1)]	%
West / Aberdeen	117	436	17	469	260	2.5	948	359	492	329	0	426	5.8	240	46	143	2.5	3686	5.8	5495	5.2	6675	5.1	7308	4.5
Wanchai / Taihang	0	0	0	0	0	0.0	0	0	0	0	0	0	0.0	0	0	0	0.0	12	0.0	12	0.0	12	0.0	7	0.0
North Point / Shau Kei Wan	1480	752	184	209	656	6.3	138	372	122	487	408	305	4.2	388	0	194	3.4	6688	10.4	7920	7.4	8981	6.8	11843	7.3
Hong Kong	*1597*	*1188*	*201*	*678*	*916*	*8.8*	*1086*	*731*	*614*	*816*	*408*	*731*	*10.0*	*628*	*46*	*337*	*5.9*	*10386*	*16.2*	*13427*	*12.6*	*155668*	*118.6*	*19158*	*11.7*
Yau Ma Tei	0	0	0	0	0	0.0	0	0	0	0	0	0	0.0	0	0	0	0.0	22	0.0	0	0.0	0	0.0		0.0
Mong Kok	0	0	45	519	141	1.4	25	296	345	215	0	176	2.4	0	0	0	0.0	2409	3.8	2905	2.7	3761	2.9	4004	2.5
Hung Hom	311	367	748	82	377	3.6	444	247	114	326	274	281	3.8	1168	631	900	15.6	4285	6.7	5517	5.2	6456	4.9	9222	5.7
Kowloon	*311*	*367*	*793*	*601*	*518*	*5.0*	*469*	*543*	*459*	*541*	*274*	*457*	*6.2*	*1168*	*631*	*900*	*15.6*	*6716*	*10.5*	*8422*	*7.9*	*10217*	*7.8*	*13226*	*8.1*
Cheung Sha Wan	1314	779	828	636	889	8.5	284	946	196	103	212	348	4.7	243	104	174	3.0	6738	10.5	9145	8.6	10544	8.0	11246	6.9
Kai Tak	0	231	166	14	103	1.0	208	371	166	0	224	194	2.6	0	0	0	0.0	6541	10.2	7010	6.6	7771	5.9	8209	5.0
Ngau Tau Kok / Lei Yue Mun	1138	3214	1826	2630	2202	21.1	1628	354	1140	1085	777	997	13.6	2233	2295	2264	39.3	13090	20.4	21689	20.4	24929	19.0	32916	20.2
New Kowloon	2452	4224	2820	3280	3194	30.6	2120	1671	1502	1188	1213	1539	21.0	2476	2399	2438	42.4	26369	41.2	37844	35.5	43244	33.0	52371	32.1
Kwai Chung/ Tsuen Wan	3280	3629	5778	4700	4347	41.7	4933	3702	1351	1227	1966	2636	35.9	427	638	533	9.3	19584	30.6	38085	35.7	46030	35.1	53014	32.5
Tuen Mun	352	878	2575	360	1041	10.0	1104	1496	1293	78	0	794	10.8	509	476	493	8.6	655	1.0	5572	5.2	8439	6.4	12148	7.4
Yuen Long	0	284	54	43	95	0.9	0	52	146	76	45	64	0.9	534	197	366	6.4	50	0.1	431	0.4	750	0.6	1862	1.1
Fanling/ Sheung Shui	3	27	38	105	43	0.4	31	0	0	0	0	6	0.1	0	30	15	0.3	3	0.0	204	0.2	204	0.2	726	0.4
Tai Po	119	0	160	0	70	0.7	261	697	146	0	0	221	3.0	0	0	0	0.0	119	0.2	540	0.5	1383	1.1	1416	0.9
Shatin	147	318	358	0	206	2.0	1211	1519	698	368	655	890	12.1	363	989	676	11.7	147	0.2	2034	1.9	5274	4.0	8723	5.3
Sai Kung/ Clear Water Bay	0	0	0	0	0	0.0	0	0	0	0	0	0	0.0	0	0	0	0.0	5	0.0	5	0.0	5	0.0	417	0.3
New Territories	3901	5136	8963	5208	5802	55.6	7540	7466	3634	1749	2666	4611	62.8	1833	2330	2082	36.2	20563	32.1	46871	44.0	62085	47.3	78316	48.0
Overall	8261	10915	12777	9767	10430	100.0	11215	10411	6209	4294	4561	7338	100.0	6105	5406	5756	100.0	64034	100.0	106564	100.0	131214	100.0	163071	100.0

Note: (1) In 1989, there is a stock of 1000m2 in the outlying Islands that is not listed in the table.

Chart 4.6 Employment share in Electrical and Electronics Industry



Chapter 5

Urban Business Structure:

Locational Pattern of Producer Service Activities

We have argued in the previous chapters that the transformation of a global city involves not just a sectoral shift from manufacturing to service sectors. More importantly, it entails a new way of organizing production. Very briefly, the geographical dispersal of production and investments have fostered the emergence of centralized management among multinational corporations, which in turn demands specific and professional services such as accounting and legal services. This trend has been reinforced by the participation of a growing number of firms in global financial market where financial products usually require multiple and simultaneous professional inputs (Sassen 1991:96-99). As a result, global cities also become the market place of these producer services. This inevitably leads to the restructuring of spatial organization of production in a global city. Thus, this chapter seeks to examine these issues through a detailed analysis of the space economy of the producer services so as to specify the type of location that structures the urban development of Hong Kong. In this sense, we set the time frame of this study in the eighties, when Hong Kong started to perform a larger share of global city functions[47].

In an earlier analysis on producer services[48], finance, insurance, real estate

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47 I originally hoped to analyze the data from 1980 to 1995. But the analysis is confined to an examination of the period between 1981 and 1990 because the reworking of boundaries of the survey in 1992 renders the data set before and after 1992 incomparable.

48 In this thesis, I tend to use the 'producer service' and 'office activities' as well as 'producer service employment' and 'office employment' interchangeably for the sake of convenience. It is justified as the discussion on 'producer service' in the Hong Kong context covers the most

(FIRE) and business services are taken into account (Sassen 1991:Chapter 6). In our view, this classification is not fully applicable to the Hong Kong case. The distinctiveness of Hong Kong as a global city lies in its strategic position to China. Since the eighties, Hong Kong has increasingly taken up the role of an entrepot, in which import and export trading has become revitalized (Sung 1989). So import and export and re-export trading activities are indispensable in the restructuring process. Hence, in addition to the category of finance, insurance, real estate and business service, we have therefore incorporated jobs of import and export trading (FIRST hereafter) in the discussion of producer services[49].

In order to depict the locational patterns of the producer service activities during economic restructuring, establishment and employment share analysis (EESA hereafter) is deployed. EESA is commonly used in office location research to trace the changes of office activities in region (Daniel 1969). Through a comparison of the number of establishments and the employed in a specific location between two time points, a pattern of concentration or dispersal is identified. The drawback of this approach, however, is its emphasis on an absolute level, which may produce biased results. A more refined method is to compare the *proportion* or *share* of that region in the whole area instead of comparing the actual number (Armstrong 1978). IT is also relevant here is to utilize a similar technique called shift-share analysis (SSA) which focuses on the rate of relative growth or decline of a particular region. A shift-share is

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significant part of the office activities.

[49] Readers should be aware that the office employment figures here only include FIRST jobs. This does not, however, exhaust all office jobs like those in manufacturing industries. Worse, it includes jobs that are not usually found in office premises, such as those in retail agencies of real estate companies. Readers are thus advised to be cautious in the interpretation of the results of analysis.

calculated by subtracting the growth rate of the whole area from that of a specific region (Klosterman and Richard 1990).

The limitation of this study, like chapter 4, is that no data is available on the mobility history of firms. Hence we are not able to distinguish the source of the relative growth and decline from the combined result of the changing share of in-/out-movers, in situ expansion/contraction, and direct entry/exit of firms. This limitation of the data does not, however, nullify our attempt to examine the spatial distribution of producer service activities. The expansion and decline of a particular sector is further specified in aggregate terms by a detailed breakdown of the different sectors in producer services.

In the following, we first examine the spatial distribution of office centres in Hong Kong. Through an application of EESA and SSA, the main growth pattern of producer services is mapped out in spatial terms. It is found that during the eighties there was a trend towards relative decentralization of producer service activities from CBD to the secondary office centres, and other office nodes in the peripheral area. Specific attempts are also made to elucidate how Central is spatially organized to facilitate the global city functions. Secondly, the spatial dynamics of each producer service activities are examined and their movement in the territory specified. Then the degree of office decentralization is assessed in this light. Thirdly, some reasons for locational change are briefly discussed.

In the analysis below, we follow the classification scheme in EVS which divides the whole Hong Kong region into 27 census districts (See Appendix @). This scheme is used to highlight spatial differences in economic structure and change in Hong

Kong during 1981-1990.

5.1 Spatial Development of Office Centres in Hong Kong

5.1.1 General Distribution of Office Centre in Hong Kong

The major office centres in Hong Kong are located around the central position of Victoria harbor. In particular, Central, located in the heart of in Hong Kong and served by an efficient transport system is usually taken to be equal to *Central business district* (CBD). The rise of Central as a CBD owes much to historical and geographical reasons. As the center of Hong Kong and the shortest crossing point of Victoria Harbor, it has developed into a political and economic centre since the cession of Hong Kong to Britain. In 1960, it alone already accounted for 77% of the inner office floor area in the territory (Kwan 1990:25). The importance of Central is further enchanced as firms moved in to Central for the sake of their reputation and for making business network. Thus, average rent for offices in Central was consistently the highest among other office centres (see **table 5.9, chart 5.17, 5.18** and **5.19**).

Having said that, an accurate definition of CBD, according to a detailed study by Sit (1981d:93) in the early eighties, should also include Sheung Wan. We thus take Sheung Wan as part of CBD in our discussion on office development in the early eighties. Being adjacent to Central, Sheung Wan was a well-established Chinese business district with a heavy concentration of Chinese wholesaling (Leeming 1977:45). Besides, the largest number of office buildings in Hong Kong was found in Sheung Wan which held up to 370 by 1986, as compared to 267 in Central, 124 in Wanchai and 115 in Tsimshatsui (Office Building Record 1987).

Apart from the CBD, there are several *secondary office centres* in Hong Kong,

namely, Sheung Wan, Wanchai, and Tsimshatsui. In contrast to Sheung Wan, Wanchai is situated to the east of Central. With an increased accessibility brought about by the MTR, Wanchai and Causeway Bay began to receive large inflows of firms in the mid-eighties (Sit 1986:122-3). At the same time, the office number also increased substantially in Tsimshatsui, which was just opposite to Central across the harbour. The large amounts of office construction works have burgeoned since the seventies. Into the eighties, its share of office ground floor area (GFA) attained 14%, making Tsimshatsui the third largest centre in terms of office stocks (cf. **table 5.11)**.

A number of *office nodes* have also developed in Hong Kong. Geographical proximity to office centres makes Mongkok and Yaumatei, two important and long established office nodes. As we shall see, industrial centres like North Point, Cheungshawan and Tsuen Wan have increasingly been converted into office nodes due to a decline in manufacturing industries. Their evolution in recent years has been driven by the recent development of newly mixed industrial / office land use, and the relaxation of restrictions on industrial office building (Yeh 1996).

5.1.2 Overall Distribution

Table 5.1 and **Table 5.2** outline the changes of establishment number and employment of FIRST in 27 districts of Hong Kong between 1981 and 1990. The purpose of these tables is to provide a general description of the changes of office number and employment in Hong Kong, and in this light, to specify the overall patterns of growth of producer service activities over the eighties. Considering Hong Kong as a whole, we can see that between 1981 and 1990, over 343,700 producer service (FIRST) jobs were created, more than double of the 1981's total. Per annual growth rate of

FIRST jobs maintained an exceptionally high level of 10.1%. In the same period, FIRST offices also expanded enormously by 188.5% or by about 57,900, with an annual growth rate of 12.5%. Clearly enough, it indicates a rapid growth of producer service industries when Hong Kong took up global city functions.

Some spatial variations in the general trends of producer services can be identified by an application of SSA (cf. **table 5.2, chart 5.1** and **5.2**). First, producer service activities have long been overwhelmingly concentrated in Metro areas, as these areas accounted for over 85% in both the share of employment and establishment number in 1981. Over 65% of them were situated in Hong Kong Island, and taking advantage of the favorable geographical and social environment like efficient transport system and sufficient labour supply.

Secondly, although it is clear that a considerable increase of office activities in all districts is accompanied by a rapidly growing service economy, it is nevertheless true to point out the rather uneven locational patterns of this growth. The most notable change, among others, is a trend of *office decentralization* beginning at CBD. By decentralization, I refer to "a process involving the physical redistribution of office buildings, office space or office employees from the city centre to other locations not characterized by similar levels of concentration" (Lai 1997:19). Central and Sheung Wan experienced the most acute relative decline in the share of establishment of 11% and 5.4% between 1981 and 1990. Both areas also stood out in terms of relative loss of FIRST jobs by 9.8% and 7.5% during the same period. It is fair to conclude from the above that despite a positive growth in absolute terms, the relative decline of CBD in office employment has been substantial and consistent over time.

Third, as secondary office centres, the position of Wanchai and Tsimshatsui remained robust throughout the eighties. Both areas retained a growth rate of more than one-tenth (10.1% and 11.8% respectively) of office employment and were therefore ranked as the second and third largest office centres by 1990. Sheung Wan, though witnessed a sharp fall in the share of office number and employment, could nevertheless secure its position as a secondary office centre as it still accounted for one-tenth (10.5%) of office number.

Fourth, the largest growth of office activities was found to occur in the office nodes in the peripheral areas. Tsuen Wan, Kwuntong and Shamshuipo stood out as the rapidly rising office nodes. The total share of these three nodes in office number and employment expanded respectively by 11.6% and 10.8%, which equaled the relative loss of Central's share (9.8% and 11.0%). Yet expansion of these office nodes did not seem to come from the out-moving of firms from CBD. Rather, a rapid decentralization was more a result of the expansion of office stocks in office nodes further away from the CBD (cf. **table 5.10**).

Fifth, with a rapid growth of producer service activities in the peripheral areas in New Kowloon and New Territories, the net growth of office employment share in Hong Kong and Kowloon appeared rather modest. For the core urban area, only an increase of 1.5% and 1.6% was recorded from North Point and Hunghom.

Considering the share of office number, the most remarkable scene of decentralization in the eighties was that Tsimshatsui and Sheung Wan outstripped Central as the largest two areas for producer service firms (cf. **Chart 5.1**). In addition to CBD, Yaumatei, the fourth largest office centre in 1980 also experienced

decentralization as evidenced a drop in its share of establishment and employment by 1.9% and 1.7% respectively.

Changes in the share of producer service employment are also noteworthy. While the fall in office employment share of Central was substantial, the observed gaps between Central and other office centres revealed that Central was still a prime area for office activities (see **chart 5.2**). This suggests that, despite such a rapid decline in the share of office number, Central has been able to maintain its central position for producer service employment. The reason for this is that a large number of firms have set up their local or regional headquarters in Central as a result of globalization. The significance of Central in accommodating the headquarters was substantiated when we look at the operation scale of these offices. It is found that the average office size in Central is 14.05, more than double of that of the rest of the territory (only 5.97), reflecting the difference in the nature of producer services activities.

While we are not sure at this stage the actual distribution of business in Central, we can in light of the above claim that Central is still indispensable as a CBD and as a central office hub, notwithstanding the decentralization of producer service activities. In other words, the off-Central locations were only qualified as secondary office centres (also see Lai 1996).

In sum, the above analysis clearly demonstrates four broad employment trends which were consistent over the period 1981-1990. First, a severe relative decline in office number and employment occurred in Central and Sheung Wan, the traditional CBDs. Second, an upsurge in office activities is found in a number of remote office nodes, which are deemed to have great growth potential, as a large amount of office

building construction works and a conversion of land use from industry to office have taken place. Third, after a decade's decentralization, Metro area still took up 70% of total producer service activities of which more than 60% in establishments and employment still clustered in Hong Kong Island. This suggests that the role of New Territories in taking up producer service was rather limited throughout the eighties. Last but not least, Central has been able to retain its edge as a prime producer service centre during the decentralization process. What producer service and why Central was able to withhold calls for more detailed analysis. The level of spatial analysis here is insufficient to explicate the nature of decentralization in Central, as the processes of concentration and decentralization could vary considerably amongst particular sector of producer services. Detailed breakdowns of selected office employment are therefore offered below.

5.1.3 A Decentralized CBD?

To reiterate, there occurred a relative decline of producer service employment and establishment in Central. We seek to identify the component of decline by plotting the FIRST sectors in **Chart 5.3** and **5.4**. It is observed that over the period 1981-1990, the share of financial institutions (other than bank) remained very stable in terms of office number and employment. Clearly, there was absolutely no decentralization in this sector. Rather, the share of financial institution was overwhelmingly clustered in Central. By 1990, Central still commanded 38.3% of total office number and 56.1% of the persons engaged in this sector. The banking sector possesses similar locational characteristics with other financial institutions. Even under the pressure of decentralization, its employment share still rose slightly from 39.1% in 1981 to 43.2% in 1990. That both sectors jointly contributed to the employment share of Central by

more than 45% in 1990 has suggested a strong centripetal forces operated in the finance industry.

Although Central only covered little more than one-tenth of total office stocks over the eighties, an average growth rate of 48.9% for banking sector, which was 13.2% ahead of the average sectoral growth rate. The large discrepancies between the employment share and establishment share in banking sectors was liable to the fact that many banks had set up their headquarters in Central (Sit 1983). About 95% of representative office of foreign bank has been constantly stationed in Central (*EVS*, various year). Besides, Central is also a place where large bank offices handled intense business transactions and settlement of other financial markets. Here, a comparison of the average office size of banking in Central and that of the territory supports the above conjecture. It is revealed that in 1990 the average bank size in Central is 135, a five-fold more than the rest of the territory.

Table 5.3 Average Office Size: Central vs. Whole Territory, 1981-1990

FIRST sectors / District	Central			Whole Territory (excluding Central)		
	1981	1986	1990	1981	1986	1990
Banks	127	125	135	25	23	25
Other Financial Institutions	12	13	16	6	8	8
Insurance	14	9	10	8	4	4
Real Estate	11	12	12	5	6	5
Business Service	13	11	11	10	10	8
Import / Export Trading	8	7	8	6	6	5
Total	13	13	14	7	7	6

Source: computed from *EVS*, various year.

Contrary to the above two sectors, it is observed from **chart 5.4** that the overall employment share of the other four sectors fell significantly in Central. The most notable decline came from the insurance sector whose employment share substantially reduced by 27.4% from 47.2% in 1981 to 19.8% in 1991. It had the

lowest annual growth in Central during the eighties, which was just about 1.0% whereas the per annum growth rate for insurance as a whole was 11.3%. In terms of office number, the most drastic decline in Central was also found in insurance, which reduced by 25.6%. That is why insurance became a rather insignificant sector in CBD. In 1990, its share of employment and establishment constituted only 3% and 4% of the producer service sector in Central. This pattern coincides with the findings of a study of the impact of MTR on company mobility. Lau (1995) found that all insurance companies which agreed on the importance of MTR in accessibility moved out of CBD while no bank with the same indication actually moved out (quoted by Lai 1996:6).

The share of business service and real estate also declined in Central but at a slower pace than insurance. During 1981-1990, the share office employment and number of business service fell respectively by 10.0% (from 34.1% to 24.1%) and 9.1% (from 27.2% to 18.1%). Similarly, the respective decline in employment and establishment share for real estate was 11.6% and 9.8%. In short, both sectors had their total share of employment fell from one-third to a quarter. Yet in absolute terms, business service was considered far more significant than real estate in Central as the former alone partook over one-forth of the establishment number and over one-fifth of employment. Within the category of business service, Lai (1996: 14) finds that the employment share of accounting / audit firms had halved in Central from 62% to 31% during 1981 and 1994 whereas the solicitors' and barristers' firms witnessed only a marginal decrease.

Finally, Central has long played a relatively minor role in serving import and export trading companies. In contrast to rapid proliferation of import and export trades between Hong Kong and Southern China, the eighties witnessed an even lesser

importance of Central in the spatial organization of trade activities. During the period 1981-1990, the establishment share of import and export trading in Central fell drastically by 8.7% from 13.4% to 4.85%. The relative decline in employment share was even more acute from 17.0% to 6.8%. This decline made the role of Central negligible in the spatial configuration of trade sector. The shirking share of trade in Central could be attributed to the rapid expansion in trading firms located outside Central. The biased growth of trade sector outside Central area is evidenced in many ways. For instance, the per annum growth rate of employment in Central was only 1.0% between 1981 and 1990 whereas that of the territory wide was 12.4%, a more than twelve-fold increase within nine years.

To windup this section, let us notice five characteristics of Central as a CBD in a global city. First, Central has become less dominant with regard to its overall share in establishment and employment. A spatial dispersal of producer service activities is also evident. As for the relative decline of office number and employment, a weighted analysis of the changing share of FIRST sectors in Central shows that over a half and more than a third are explained by the decline of import and export trading. It solely accounted for 5.2% out of the declining share of 9.8% in office number as well as 4.1% out of the declining share of 11.0% in office employment. That said, it should be noted that the drastic decline of insurance sector in Central could not be well reflected in aggregate terms because of its relatively small number of firms and employment.

Table 5.4 Decomposition of the Relative Decline of Central in the share of Establishment and Employment

FIRST sectors / weighted	Establishment share			Employment share		
Share	1981 (1)	1990 (2)	(2)-(1) %	1981 (3)	1990 (4)	(4)-(3) %
Banks	0.0043	0.002	-0.2	0.0680	0.045	-2.3
Other Financial Institutions	0.0352	0.017	-1.8	0.0526	0.040	-1.3
Insurance	0.0078	0.004	-0.4	0.0132	0.006	-0.7
Real Estate	0.0214	0.009	-1.2	0.0283	0.016	-1.2
Business Service	0.0327	0.024	-0.9	0.0543	0.040	-1.5
Import / Export Trading	0.0840	0.032	-5.2	0.0787	0.038	-4.1
Total	0.1855	0.088	-9.8	0.2952	0.185	-11.0

Source: computed from *EVS,* various year.

Second, while an obvious pattern of office dispersal is suggested here, a more refined analysis nevertheless shows that the decentralization is only, at best, a partial process. Put it more specifically, it is true that a substantial geographical dispersal was experienced in business service, real estate and import and export trading, a full scale of decentralization only occurred in the insurance sector. On the contrary, there was an opposite trend of centralization in Central: banking and finance sectors have witnessed a more than ever centripetal force operated throughout the eighties.

Third, to inquire the coexistence of decentralization and centralization, it is hypothesized that the extremely high rental of office building in Central have acted as a purification mechanism. With an upsurge in producer service activities accompanied with the globalization, intra-urban competition over office space has been very keen. The less competitive sectors, such as insurance industry in this case were screened out, as they could ill afford the continual escalation of office rentals. In this process, a spatial hierarchy was created in Central with respect to the bidding power and profit potential of the FIRST sectors. In consequence, banking and finance have been placed centrally in the CBD, which at the same time, further contributed to a spatial specialization of banking and finance activities in Central. By 1990, these sectors already commanded over 45% of total FIRST workforce in Central.

Fourth, we can also observe from **table 5.3** that all selected producer service activities in Central have consistently maintained an above territorial-average office size. Banking, other financial institutions and real estate, in particular, has even experienced a rise in average office size in spite of great decentralization pressure. Furthermore, in the same period the gap between Central's and the territorial average office size has widened for *all* selected producer service activities, notwithstanding the geographical dispersal of these sectors and the extremely low employment growth in insurance sector in Central. This once again indicates the robust position of the Central as a CBD in housing lots of head office and major multinational corporations.

Finally, it is of interest to consider whether the rising average office size as well as the escalation of office price and rental in the eighties have led to a more intense use of office space in CBD. Surprisingly, we find that the office space has increased (72.3%) faster than FIRST employment (49.3%). Thus, contrary to what is generally supposed, over the eighties firms in Central has utilized more office space per staff than before. Using representative data and different calculation method, we arrive at a similar conclusion with what Lai has speculated (1996:11). The reason for the rising office space / worker ratios seems to lie in an efficient and timely increase in the supply of office stocks in Central during the eighties, as will be outlined later.

5.2 Locational Dynamics of Producer Service Activities

The last section shows that the space economy of producer services in Hong Kong has entailed acute concentration, along with rapid growth dispersed throughout the territories. This pattern raises questions concerning the composition of producer service in different office locations. It is then of empirical interest to know if producer

service activities differ from each other in their locational requirement and degree of concentration. For this reason, a disaggregation of the FIRST sectors is provided in this section to scrutinize the spatial patterns of the producer service.

5.2.1 Banking Sector

There are two broad types of banking services which carry opposite locational implications. First, retailing service offered by licensed banks usually involves a small sum of transaction spreading across the whole territory. In order to collect public savings that constitute a significant part of banking reserve, retail banking is impelled to branch out its offices to capture the potential local market across the whole territory. In the case of Hong Kong, branching movement has been extremely intense because of the keen inter-bank competition. For instance, HongKong bank has started to branch out its offices even since the fifties (Sit 1983:629). Second, banking services related to financing or syndicate banking involve a large amount of preparation work and service. Unlike retail banking, it resembles 'shopping goods' in that the details of negotiation and quality of services are vital to the success of a transaction (ibid.). Hence, the provision of these services is more likely to centralize in the head office where a large number of professional advice and supporting services are available. In short, the banking sector provides an interesting example of how a producer service industry is spatially arranged to maximize its market share through both the geographical dispersal of office and a centralized provision of service.

Chart 5.5 and **5.6** outline the establishment and employment share of the banking sector during 1981-1990. Establishment share analysis shows that the geographical distribution of banks is scattered evenly across the whole territory. All

except three regions had their establishment shares lower than 7% over the period. Central, being the hub of the banking sector, only commanded barely more than one-tenth of the total office number. This scattered distribution of banks has clearly reflected a diversified pattern of branching movement of banks into local communities.

Another notable change in the eighties was that banks in New Territories had outnumbered Central in the early eighties, taking up 13% of the establishment share. Obviously it was the result of both a shift of the housing development from Metro area to New Territories, and the branching movement of banks that had closely followed this shift. At this point, it is relevant to cite Sit's findings (1983:633) that a high concentration of branches is mainly brought about by high concentration of residential building. In this light, one could understand why Tsuen Wan, a very densely populated area, has become the third largest banking region in terms of office number.

However, the picture is markedly different when we turn to the employment figures. Employment in banking was consistently and overwhelmingly concentrated in Central, as increased from 39.1% in 1981 to 43.2% in 1990. In other words, there was an increase of about 10,000 persons working in banks in Central. This centralized employment pattern in banking sectors well supports Sassen's observation that there is a trend toward a high concentration of finance in most financial centers in the world (1994:61). In the case of Hong Kong, there are specific reasons for such high concentration. As mentioned before, financing projects such as syndicate loans require negotiations and interactions between banks and customers - and both could be easily accomplished at the CBD. This is also the reason for a large number of supporting units and staffs clustering in the headquarters. Besides, credibility was most vital to these business lines. Therefore, the Banking headquarters located centrally in CBD are

able to build up its reputation and credibility.

To further illustrate the qualitative difference between the headquarters and local office, it is perhaps interesting to quote the example of HongKong bank, which performed a quasi-central bank function in Hong Kong. By 1981, it had allocated 47% of its total staff in head office (Sit 1983:647), 8% ahead of the average number of Central. As the banking offices in Central were mostly head offices, the exclusion of Central thus largely showed the actual size of their branch offices. To substantiate it, we present **table 5.3** to highlight the difference between headquarters and the local office. Throughout the eighties, the average size of banks in Central was kept at not less than 125 persons while that of a local office was 25 persons, only one-fifth of the former. Such difference can only be explained in terms of different production system flows.

To sum, our discussion shows that the banking sector has pursued two spatial strategies in maximizing their profit: first, spatially penetrated to local communities for absorbing savings from the general public, and secondly, spatially concentrated in Central to capture large scale financing projects.

5.2.2 Other Financial Institutions

The locational pattern of financial institutions other than banks (finance sector, abbreviated) was similar to that of banking because of their similar nature of business (see **chart 5.7** and **5.8**). Throughout the eighties, an over-representation of the financial sector in Central was most pronounced among the FIRST sectors. Central had consistently housed about two-fifth of finance establishments and over half of finance employment (about 56%). In other words, its degree of concentration was

more than that of the banking sector. The magnitude of concentration of the financial sector in Central is further indicated by the fact that all except three areas outside Central experienced relative decline in finance jobs and firms number. Some regions even witnessed an absolute loss of jobs such as Yaumatei and Mongkok.

To understand why the financial sector was highly centralized, it is pertinent to have some rough ideas of their production process. In brief, the financial sector mainly consists of representative offices of foreign banks, finance and investment companies, stock, commodity and bullion brokers, exchanges and services, and financial institutions. As for the *representative offices of foreign bank*, over 95% concentrated in Central not just to establish their reputation. The usual small offices required are also affordable and available in Central.

As for the *financial and investment companies*, their delivery of services or production of financial goods, as Sassen argues, requires multiple professional and simultaneous inputs from, say, government departments (like security commission), accounting firms and legal services, which are most available in Central. Furthermore, transactions in stocks and security market require quick responses and efficient information flows. Close to the market is therefore a key to success in financial transactions. High concentration is also partly attributed by the fact that the stock and security markets are located in Central.

In short, these factors have constituted a very strong centripetal force to the financial sector. This is shown that even the very limited dispersion of finance companies was primarily restricted to the nearby regions: Sheung Wan, Tsimshatsui and Wanchai. It is interesting to note that in 1990, these areas altogether made up over

80% of the total financial employment in the territory. Indeed, the geographical proximity made these offices sensitive to changes in financial institutions and the financial market.

5.2.3 Insurance

In the last decade, the insurance sector was the fastest growing industry among the FIRST sectors in terms of office number. The office number of insurance rose by 500% in nine years' time whereas all office number of FIRST sectors rose by less than 200%. At the same time, decentralization of insurance was the most acute. In Central, there was a sharp fall in insurance's establishment share of 25.6% from 34.0% in 1981 to 8.4% in 1990. Concomitantly, Central also experienced continuous decline in insurance in employment shares of 27.4%, from 47.2% to 19.8%. There has even been an absolute loss of insurance firms in Central since the mid-eighties.

This far-reaching decentralization is explained by the characteristics of the insurance sector. First, a key component of insurance industries was their retailing services. In order to extend the retailing service and explore the market potential, offices were branched out to the wider territory, as evidenced from a relative increase of insurance offices in New Kowloon by 3.4% and in New Territories by 5.7%. Second, the practices of selling insurance also explain the drive to decentralize. Firms mostly relied on sale representatives to promote their services. It follows that functions of regional office were rather limited. This explains why there was only a limited dispersal of firms to the peripheral areas in the course of rapid decentralization.

Notwithstanding the large extent of decentralization, the decentralization in geographical scope was quite limited. Put it directly, the geographical dispersal of

insurance firms and employment was restricted to the nearby regions, like Wanchai and Causeway Bay. It is observed that an average insurance firm size of Central (10.1 persons) and Wanchai (8.4 persons) doubled the territory average, which was just 4.3. It is therefore justified from these figures to speculate that the geographical dispersal was caused either by a relocation of head offices from Central to secondary office centres such as Wanchai or by an in situ expansion of head office. In short, it was a *typical primary decentralization*, in which short-distanced movement of firms was envisaged. Let us take employment level as an example to see how primary decentralization means to Hong Kong. Relative gain of the decentralization in employment was basically well received by three major office centre: Wanchai (7.9%), Causeway Bay (7.5%), and Tsimshatsui (11.6%). The fall of Central in share of employment establishment number in insurance were completely offset by a rise in these shares in the three regions. The same pattern can also be discerned when we look at the shares of office number, and this further confirmed an advance of primary decentralization. Therefore, it is fair to conclude that insurance sector, among producer service activities, is a prime case of primary decentralization.

5.2.4 Real Estate and Business Service

Like insurance sector, there was a clear trend of decentralization of both real estate and business service in terms of their shares of establishments and employment. The magnitude of their decentralization, however, was not as drastic as that of insurance. In terms of relative decline of offices, a loss of 9.8% in real estate and a 9.1% decrease in business service was witnessed in Central while the loss in insurance was about 25.6%. Both real estate and business service had a similar share of employment level in Central and in both cases, Central took up one-third of their total employment. They also

experienced a similar extent of decentralization in employment being 11.8% in real estate and 10.0% in business service.

Nevertheless, a closer look into both sectors revealed a subtler difference in that a more diversified growth pattern was observed in real estate sector over the eighties. In terms of establishment shares, all areas in Hong Kong Island and Kowloon Peninsula experienced either zero or negative growth for the past nine years, only except North Point, saw a 3% positive growth. Even in terms of employment, the percentage decline in Central and Sheung Wan in the past few years outpaced the percentage growth in the rest of Hong Kong Island and Kowloon. In short, *primary decentralization did not exist* in the real estate sectors. Instead, growth of real estate offices and employment occurred mainly in peripheral areas of New Kowloon, Tsuen Wan and New Territories, which jointly accounted for 15.8% increase in establishment shares and 11.0% increase in employment share. The magnitude of this diversified growth pattern is seen from the fact that, by 1989, the four largest real estate offices centre, namely Central, Sheung Wan, Tsimshatsui and Wanchai only constituted one-third of total establishment number while the same figures for the financial sector was about 65%.

The development of a diversified growth pattern of real estate offices is attributed to its way of doing business. First, the significant part of real estate business involved sales of flats that are primarily conducted in localized markets and communities. Thus, head offices of real estate remained in Central while the agency offices prospered across the whole territories. Unlike insurance that focuses more on personal contact by individual sales agents, the branching out of real estate offices was considered more important and necessary. Second, the geographical dispersal was also a result of

urbanization: the peripheral growth of New Towns since the seventies had facilitated the development of real estate offices. **Table 5.3** shows, the office size of real estates in Central was consistently more than doubled of that of whole territory. This simple comparison supports the view that real estate head offices are more likely to locate their office in Central with sub-offices extending to the local markets.

The decentralization of business service was similar to insurance in a way that CBD and all secondary office centres have experienced relative declines in both establishment and employment share. They were also similar in their locations of relative growth: growth in both establishments and employment shares were found in the peripheral areas of New Kowloon, Tsuen Wan and New Territories, which together contributed to a 12% rise in establishment shares. In other words, Tsuen Wan and New Territories increased over eight-fold and fourteen-fold over nine years. Judging from this pattern of dispersal, it is fairly safe to conclude that both the real estate and business service sectors experienced a *secondary decentralization,* in which longer distance move and relative growth of firms spread out from CBD and secondary office centres to office nodes in more remote areas. Yet in contrast to the real estate sector, the scope of secondary decentralization in business service was rather limited. Even by 1990, CBD together with the secondary office centres, namely, Tsimshatsui, Wanchai and Sheung Wan still accounted for 58% of total business service employment as well as 50.8% of establishment share. So more than half of business service activities still heavily clustered in and around the CBD.

As business service was composed of a great variety of services[50], it was

[50] According to EVS, business service includes the following: legal services, accounting, auditing and bookkeeping services, data processing and tabulating services, architectural,

difficult to fully decipher why decentralization was kept in check, for too many different forces worked in process. Hence, only a brief comment can be supplied here. Among these firms, the spatial centrality of barristers' and solicitors' firm was most robust. Over 95% of the barristers' and over 75% of solicitors' firms were located in Central, a record among the FIRST sectors. Accounting and audit firms also assumed a very high concentration, up to three-fifth of total employment in Central. Forced by the escalation of office rental, their employment shares then lost significantly to only one-third in early nineties (Lai 1996:Fig 16). This pattern meets our understanding of legal service, accounting and auditing firms as the core part of producer service activities. Production and delivery of business services and financial products involve heavily the above inputs, making their existence in CBD inevitable. On the contrary, it is speculated that data processing, surveying and project engineering entail simpler administrative related work which requires neither face-to-face negotiations between customers and firms, nor multiple or simultaneous inputs in the production. As such, they are thought to be more likely to be located in office nodes and secondary office centre though no further breakdowns of data are available for testing in the moment.

5.2.5 Import and Export Trading

Compared with business service and real estate, the spatial development of import and export trading in the eighties is regarded as as a more lucid example of secondary decentralization. Due to historical reasons, import and export trading has long been developed around the harbour and railway stations, so as to take advantage of the efficient transport facilities between Hong Kong and Mainland China. Sheung Wan

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surveying and project engineering services related to construction and real estates activities, advertising and related services, and miscellaneous business services.

and Tsimshatsui have therefore commanded more import and export trading firms and employment share than Central. Even in 1981, import and export trading was still one of the highly spatially-concentrated industries. For instance, Sheung Wan together with Tsimshatsui and Central had contributed 53.3% of import and export trading employment and 50.3% of total establishment number. It was until the period 1981-1990, was there a widespread office decentralization with a relative loss of 24.1% of office number from top seven import and export trading office centres in urban areas (i.e. Central, Sheung Wan, Tsimshatsui, Wanchai, North Point, Yaumatei and Mongkok). It is considered as a *secondary decentralization* for two reasons. First, it is observed that relative decline from CBD in both establishment and employment shares can no longer be compensated by a rising share in secondary centres. As a result, the total employment shares of import and export trading in CBD and secondary centres (i.e. Tsimshatsui, Sheung Wan and Wanchai) fell from 52.7% to 21.3% in 1981 and to 31.4% in 1990.

Second, the shift of share of import and export trading firms over the nine years involved a long-distance move from CBD and secondary office centres to office nodes of peripheral areas. To illustrate the extent of decentralization, a few cases are provided. We can recognize that in 1981, only 12.9% of employment and 13.2% of establishment were located in office nodes of New Kowloon, Tsuen Wan and New Territories, whereas by 1990, 33.6% and 34.7% of the territory total were operating in these office nodes. Kwuntong, New Territories, and Tsuen Wan stood out in this process as the fastest expanding office nodes. Tsuen Wan, in particular, increased its employment shares by four-fold and rose to be the second largest import and export trading office centres just behind Tsimshatsui. The development of Kwuntong was

even more astonishing. Its employment share rose by eighteen-fold, making it the fourth largest trading office centre in Hong Kong.

A full swing of secondary decentralization was possible in import and export trading because of its nature of production organization. As no study on their locational decisions is available, I can only supply here with some speculations. First, it is suggested that trading depends much on face-to-face contacts which make central location favorable for effective communication as well as delivery of sample products. Second, dependence of trading firms upon inter-sectoral linkage with other activities like transport agents, banks, government offices is much stronger than within group linkages (Ho 1979, quoted from Sit 1983d: 100). This makes them more flexible to situate their offices, as they need not cluster together, and their operation do not require specialized and professional inputs. As a result, some trading firms with much international linkages tend to locate centrally, while the others having regular connection with Mainland China are not required to do so. In this way, they tended to locate in *office nodes* to take advantage of lower rentals, particularly in the former key manufacturing districts like Kwuntong, as it has been increasingly converted to be an industrial-office centre. Besides, the locational considerations of import and export trading are also geared towards transport agents and transport facilities, and this may explain the growth of Tsuen Wan as another key trading office location.

5.3 A BRIEF NOTE ON THE FACTORS OF DECENTRALIZATION

The above analysis shows that a decentralization of producer service took place in the eighties when Hong Kong took up more global city functions. Putting aside the one-to-one correspondence between spatial specialization and each producer

service, let us begin by simply noting that, regarding office location research, there are two broadly defined types of decentralization in Hong Kong. Primary decentralization is exemplified by the case of insurance sector, whereas secondary decentralization is well indicated by the development of import and export trading. These patterns raise interesting questions regarding why both types of decentralization occurred in the eighties and what factors were responsible for these trends. This section thus tries to provide some clues to this question.

First, *an escalation of office rental* seems to be the major reason of decentralization. **Table 5.9** as well as **Chart 5.17, 5.18** and **5.19** outlines the rental movement of major office centres of Hong Kong. It is clearly shown that throughout the eighties, Central stood out significantly in terms of average rent except old grade C office[51]. In grade B office, average rental in Central rose by about three times during 1980-1989, well ahead of the rental movement of the secondary office centres. Grade A office showed a more astonishing rise of 454.4%, which was above the growth rate in Tsimshatsui and Wanchai by about 140%. In other words, the average monthly rent per square in Central was $554.4 by 1989, about $140 ahead from the second expensive office centre.

Given such great rental discrepancies between Central and other secondary office centre, firms with less stake in the location of Central thus moved outward in

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[51] According to *Property Review,* there are three grade of offices: (1)Grade A - modern (or up to modern standards); high quality finishes; generally spacious lobbies, effective central air-conditioning; good lift services; good management. (2)Grade Business service - plain, god quality finishes; adequate lobbies; central to freestanding air-conditioning; adequate life services; average or above average management. (3)Grade C - generally small, on cramped sites; basic lobbies; generally without central air-condition; barely adequate or inadequate life services; minimal to average management.

order to lower their operation cost, and the phenomenon was therefore one facet of *primary decentralization*. It should be noted that the decentralization not only worked out through a relocation of offices but also happened when firms branched out their offices from Central. For example, Lai (1996:Table 9) finds that off-CBD locations are more attractive to insurance companies as well as accounting firms when considering their location histories of relocated firms and new firms.

On the same grounds, *secondary decentralization* occurred when firms could not afford the relatively high rentals in secondary office centre. They would choose either to start running new firms or to move to office nodes. As *Property Review* does not provide rental information on other office nodes except Mongkok, we may then take Mongkok as the nearest example in this case. Strictly speaking, Mongkok is regarded more as a long established and old office centre than a rising office node. From **table 5.** , we know that the monthly average rentals of grade A and B office in Mongkok in 1989 was only $299.2 and $270.9 respectively which were $68.7 and $17.6 lower than that in Sheung Wan, the lowest rental district among the secondary office centre. It is not difficult to infer from the above information that the rental for other office nodes located in, say, Kwuntong and Tsuen Wan are much cheaper than Mongkok, which still locates in the centre of Kowloon.

Secondly, the scope of decentralization was bound by *the supply of office space*. **Table 5.** provides the information on the supply of office space from 1981 to 1990. Basically, both in situ expansion and new entry of firms are constrained by the availability of space for growth. While we recognize that one-fourth of office supply were found in Central during 1981-1990, the persistently pronounced rental gap between Central and other secondary office centres reflected that there was a huge

demand on office in CBD. Given the limited space in Central, especially when the potential land was almost exhausted for office development, further expansion would inevitably stretch out from the CBD. Secondary office centres, in this context, provided a significant amount of office space to facilitate office movement and to provide rooms for further growth of producer service. Tsimshatsui alone contributed 22% of the total office space supply in the last decade. Together with Wanchai (cum. Causeway Bay), the two areas accounted for 44.6% increase of office supply. This expansion largely explained why a large scale of primary decentralization from Central to Sheung Wan, Tsimshatsui, and Wanchai was possible. The increase of office space had, to a certain extent, brought down office rentals in the secondary office centre. The lowering of rentals then became a positive incentive for the inward movement of firms that could not afford high office rentals and needed not rely on CBD location.

On the other hand, we should not ignore the role played by the growth of office space in other office nodes. It is observed that a reasonable increase of office space supply took place in North Point (about 5.1% of the total supply), Cheung Sha Wan (2.5%), Kwuntong (2.3%) and the New Territories (4.1%). This pattern of increase largely corresponded to the rise of office nodes mentioned in the last section. Our observation is substantiated when we took into consideration the fact that office number of office nodes in peripheral areas was rather limited in the eighties. During 1981-1990, Hong Kong Island and Kowloon peninsula took up over 90% increase of office space, so that the peripheral growth of office nodes was restricted. In short, the increase in office stock in remote areas had played a key role in the development of office nodes.

To conclude, there are various other factors in structuring the location of

producer service activities, such as the availability of an efficient transport network, government policies on office planning, re-zoning of office land use, management of industrial-office building and so on. Due to the limited size of this chapter, I will not go into the details of them.

5.4 CONCLUDING REMARKS

This chapter has tried to provide a detailed examination of locational patterns of producer services in the context of transformation of Hong Kong as a global city. It is evident that producer service (FIRST) as a whole had grown rapidly during 1981-1990, and the growth was even more rapid in the secondary office centres and other office nodes than in CBD. A more refined analysis reveals that the scope of decentralization varied among different types of producer services. Basically, primary decentralization prevailed over the eighties but there were varieties within this pattern. The prototype of primary decentralization was exemplified by the movement of insurance sector. Compared to insurance, primary decentralization of business service was rather restrained, as a significant part of key offices of business services still remained in CBD. In contrast, real estate sector developed with a more diversified growth pattern infiltrated to local markets. According to the above analysis, only import and export trading experienced secondary decentralization, and spread to the office nodes in North Point, Kwuntong, Tsuen Wan and New Territories.

Corollary to geographical dispersal, space economy of producer services in Hong Kong also experienced acute concentration. Central continued to account for a disproportionately large share of the FIRST employment. Banking and finance sectors, in particular, have increasingly centralized in connection with their rising share in the

economic structure of Hong Kong. Their over-representation in Central well echoes with Sassen's assertion (1991) that spatial centrality is ensured when the delivery of producer service requires multiple inputs, simultaneous feedback and information flows as well as networking among professionals.

The centralization of banking and finance activities in Central also confirms our discussion on 'crowding-out' thesis, in terms of the dominance of some core producer service activities over the others. The intra-sectoral competition for space has become very keen due to the valorization of office price and rental in CBD since mid-eighties. Sectors with less profit potential such as import and export firms were forced to move from CBD to other office centres. It is also suggested some industries did it for strategic consideration, like real estate, which has stretched out to the local communities so as to capture larger market share.

In short, a clear spatial hierarchy has been evolved as Hong Kong transformed itself to a global city. Finance and banking constituted the core part of the hierarchy and assumed a spatial centrality. Business service, insurance and real estate spread out from the centre to secondary office centres, whereas import and export trading further stretched out to other office nodes and scattered around mixed industrial-office area such as Kwuntong and Tsuen Wan.

The factors of rising rental and supply of office space are provided to account for this trend of decentralization. It is highlighted that the rising of office rentals and property prices, and regional variations of office supplies were the crucial mechanism of making such spatial hierarchy. To put the explanation simply, offices chose to move out or to expand outside Central according to their degree of dependence on CBD

location and their affordability of rising rentals.

Last but not least, the expansion of producer service sector in the eighties accompanied by limited decentralization has further molded a uni-centric metropolis pattern with a strong centripetal push towards the harbour. It is perhaps worthy to mention the social impact of the centripetal growth in producer service activities. Yeh, for example, analyzed the 1976 and 1981 census data and found that a weighted mean centre of population has moved from Mongkok towards the New Territories. However, center of wholesale and retail employment moved southward from Mongkok to Yaumatei, which was in an opposite direction of population movement. Hence, the problem of 'home work separation' has exacerbated not only by the new town decentralization programme but also by the spatial restructuring of service sector (Yeh 1985, 1987; also see Sit 1981c).

Due to the limitation of data, this chapter could only decipher offices based on aggregate data. A more refined analysis should be extended to examine (1) the location and relocation histories of the producer service firms, and (2) the locational decision-making processes of firms and what their priorities are in mind. But they are already out of the scope of our pursuit.

Table 5.1 Number of Office & Employment of Producer Service Industry in Hong Kong, 1981-91

DISTRICT / Producer Service Industry	Numbers of Establishments[1]			Employment (%) of Producer Services		
DISTRICT / INDUSTRY	1981 Establish-ments[2]	1986 Establish-ments	1991 Establish-ments	1981 Persons Engaged[2]	1986 Persons Engaged	1991 Persons Engaged
CENTRAL	5,696	6,477	7,796	73,414	84,424	109,595
SHEUNG WAN	5,527	6,940	9,275	35,234	41,224	51,746
WEST	588	1,223	2,210	2,830	4,713	8,433
MID-LEVELS	285	393	652	1,275	1,480	1,709
PEAK	24	30	43	68	114	104
WANCHAI	2,420	4,896	6,872	25,022	47,926	59,824
CAUSEWAY BAY	1,156	1,876	2,834	9,611	13,418	18,468
NORTH POINT	1,377	2,947	4,895	8,140	14,906	28,330
CHAI WAN	233	566	1,760	1,288	2,153	8,488
ABERDEEN	149	546	1,081	1,328	5,063	7,737
SOUTH	50	56	157	128	143	414
HONG KONG AREA	17,505	25,950	37,545	158,338	300,141	194,842
TSIM SHA TSUI	3,917	7,433	10,234	27,790	55,139	70,130
YAU MA TEI	2,549	3,797	5,686	15,835	20,672	27,395
MONG KOK	1,408	2,491	3,593	7,567	12,555	17,262
HUNG HOM / TO KWA WAN	799	1,825	3,295	6,502	13,709	25,243
HO MAN TIN / MA TAU WAI	401	480	783	1,400	1,446	2,147
KOWLOON AREA	9,074	16,026	23,591	59,096	103,521	142,177
SHAM SHUI PO	1,079	2,734	4,787	9,133	19,178	32,728
SHEK KIP MEI	81	157	259	336	513	750
KOWLOON TONG	141	239	313	439	658	997
KOWLOON CITY	459	899	1,662	3,652	5,426	9,021
KWUN TONG	497	1,923	5,814	3,397	12,905	35,648
YAU TONG	93	212	457	491	790	1,934
NEW KOWLOON AREA	2,869	6,164	13,292	24,433	39,470	81,078
TSUEN WAN AREA	922	3,341	6,927	7,268	23,682	42,034
NEW TERRITORIES	576					
YUEN LONG AREA	295	907	2,584	2,404	4,006	10,943
TAI PO AREA	209	1,128	4,177	1,659	6,558	19,985
SAI KUNG AREA	31	109	286	106	283	783
ISLANDS AREA	41	68	198	202	285	533
ALL AREAS	30,706	53,705	88,600	248,664	393,392	592,375

Note: (1) "Establishment" is defined as an economic unit (i.e. a unit engaged in the production of goods and services) which engages, under a single ownership or control (i.e. under a single Company Name), in one or predominantly one kind of economic activity at a single physical location (i.e. in the sam building), e.g. an individual factory, workshop, retail shop, office.

(2) "Persons Engaged" include: a)working proprietors and partners actively engaged in the work of the establishment; b)all full-time employees paid by the establishment on the reference date, both permanent and temporary, who are either at work

Source: *Employment and Vacancies Statistics*, various years

Table 5.2 Shift Share Analysis of Changes in Spatial Distribution of Producer Service Activities in Hong I 1981-1990

DISTRICT / INDUSTRY	Establishments (%) of Producer Services					Employment (%) of Producer Services				
			Share (%)					Share (%)		
Numbers of Establishments	Growth rate (%)	Shift Share (%)	1981	1990	Change of Share (%)	Growth rate (%)	Shift Share (%)	1981	1990	Change of Share (%)
Sub-total										
CENTRAL	36.9	-151.7	18.6	8.8	-9.8	49.3	-88.9	29.5	18.5	-11.0
SHEUNG WAN	67.8	-120.7	18.0	10.5	-7.5	46.9	-91.4	14.2	8.7	-5.4
WEST	275.9	87.3	1.9	2.5	0.6	198.0	59.8	1.1	1.4	0.3
MID-LEVELS	128.8	-59.8	0.9	0.7	-0.2	34.0	-104.2	0.5	0.3	-0.2
PEAK	79.2	-109.4	0.1	0.0	0.0	52.9	-85.3	0.0	0.0	0.0
WANCHAI	184.0	-4.6	7.9	7.8	-0.1	139.1	0.9	10.1	10.1	0.0
CAUSEWAY BAY	145.2	-43.4	3.8	3.2	-0.6	92.2	-46.1	3.9	3.1	-0.7
NORTH POINT	255.5	66.9	4.5	5.5	1.0	248.0	109.8	3.3	4.8	1.5
CHAI WAN	655.4	466.8	0.8	2.0	1.2	559.0	420.8	0.5	1.4	0.9
ABERDEEN	625.5	437.0	0.5	1.2	0.7	482.6	344.4	0.5	1.3	0.8
SOUTH	214.0	25.5	0.2	0.2	0.0	223.4	85.2	0.1	0.1	0.0
HONG KONG AREA	114.5	-74.1	57.0	42.4	-14.6	23.1	-115.2	63.7	49.8	-13.9
TSIM SHA TSUI	161.3	-27.3	12.8	11.6	-1.2	152.4	14.1	11.2	11.8	0.7
YAU MA TEI	123.1	-65.5	8.3	6.4	-1.9	73.0	-65.2	6.4	4.6	-1.7
TAI KOK TSUI	155.2	-33.4	4.6	4.1	-0.5	128.1	-10.1	3.0	2.9	-0.1
HUNG HOM / TO KWA WAN	312.4	123.8	2.6	3.7	1.1	288.2	150.0	2.6	4.3	1.6
HO MAN TIN / MA TAU WAI	95.3	-93.3	1.3	0.9	-0.4	53.4	-84.9	0.6	0.4	-0.2
KOWLOON AREA	160.0	-28.6	29.6	26.6	-2.9	140.6	2.4	23.8	24.0	0.2
SHAM SHUI PO	343.7	155.1	3.5	5.4	1.9	258.3	120.1	3.7	5.5	1.9
SHEK KIP MEI	219.8	31.2	0.3	0.3	0.0	123.2	-15.0	0.1	0.1	0.0
KOWLOON TONG	122.0	-66.6	0.5	0.4	-0.1	127.1	-11.1	0.2	0.2	0.0
KOWLOON CITY	262.1	73.5	1.5	1.9	0.4	147.0	8.8	1.5	1.5	0.1
KWUN TONG	1069.8	881.3	1.6	6.6	4.9	949.4	811.2	1.4	6.0	4.7
YAU TONG	391.4	202.9	0.3	0.5	0.2	293.9	155.7	0.2	0.3	0.1
NEW KOWLOON AREA	363.3	174.8	9.3	15.0	5.7	231.8	93.6	7.0	13.7	6.7
TSUEN WAN AREA	651.3	462.8	3.0	7.8	4.8	478.3	340.1	2.9	7.1	4.2
NEW TERRITORIES	1157.8	969.3	2	8	6.3	638.7	500.5	1.8	5.4	3.7
YUEN LONG AREA	775.9	587.4	1.0	2.9	2.0	355.2	217.0	1.0	1.8	0.9
TAI PO AREA	1898.6	1710.0	0.7	4.7	4.0	1104.6	966.4	0.7	3.4	2.7
SAI KUNG AREA	822.6	634.0	0.1	0.3	0.2	638.7	500.5	0.0	0.1	0.1
ISLANDS AREA	382.9	194.4	0.1	0.2	0.1	163.9	25.6	0.1	0.1	0.0
ALL AREAS	188.5		100	100		138.2		100	100	

Source: Employment and Vacancies Statistics, various years

Table 5.6 Shift Share analysis of changes in spatial distribution of Banking Sectors in Hong Kong, 1981-1990.

DISTRICT	Establishments (Banks)								Employment (Bank)							
	Growth rate (%)	Shift Share (%)	Numbers of Establishment			Share (%)		Change of Share (%)	Growth Rate (%)	Shift Share (%)	Numbers of Persons Engaged			Share (%)		Change of Share (%)
	1981-90	1981-90	1981	1986	1990	1981	1990				1981	1986	1990	1981	1990	
CENTRAL	48.9	13.2	133	178	198	11.3	12.4	1.1	58.4	15.2	16,920	22,202	26,799	39.1	43.2	4.1
SHEUNG WAN	21.4	-14.2	70	84	85	6.0	5.3	-0.6	44.2	1.0	3,869	4,781	5,578	8.9	9.0	0.1
WANCHAI	53.6	17.9	56	83	86	4.8	5.4	0.6	41.7	-1.5	2,840	3,155	4,024	6.6	6.5	-0.1
CAUSEWAY BAY	0.0	-35.6	48	58	48	4.1	3.0	-1.1	40.2	-3.0	1,186	1,551	1,663	2.7	2.7	-0.1
NORTH POINT	55.6	19.9	54	79	84	4.6	5.3	0.7	107.1	63.9	984	1,775	2,038	2.3	3.3	1.0
HONG KONG AREA	34.7	-1.0	479	624	645	40.8	40.5	-0.3	53.7	10.5	27,561	35,830	42,369	63.6	68.3	4.7
TSIM SHA TSUI	56.9	21.3	65	95	102	5.5	6.4	0.9	16.5	-26.7	2,457	2,567	2,862	5.7	4.6	-1.1
YAU MA TEI	1.5	-34.1	66	77	67	5.6	4.2	-1.4	-14.7	-57.9	2,699	2,599	2,303	6.2	3.7	-2.5
KOWLOON AREA	24.9	-10.7	241	302	301	20.5	18.9	-1.6	6.8	-36.5	7,567	1,348	8,078	17.5	13.0	-4.4
SHAM SHUI PO	24.1	-11.6	79	104	98	6.7	6.2	-0.6	20.5	-22.7	1,681	1,944	2,025	3.9	3.3	-0.6
KOWLOON CITY	11.0	-24.7	73	89	81	6.2	5.1	-1.1	2.8	-40.4	1,519	1,575	1,562	3.5	2.5	-1.0
KWUN TONG	45.6	10.0	0	78	83	4.9	5.2	0.4	62.8	19.6	1,275	1,734	2,076	2.9	3.3	0.4
NEW KOWLOON AREA	23.3	-12.3	240	311	296	20.5	18.6	-1.9	25.3	-17.9	4,845	5,715	6,071	11.2	9.8	-1.4
TSUEN WAN AREA	38.4	2.7	99	127	137	8.4	8.6	0.2	32.9	-10.3	1,691	1,982	2,248	3.9	3.6	-0.3
NEW TERRITORIES	86.0	50.3	114	191	212	9.7	13.3	3.6	97.6	54.4	1,650	2,484	3,261	3.8	5.3	1.4
ALL AREAS	35.6		1,173	1,555	1,591	100.0	100.0	0.0	43.2		43,314	53,860	62,027	100.0	100.0	

Source: *EVS*, various

Table 5.7 Shift Share analysis of changes in spatial distribution of Finance Sectors in Hong Kong, 1981-1990.

DISTRICT	Establishments (Banks)								Employment (Bank)							
	Growth rate (%)	Shift Share (%)	Numbers of Establishment			Share (%)		Change of Share (%)	Growth Rate (%)	Shift Share (%)	1981	1986	1990	1981	1990	
	1981-90	1981-90	1981	1986	1990	1981	1990				Persons Engaged [3]	Persons Engaged	Persons Engaged	%	%	Change of Share (%)
CENTRAL	37.1	-7.3	1,080	1,100	1,481	40.4	38.3	-2.0	80.2	-1.1	13,083	14,679	23,578	56.5	56.1	-0.3
SHEUNG WAN	5.0	-39.4	423	333	444	15.8	11.5	-4.3	2.2	-79.1	3,361	1,919	3,436	14.5	8.2	-6.3
WANCHAI	51.2	6.8	162	182	245	6.1	6.3	0.3	92.2	10.8	1,695	2,608	3,257	7.3	7.8	0.4
CAUSEWAY BAY	47.6	3.1	82	76	121	3.1	3.1	0.1	71.2	-10.1	473	468	810	2.0	1.9	-0.1
NORTH POINT	282.5	238.1	40	56	153	1.5	4.0	2.5	837.3	756.0	142	602	1,331	0.6	3.2	2.6
HONG KONG AREA	41.6	-2.9	1,853	1,829	2,623	69.3	67.9	-1.4	75.8	-5.6	19,019	21,305	33,432	82.1	79.6	-2.5
TSIM SHA TSUI	114.6	70.2	151	204	324	5.6	8.4	2.7	298.4	217.1	877	1,532	3,494	3.8	8.3	4.5
YAU MA TEI	-22.8	-67.2	215	122	166	8.0	4.3	-3.7	-16.0	-97.3	1,158	691	973	5.0	2.3	-2.7
MONG KOK	-25.2	-69.6	107	86	80	4.0	2.1	-1.9	-25.8	-107.2	507	387	376	2.2	0.9	-1.3
HUNG HOM	42.9	-1.6	42	37	60	1.6	1.6	0.0	205.1	158.1	178	276	543	0.8	1.3	0.5
KOWLOON AREA	22.1	-22.4	535	471	653	20.0	16.9	-3.1	95.3	13.9	2,781	2,933	5,430	12.0	12.9	0.9
SHAM SHUI PO	40.5	-3.9	74	59	104	2.8	2.7	-0.1	58.3	11.3	324	352	513	1.4	1.2	-0.2
KWUN TONG	190.9	146.5	33	41	96	1.2	2.5	1.3	256.7	175.3	187	496	667	0.8	1.6	0.8
NEW KOWLOON AREA	-25.7	-70.1	405	172	301	15.1	7.8	-7.3	-71.9	-153.2	5,582	1,165	1,568	24.1	3.7	-20.4
TSUEN WAN AREA	96.2	51.8	53	58	104	2.0	2.7	0.7	164.3	82.9	221	325	584	1.0	1.4	0.4
NEW TERRITORIES	163.8	119.4	69	70	182	2.6	4.7	2.1	146.5	65.2	400	286	986	1.7	2.3	0.6
ALL AREAS	44.4	0.0	2,675	2,600	3,863	100.0	100.0	0.0	81.3	0.0	23,161	26,014	42,000	100.0	100.0	0.0

Source: *EVS*, various years.

Table 5.8 Shift Share analysis of changes in spatial distribution of Insurance Sectors in Hong Kong, 1981-1990.

DISTRICT	Establishments (Banks)								Employment (Bank)							
	Growth rate (%)	Shift Share (%)	Numbers of Establishment			Share (%)		Change of Share (%)	Growth Rate (%)	Shift Share (%)	1,981	1,986	1,990	1981.0	1990.0	
	1981-90	1981-90	1981	1986	1990	1981	1990				Persons Engaged [3]	Persons Engaged	Persons Engaged	%	%	Change of Share (%)
CENTRAL	47.7	-450.0	241	361	356	34.0	8.4	-25.6	9.6	-151.8	3,293	3,317	3,610	47.2	19.8	-27.4
SHEUNG WAN	294.3	-203.4	88	141	347	12.4	8.2	-4.2	93.8	-67.7	800	1,130	1,550	11.5	8.5	-3.0
MID-LEVELS	76.5	-421.3	17	20	30	2.4	0.7	-1.7	-85.6	-247.0	436	48	63	6.3	0.3	-5.9
WANCHAI	594.9	97.2	59	209	410	8.3	9.7	1.4	346.8	185.4	773	1,984	3,454	11.1	18.9	7.9
CAUSEWAY BAY	739.5	241.8	81	320	680	11.4	16.0	4.6	389.2	227.7	601	1,283	2,940	8.6	16.1	7.5
NORTH POINT	1320.0	822.3	25	99	355	3.5	8.4	4.9	1868.9	1707.4	45	194	886	0.6	4.9	4.2
HONG KONG AREA	351.6	-146.1	523	1,215	2,362	73.8	55.7	-18.0	115.6	-45.9	5,979	8,080	12,889	85.8	70.7	-15.1
TSIM SHA TSUI	2213.5	1715.8	37	305	856	5.2	20.2	15.0	1819.7	1658.2	127	912	2,438	1.8	13.4	11.6
YAU MA TEI	183.1	-314.7	59	95	167	8.3	3.9	-4.4	77.6	-83.9	478	448	849	6.9	4.7	-2.2
MONG KOK	83.9	-413.9	31	44	57	4.4	1.3	-3.0	12.7	-148.8	189	192	213	2.7	1.2	-1.5
KOWLOON AREA	725.7	228.0	140	477	1,156	19.7	27.3	7.5	349.2	187.7	830	1,611	3,728	11.9	20.4	8.5
SHAM SHUI PO	977.8	480.0	9	27	97	1.3	2.3	1.0	971.4	810.0	21	42	225	0.3	1.2	0.9
NEW KOWLOON AREA	1072.0	574.3	25	77	293	3.5	6.9	3.4	830.4	669.0	69	143	642	1.0	3.5	2.5
TSUEN WAN AREA	1090.0	592.3	10	49	119	1.4	2.8	1.4	513.7	352.3	51	132	313	0.7	1.7	1.0
NEW TERRITORIES	2700.0	2202.3	11	68	308	1.6	7.3	5.7	1430.2	1268.8	43	143	658	0.6	3.6	3.0
ALL AREAS	497.7		709	1,888	4,238	100.0	100.0		161.5		6,972	10,111	18,230	100.0	100.0	

Source: *EVS*, various years.

Table 5.9 Shift Share analysis of changes in spatial distribution of Real Estate Sectors in Hong Kong, 1981-1990.

DISTRICT	Establishments (Banks)								Employment (Bank)							
	Growth rate (%)	Shift Share (%)	Numbers of Establishment			Share (%)		Change of Share (%)	Growth Rate (%)	Shift Share (%)	1,981	1,986	1,990	1981.0	1990.0	
	1981-90	1981-90	1981	1986	1990	1981	1990				Persons Engaged [3]	Persons Engaged	Persons Engaged	%	%	Change of Share (%)
CENTRAL	25.6	-116.4	657	659	825	20.4	10.6	-9.8	38.8	-72.2	7,039	7,906	9,773	34.5	22.7	-11.8
SHEUNG WAN	23.3	-118.7	486	457	599	15.1	7.7	-7.4	26.2	-84.8	2,138	2,048	2,699	10.5	6.3	-4.2
WANCHAI	101.5	-40.4	259	370	522	8.0	6.7	-1.3	175.1	64.1	2,248	5,207	6,184	11.0	14.4	3.3
CAUSEWAY BAY	70.4	-71.6	135	187	230	4.2	3.0	-1.2	132.1	21.0	901	1,725	2,091	4.4	4.9	0.4
NORTH POINT	326.4	184.5	125	236	533	3.9	6.8	3.0	154.2	43.2	1,018	1,174	2,588	5.0	6.0	1.0
HONG KONG AREA	84.3	-57.6	1,825	2,185	3,364	56.6	43.2	-13.5	81.7	-29.3	13,945	19,067	25,338	68.3	58.8	-9.5
TSIM SHA TSUI	142.5	0.6	247	384	599	7.7	7.7	0.0	154.5	43.4	1,204	2,880	3,064	5.9	7.1	1.2
YAU MA TEI	70.9	-71.1	285	290	487	8.8	6.2	-2.6	57.7	-53.3	1,386	1,501	2,186	6.8	5.1	-1.7
MONG KOK	76.4	-65.5	174	215	307	5.4	3.9	-1.5	25.4	-85.7	938	1,029	1,176	4.6	2.7	-1.9
HUNG HOM	307.3	165.4	82	147	334	2.5	4.3	1.7	201.3	90.2	475	644	1,431	2.3	3.3	1.0
KOWLOON AREA	120.2	-21.8	868	1,162	1,911	26.9	24.5	-2.4	94.9	-16.2	4,281	6,342	8,342	21.0	19.4	-1.6
SHAM SHUI PO	265.4	123.5	130	234	475	4.0	6.1	2.1	238.2	127.1	503	1,177	1,701	2.5	3.9	1.5
NEW KOWLOON AREA	256.4	114.5	296	499	1,055	9.2	13.5	4.3	241.5	130.4	1,100	2,598	3,756	5.4	8.7	3.3
TSUEN WAN AREA	375.2	233.3	101	187	480	3.1	6.2	3.0	335.5	224.5	428	942	1,864	2.1	4.3	2.2
NEW TERRITORIES	646.2	504.3	132	239	985	4.1	12.6	8.5	472.3	361.3	661	1,097	3,783	3.2	8.8	5.5
ALL AREAS	141.9		3,222	4,282	7,795	100.0	100.0		111.0		20,415	30,067	43,083	100.0	100.0	

Source: *EVS*, various years.

Table 5.10 Shift Share analysis of changes in spatial distribution of Business Service Sectors in Hong Kong, 1981-1990.

DISTRICT	Establishments (Banks)								Employment (Bank)							
	Growth rate (%)	Shift Share (%)	Numbers of Establishment			Share (%)		Change of Share (%)	Growth Rate (%)	Shift Share (%)	1,981	1,986	1,990	1981.0	1990.0	
	1981-90	1981-90	1981	1986	1990	1981	1990				Persons Engaged [3]	Persons Engaged	Persons Engaged	%	%	Change of Share (%)
CENTRAL	109.4	-105.1	1,005	1,491	2,104	27.2	18.1	-9.1	73.7	-72.4	13,507	16,905	23,460	34.1	24.1	-10.0
SHEUNG WAN	126.7	-87.8	547	716	1,240	14.8	10.7	-4.1	109.0	-37.0	3,868	5,454	8,086	9.8	8.3	-1.5
WANCHAI	191.0	-23.4	611	1,221	1,778	16.5	15.3	-1.2	122.3	-23.8	7,762	14,399	17,253	19.6	17.7	-1.9
CAUSEWAY BAY	96.4	-118.0	223	273	438	6.0	3.8	-2.3	55.3	-90.8	2,329	3,289	3,616	5.9	3.7	-2.2
NORTH POINT	359.5	145.1	163	327	749	4.4	6.4	2.0	427.0	280.9	1,015	2,027	5,349	2.6	5.5	2.9
HONG KONG AREA	165.6	-48.8	2,703	4,392	7,180	73.1	61.8	-11.4	109.1	-37.0	28,955	127,650	60,550	73.1	62.1	-11.0
TSIM SHA TSUI	244.7	30.2	226	546	779	6.1	6.7	0.6	140.8	-5.3	3,200	6,196	7,706	8.1	7.9	-0.2
YAU MA TEI	156.7	-57.8	270	394	693	7.3	6.0	-1.3	189.4	43.3	1,870	3,600	5,412	4.7	5.6	0.8
MONG KOK	211.4	-3.0	114	221	355	3.1	3.1	0.0	243.7	97.6	581	1,356	1,997	1.5	2.0	0.6
HUNG HOM	216.4	2.0	73	113	231	2.0	2.0	0.0	303.3	157.2	670	1,163	2,702	1.7	2.8	1.1
KOWLOON AREA	203.3	-11.1	719	1,327	2,181	19.5	18.8	-0.7	181.8	35.7	6,433	12,471	18,125	16.2	18.6	2.4
SHAM SHUI PO	407.8	193.4	64	181	325	1.7	2.8	1.1	162.8	16.8	2,389	3,608	6,279	6.0	6.4	0.4
KWUN TONG	884.4	670.0	16	112	443	1.2	3.8	2.6	849.8	703.7	213	701	2,023	0.5	2.1	1.5
KOWLOON CITY	504.3	289.9	23	69	139	0.6	1.2	0.6	105.6	-40.5	677	984	1,392	1.7	1.4	-0.3
YAU TONG	350.0	135.6	10	16	45	0.3	0.4	0.1	153.4	7.4	58	54	147	0.1	0.2	0.0
NEW KOWLOON AREA	541.5	327.0	164	427	1,052	4.4	9.1	4.6	193.1	47.0	3,452	5,474	10,117	8.7	10.4	1.7
TSUEN WAN AREA	840.0	625.6	50	194	470	1.4	4.0	2.7	853.2	707.2	524	3,168	4,995	1.3	5.1	3.8
NEW TERRITORIES	1131.7	917.2	60	224	739	1.6	6.4	4.7	1439.1	1293.0	238	975	3,663	0.6	3.8	3.2
ALL AREAS	214.4		3,696	6,564	11,622	100.0	100.0		146.1		39,602	65,161	97,450	100.0	100.0	

Source: *EVS*, various years.

Table 5.11 Supply of Office Space (M^2)

	1981	%	1982	%	1983	%	1984	%	1985	%	1981-85 Average	%	1986	%	1987	%	1988	%	1989	%	1990	%	1986-90 Average	%	1980-90 Total	%
West	0	0.0	6000	1.1	37300	6.3	0	0.0	0	0.0	8700	2.2	200	0.4	0	0.0	0	0.0	0	0.0	3200	1.6	700	0.3	46700	1.6
Sheung Wan	33500	10.5	55200	10.1	23000	3.9	39800	18.1	10400	3.4	32400	8.2	15800	34.3	46500	18.8	1000	0.4	11100	4.1	16800	8.4	18200	9.0	253100	8.5
Central	52800	16.5	93900	17.2	59100	10.0	34600	15.8	216700	70.3	91400	23.0	11600	25.2	72800	29.4	87800	35.5	72300	26.9	50500	25.2	59000	29.2	752100	25.1
Wan Chai	51100	16.0	69000	12.6	163900	27.7	30900	14.1	58900	19.1	74700	18.8	3200	6.9	72900	29.5	1400	0.6	64200	23.8	24800	12.4	33300	16.5	540300	18.0
Mid-levels	800	0.3	0	0.0	0	0.0	0	0.0	0	0.0	200	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	800	0.0
Causeway Bay	53400	16.7	0	0.0	6200	1.0	14600	6.7	13600	4.4	17500	4.4	1600	3.5	3500	1.4	6800	2.8	38600	14.3	0	0.0	10100	5.0	138300	4.6
North Point	14700	4.6	15100	2.8	45300	7.7	17900	8.2	0	0.0	18600	4.7	2400	5.2	10500	4.2	0	0.0	0	0.0	47800	23.9	12200	6.0	153700	5.1
Shau Kei Wan	0	0.0	8400	1.5	3500	0.6	0	0.0	0	0.0	2400	0.6	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	11900	0.4
Aberdeen	0	0.0	0	0.0	7400	1.3	0	0.0	0	0.0	1500	0.4	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	7400	0.2
HONG KONG	206300	64.6	247600	45.3	345700	58.5	137800	62.8	299600	97.2	247400	62.3	34800	75.5	206200	83.4	97000	39.3	186500	69.3	143100	71.4	133600	66.1	1904600	63.6
Tsim Sha Tsui	96800	30.3	204700	37.5	139500	23.6	15400	7.0	4600	1.5	92200	23.2	6600	14.3	14900	6.0	137600	55.7	16500	6.1	23300	11.6	39800	19.7	659900	22.0
Yau Ma Tei	8900	2.8	6100	1.1	7600	1.3	49700	22.7	1600	0.5	14800	3.7	1900	4.1	6500	2.6	7700	3.1	3500	1.3	6200	3.1	5200	2.6	99700	3.3
Mong Kok	2200	0.7	21400	3.9	23800	4.0	3200	1.5	700	0.2	10300	2.6	0	0.0	2700	1.1	0	0.0	0	0.0	15300	7.6	3600	1.8	69300	2.3
Hung Hom	0	0.0	43000	7.9	1100	0.2	700	0.3	300	0.1	9000	2.3	0	0.0	0	0.0	0	0.0	0	0.0	1400	0.7	300	0.1	46500	1.6
KOWLOON	107900	33.8	275200	50.4	172000	29.1	69000	31.5	7200	2.3	126300	31.8	8500	18.4	24100	9.7	145300	58.8	20000	7.4	46200	23.1	48800	24.2	875400	29.2
Cheung Sha	0	0.0	5100	0.9	7500	1.3	1400	0.6	0	0.0	2800	0.7	0	0.0	5400	2.2	0	0.0	55700	20.7	0	0.0	12200	6.0	75100	2.5
Kowloon Tong	0	0.0	2600	0.5	0	0.0	0	0.0	0	0.0	500	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	2600	0.1
Kowloon City	1700	0.5	0	0.0	500	0.1	1100	0.5	700	0.2	800	0.2	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	4000	0.1
Kwun Tong	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	2800	6.1	5400	2.2	4800	1.9	55700	20.7	0	0.0	0	0.0	68700	2.3
Lei Yue Mun	0	0.0	0	0.0	1800	0.3	0	0.0	0	0.0	400	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1800	0.1
New Kowloon	1700	0.5	7700	1.4	9800	1.7	2500	1.1	700	0.2	4500	1.1	2800	6.1	5400	2.2	4800	1.9	55700	20.7	0	0.0	13700	6.8	91100	3.0
Kwai Chung / Tsuen Wan	800	0.3	0	0.0	32900	5.6	0	0.0	0	0.0	6700	1.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	33700	1.1
Tuen Mun	2600	0.8	3800	0.7	0	0.0	0	0.0	0	0.0	1300	0.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	6400	0.2
Yuen Long	0	0.0	4700	0.9	10100	1.7	9000	4.1	700	0.2	4900	1.2	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	24500	0.8
Fanling / Sheung Shui	0	0.0	0	0.0	500	0.1	600	0.3	0	0.0	200	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1100	0.0
Tai Po	0	0.0	5300	1.0	200	0.0	400	0.2	0	0.0	1200	0.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	5900	0.2
Sha Tin	0	0.0	2000	0.4	19500	3.3	0	0.0	0	0.0	4300	1.1	0	0.0	11600	4.7	0	0.0	7000	2.6	11000	5.5	5900	2.9	51100	1.7
New Territories	3400	1.1	15800	2.9	63200	10.7	10000	4.6	700	0.2	18600	4.7	0	0.0	11600	4.7	0	0.0	7000	2.6	11000	5.5	5900	2.9	122700	4.1
OVERALL	319300	100.0	546300	100.0	590700	100.0	219300	100.0	308200	100.0	396800	100.0	46100	100.0	247300	100.0	247100	100.0	269200	100.0	200300	100.0	202000	100.0	2993800	100.0

Source: Property Review, various years

Table 5.12 Average rent per square metre per month ($)

Grade	District	2nd half 1980	1985	1989	Growth rate (%) 1980-1989	1994
	Sheung Wan	131.1	137.7	367.9	267.9	479.7
	Central	217.1	177.8	554.4	454.4	731
	Wan Chai	137.6	95.2	414.8	314.8	586.7
A	Tsim Sha Tsui	117.6	147.9	414.4	314.4	488.3
	Mongkok	113.4	96.3	299.2	454.4	454.4
	Sheung Wan	131.8	84.8	288.5	188.5	412.3
	Central	177.3	128.4	390.9	290.9	554.1
	Wan Chai	120.7	101.2	335.2	235.2	431
B	Tsim Sha Tsui	122.1	90.8	324.1	224.1	446.2
	Mongkok	100.5	89.3	270.9	377.8	377.8
	Sheung Wan	80.2	63.2	188.6	88.6	321.4
	Central	123.4	90.1	281.5	181.5	373.8
	Wan Chai	96.4	82.2	244.1	144.1	384.8
C	Tsim Sha Tsui	84.8	113.5	253.2	153.2	412.8
	Mongkok	92.2	91.1	225.8	364	364

Chart 5.17 Average monthly rental per square meter - Office grade A

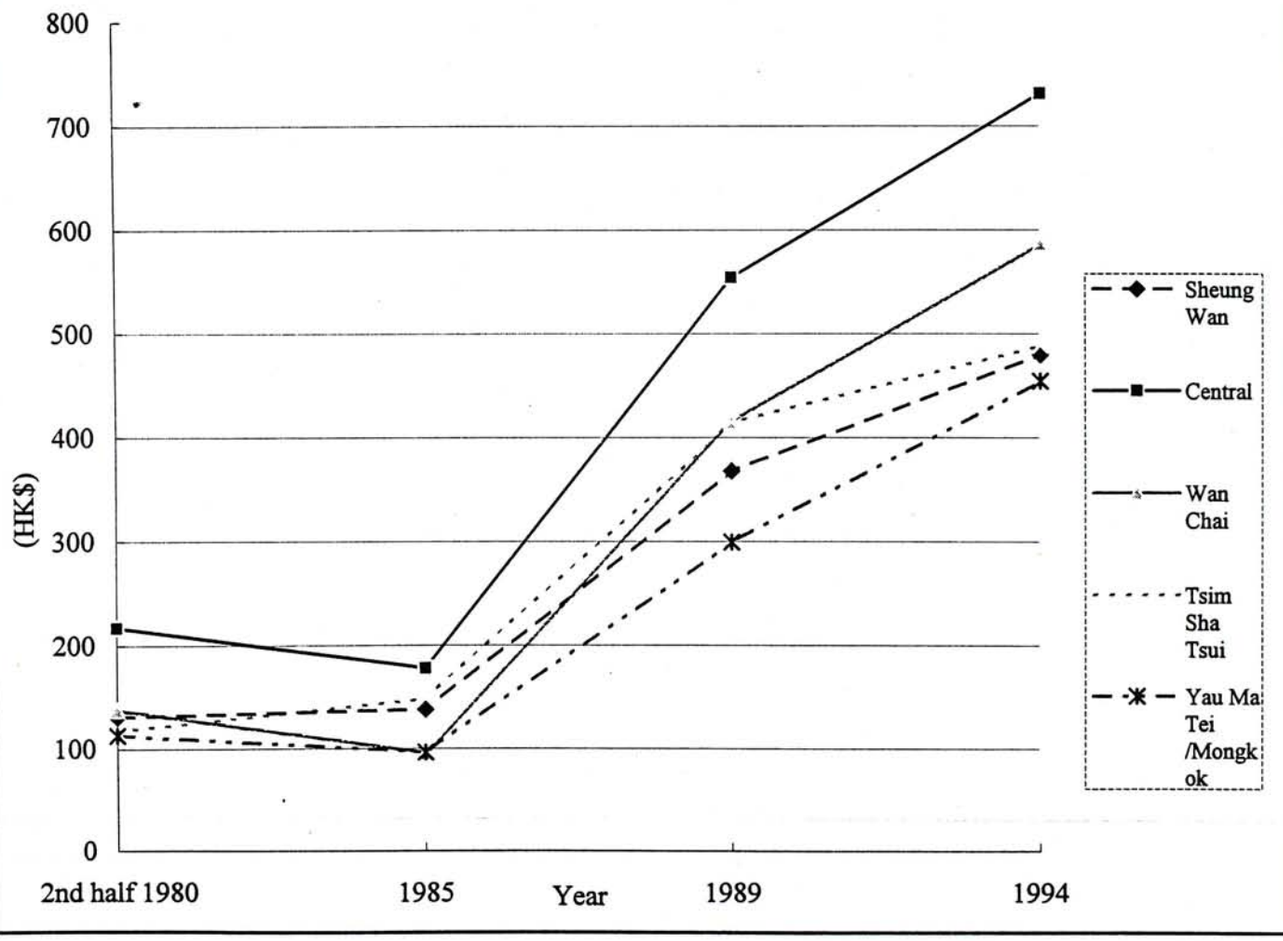


Chart 5.18 Average rent per square meter per month - Office Grade B

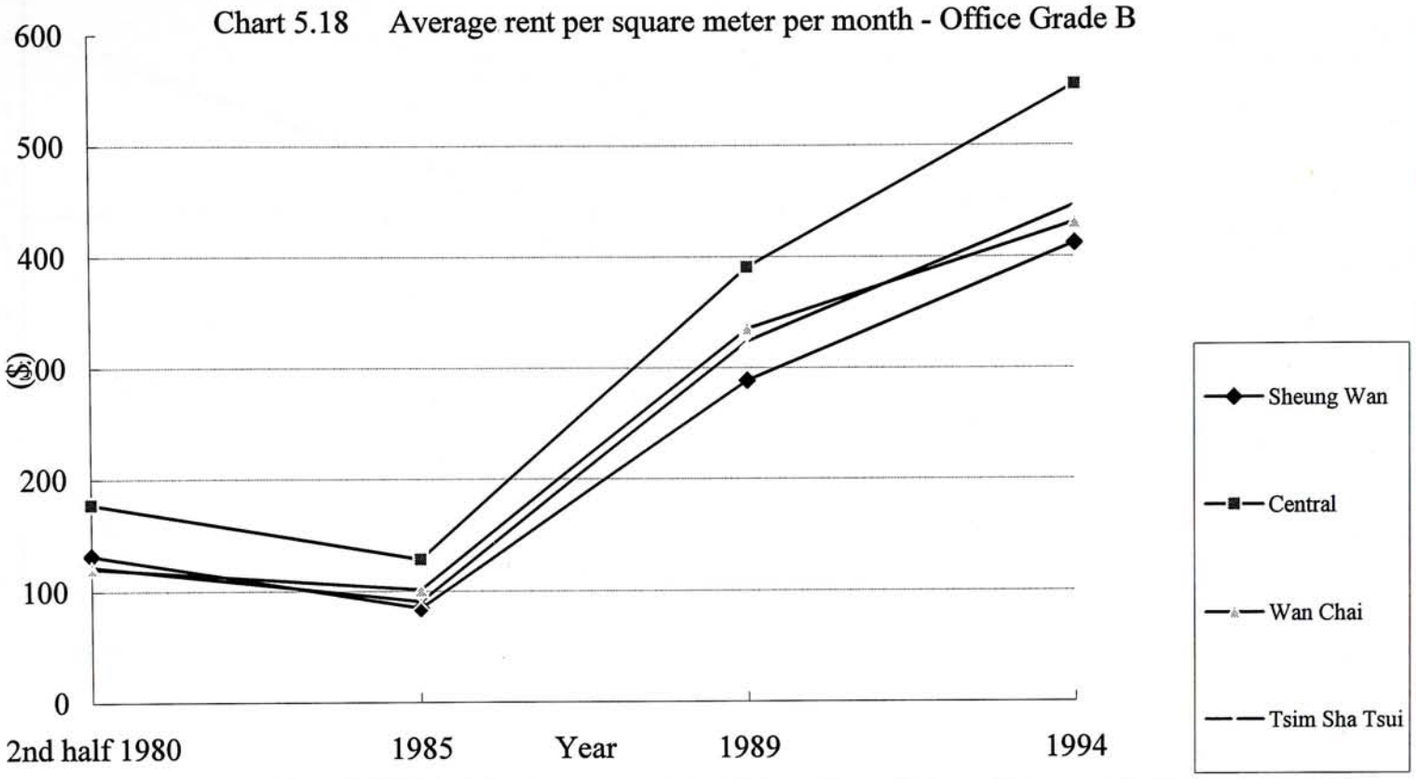
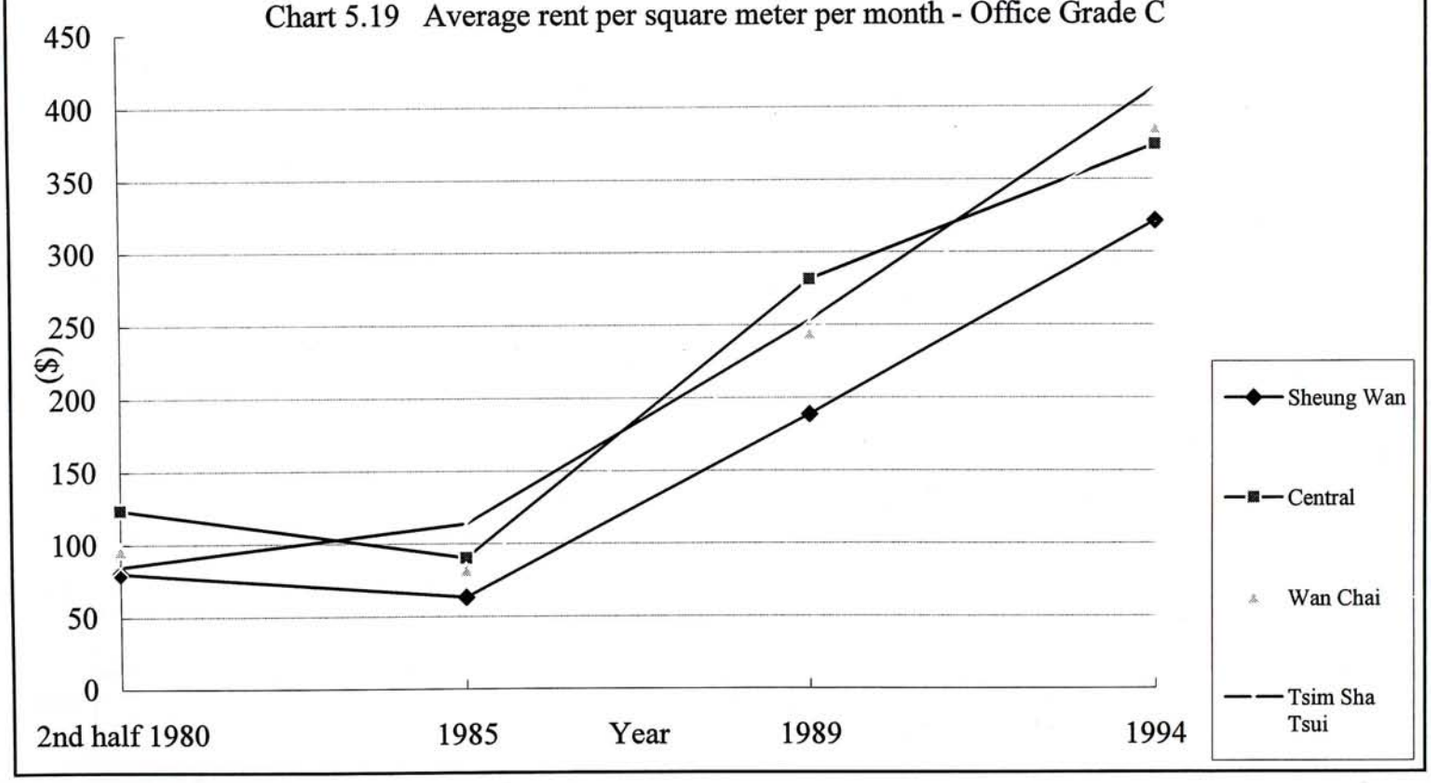


Chart 5.19 Average rent per square meter per month - Office Grade C



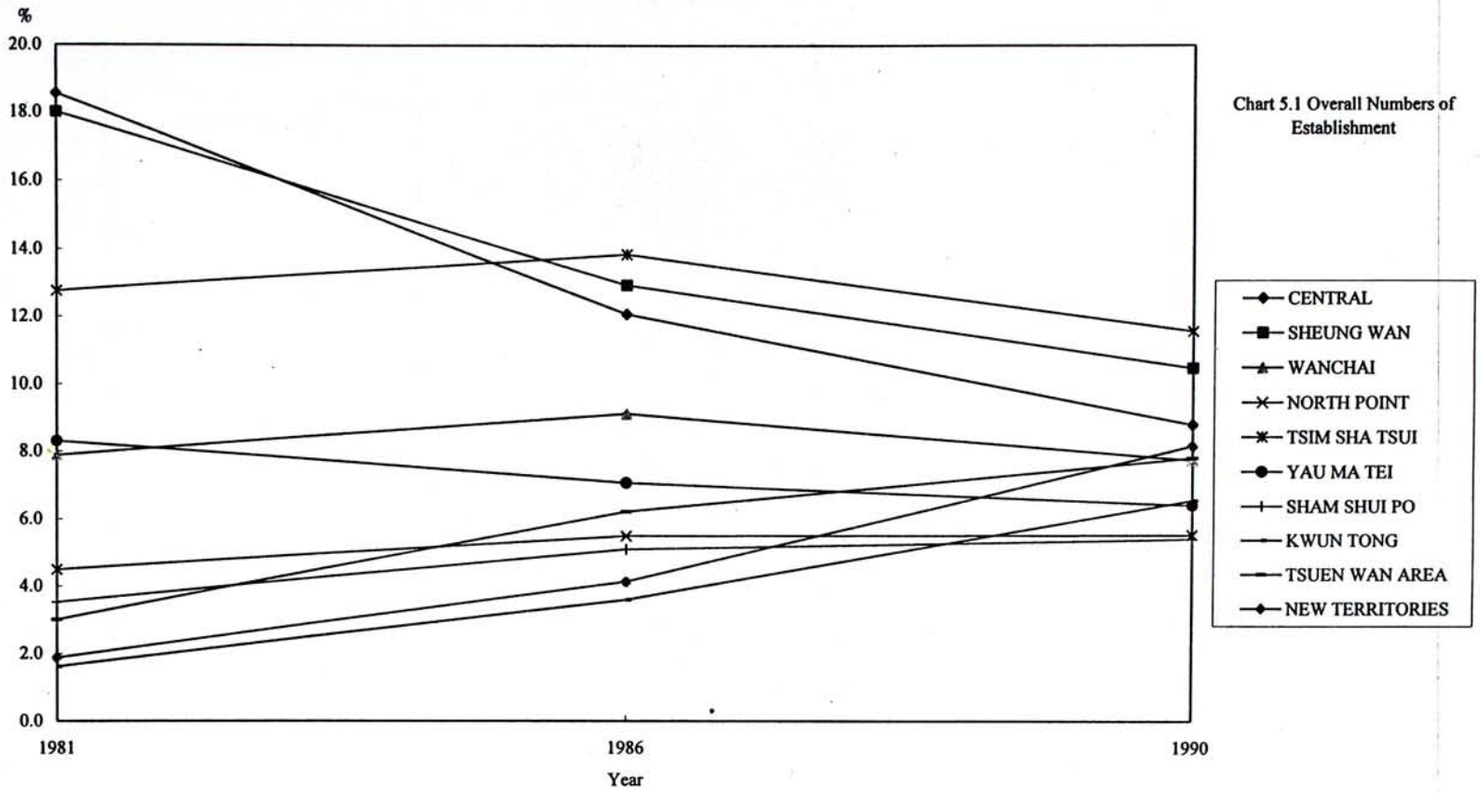
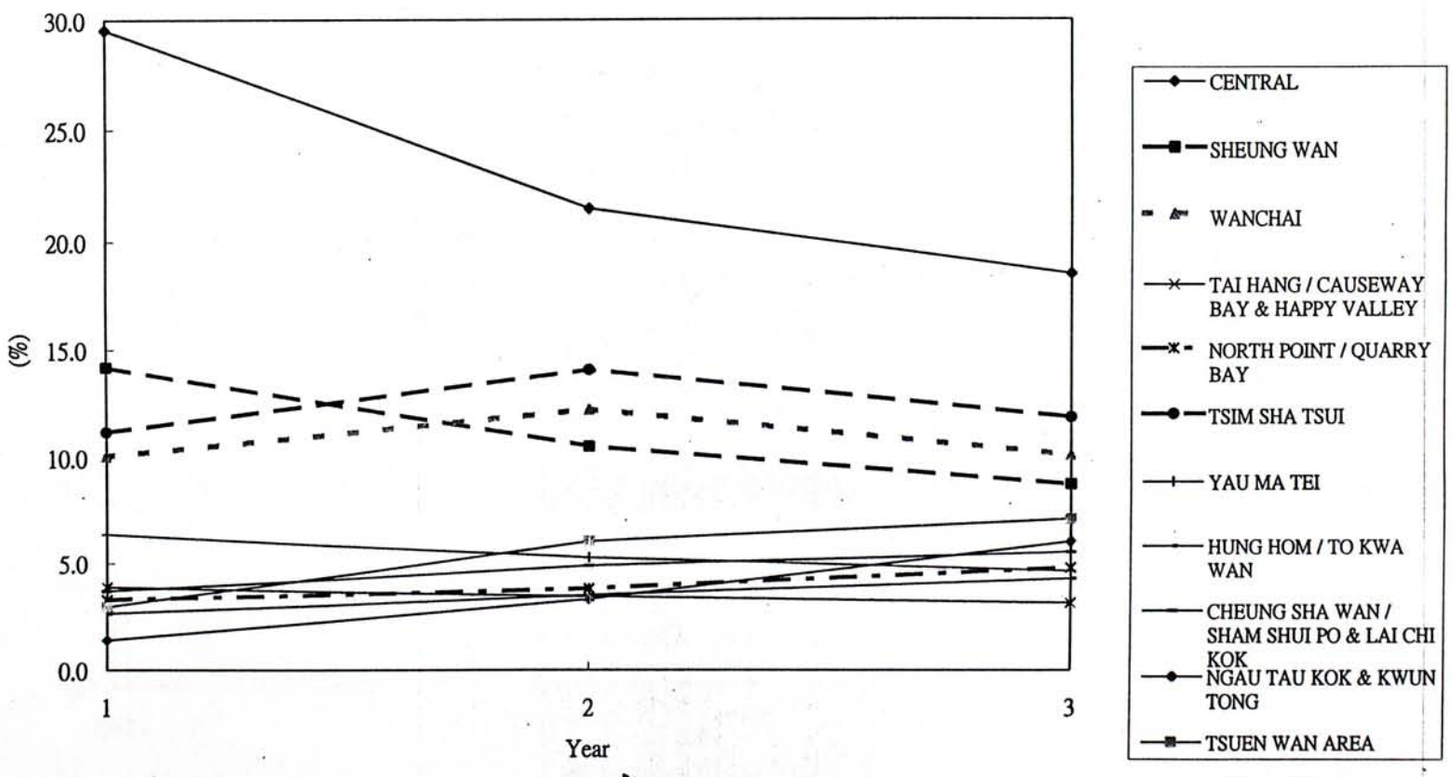


Chart 5.1 Overall Numbers of Establishment

Chart 5.2 Overall Employment Share



Chat 5.3 Percentage Share of Types of Establishments Located in Central

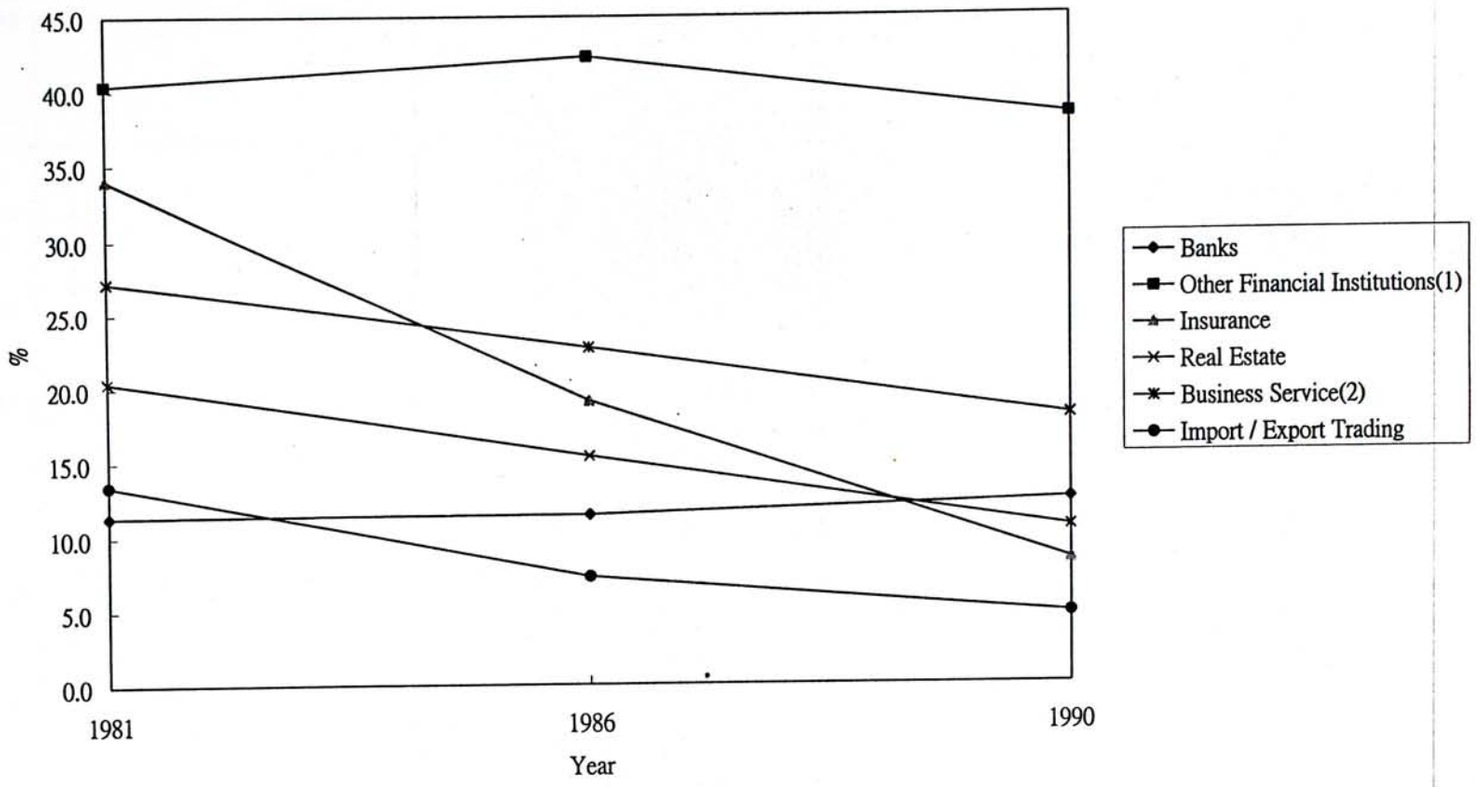


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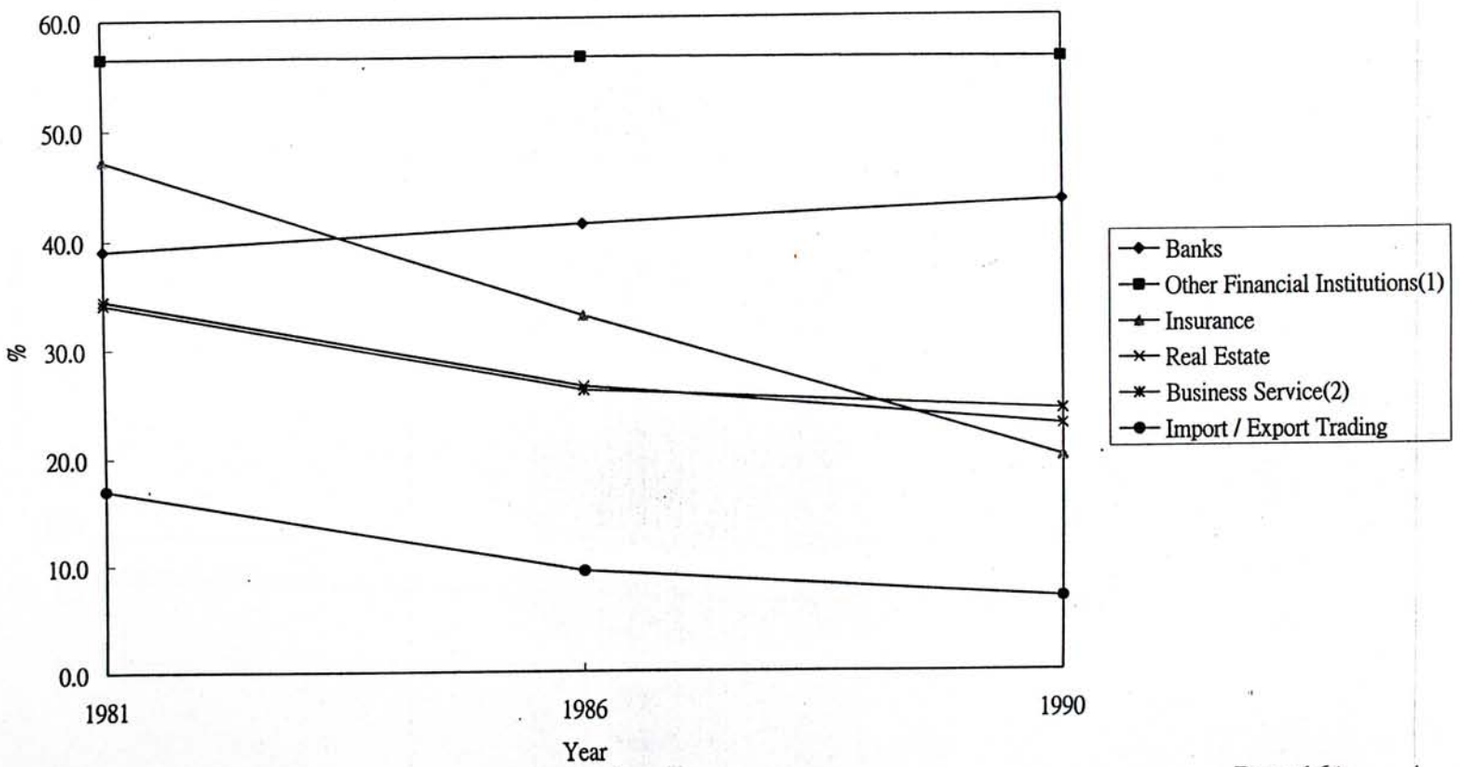
Chart 5.4 Percentage Share of Employment Located in Central



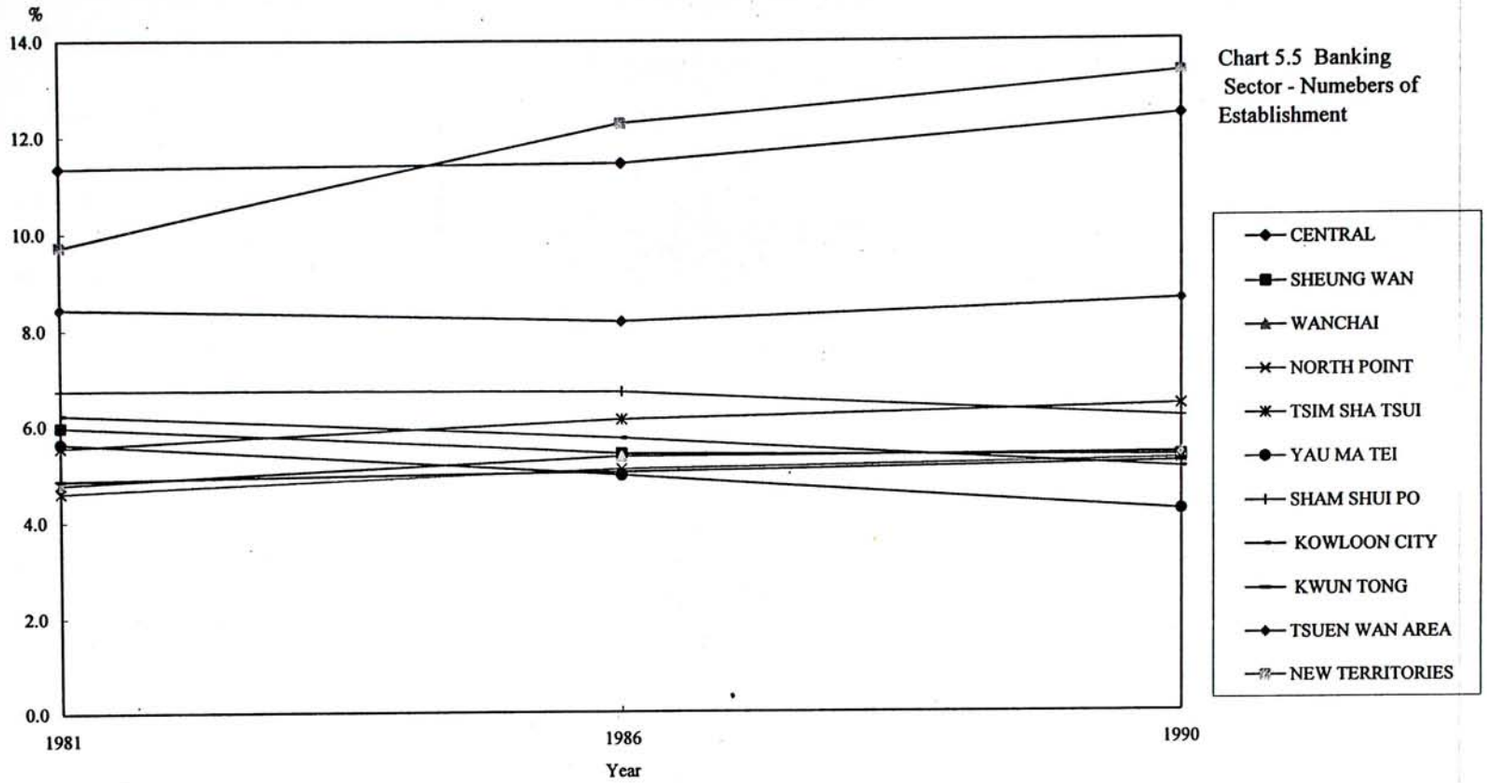
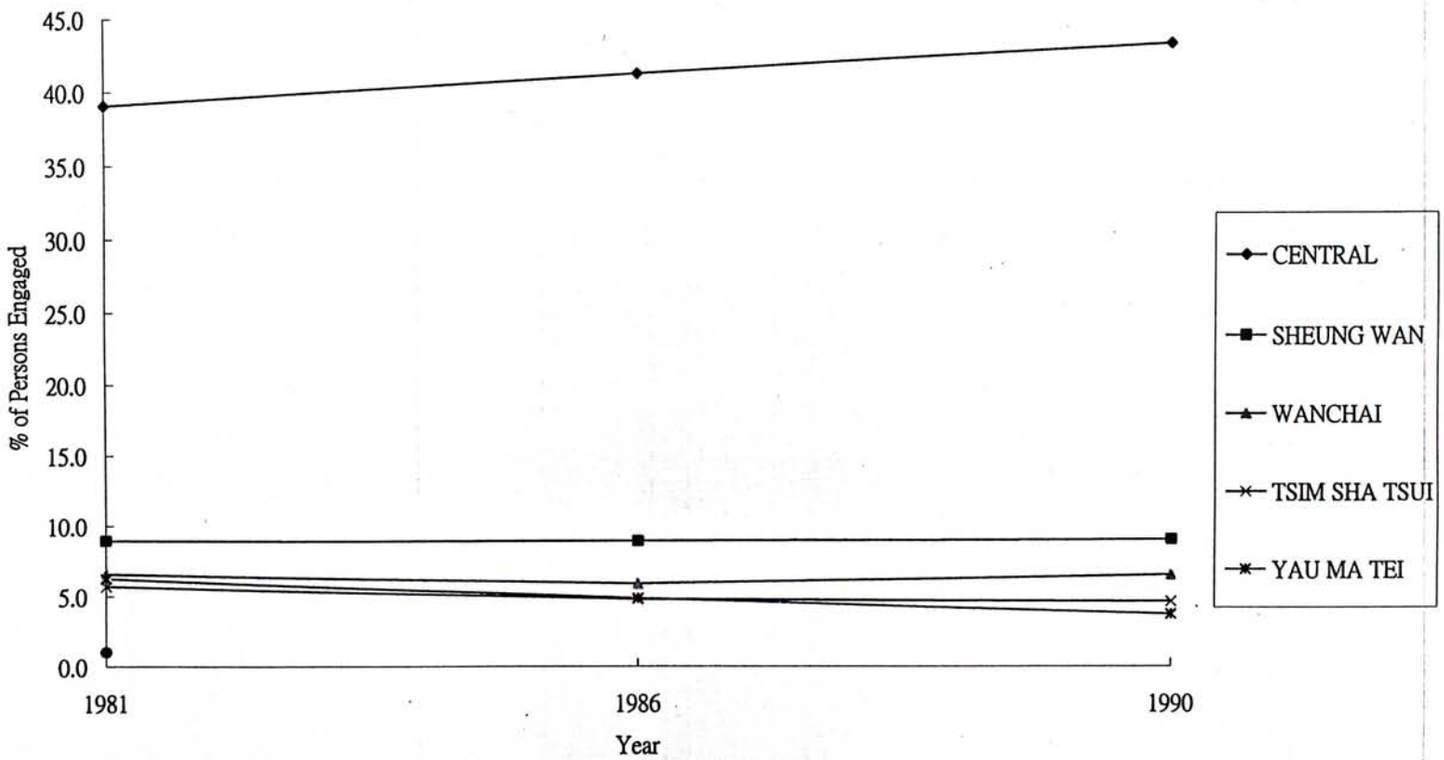


Chart 5.5 Banking Sector - Numebers of Establishment

Chart 5.6 Employment share - Banking Sector



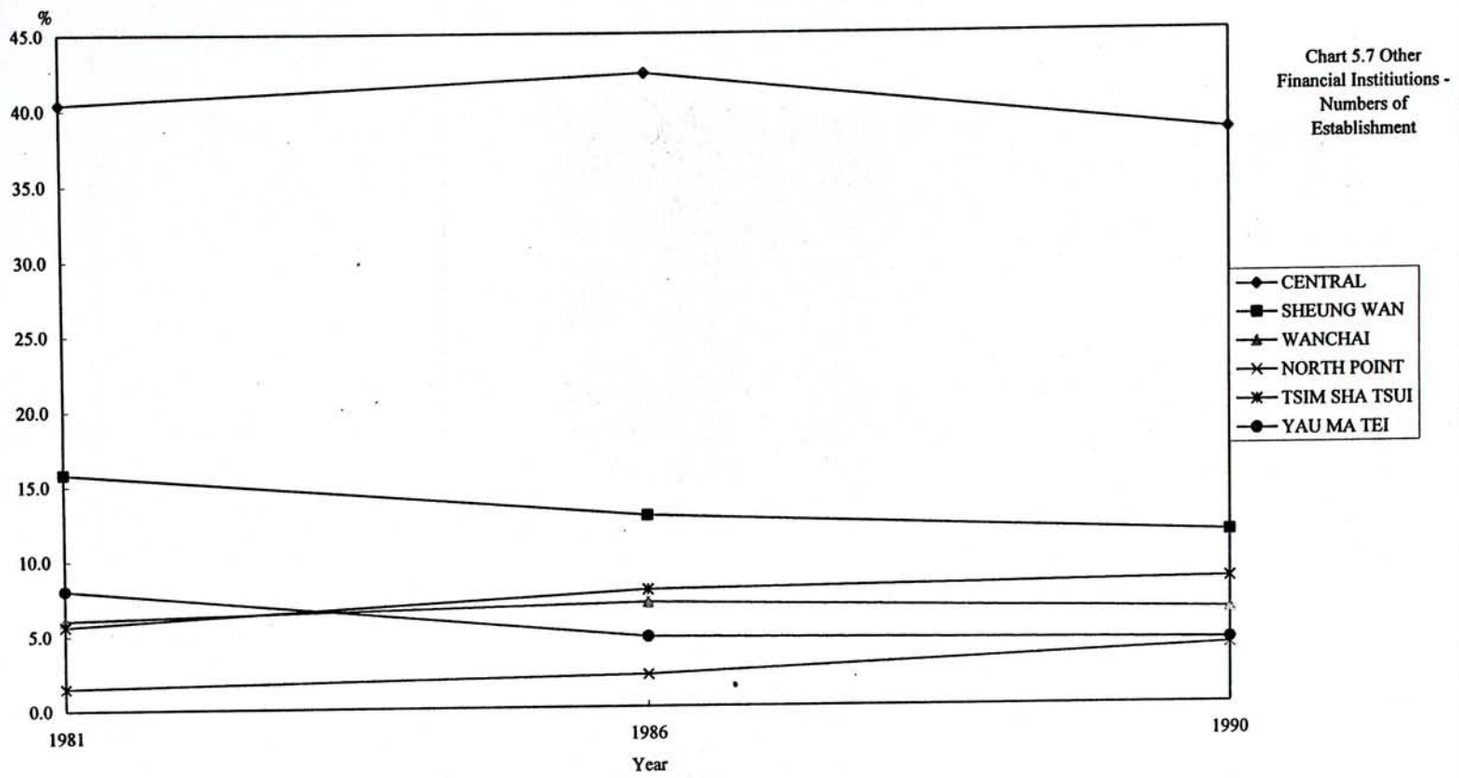
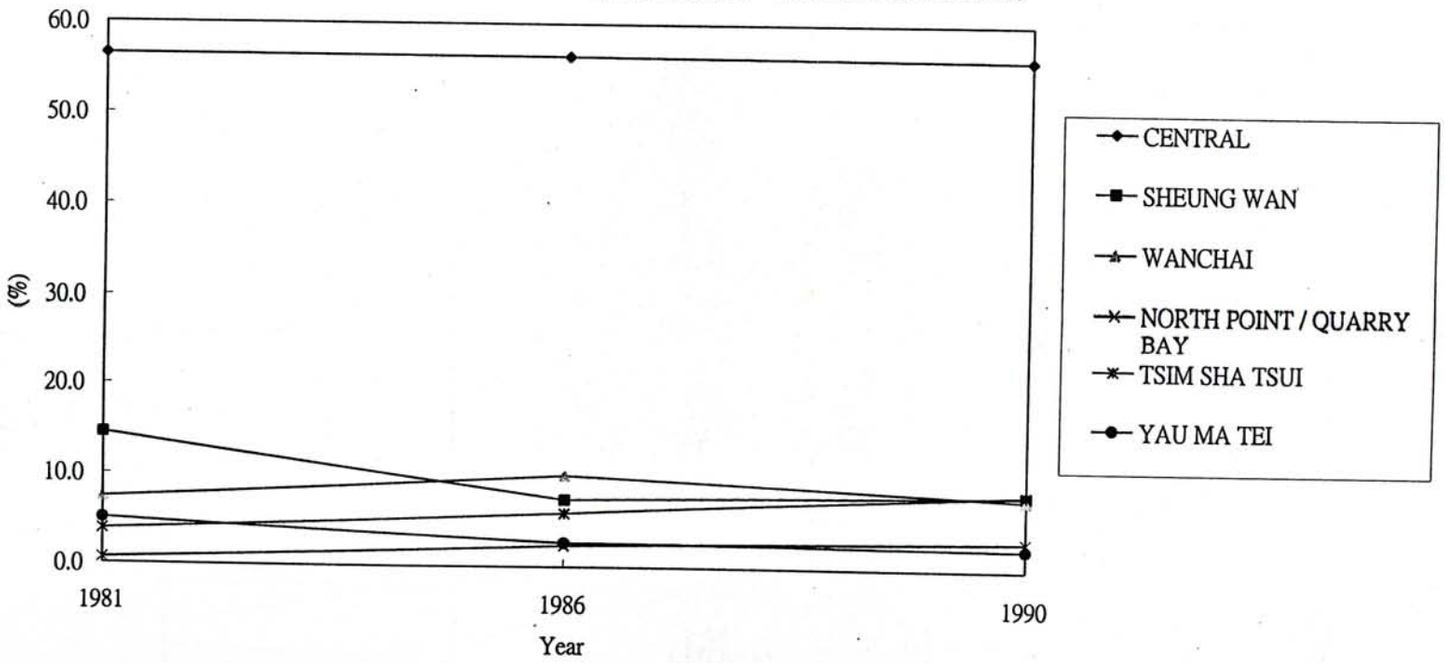


Chart 5.7 Other Financial Instiitiutions - Numbers of Establishment

Chart 5.8 Employment Share - Other Financial Institutions



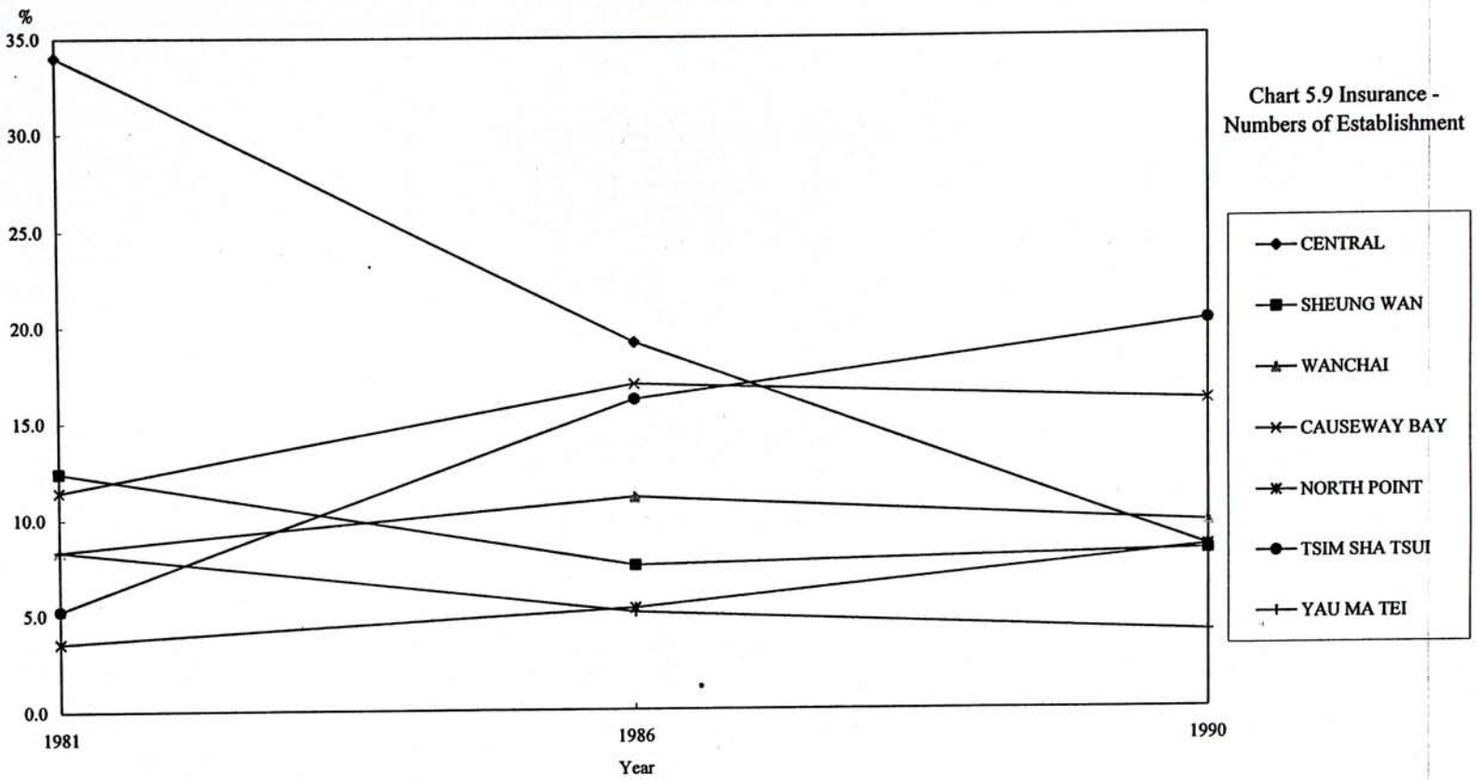
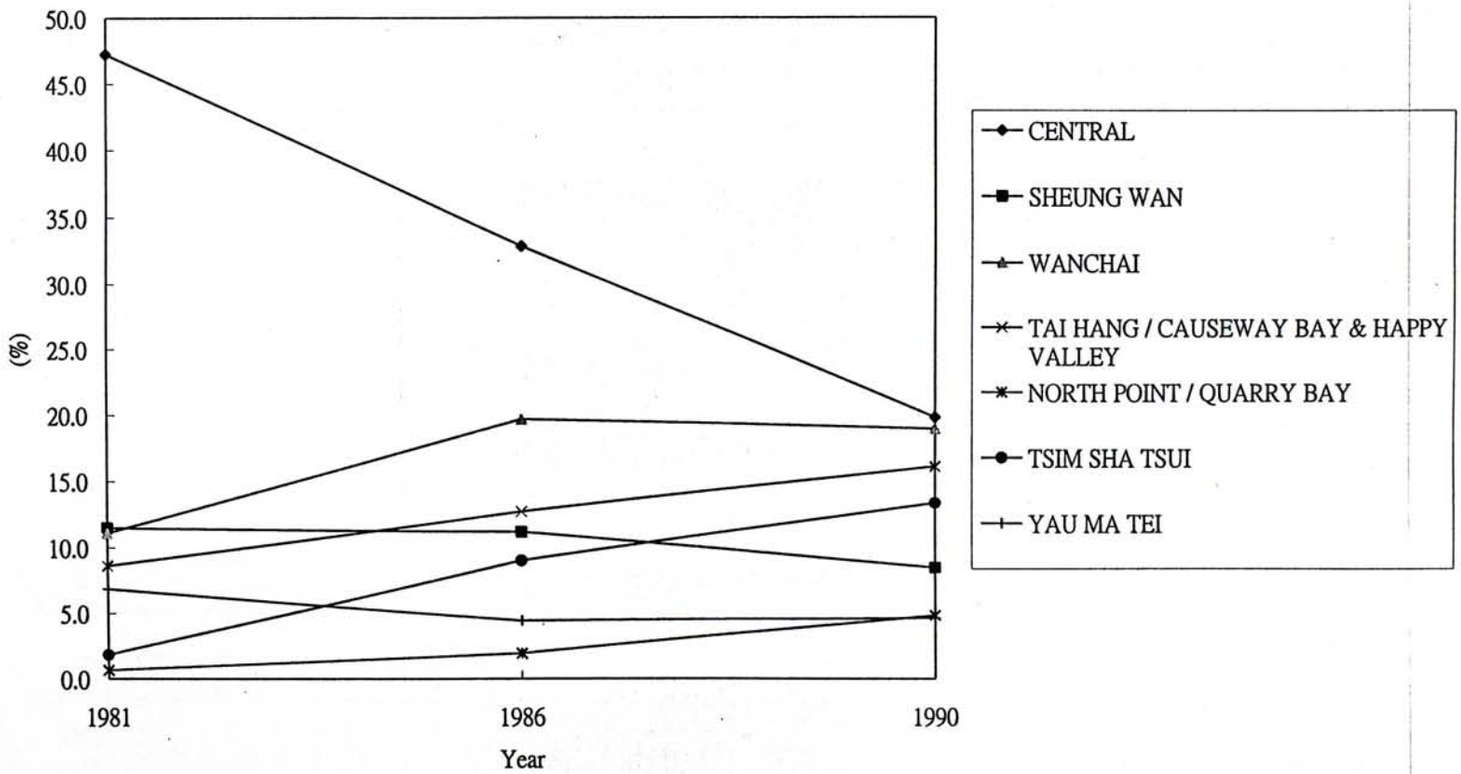


Chart 5.9 Insurance - Numbers of Establishment

Chart 5.10 Employment Share - Insurance



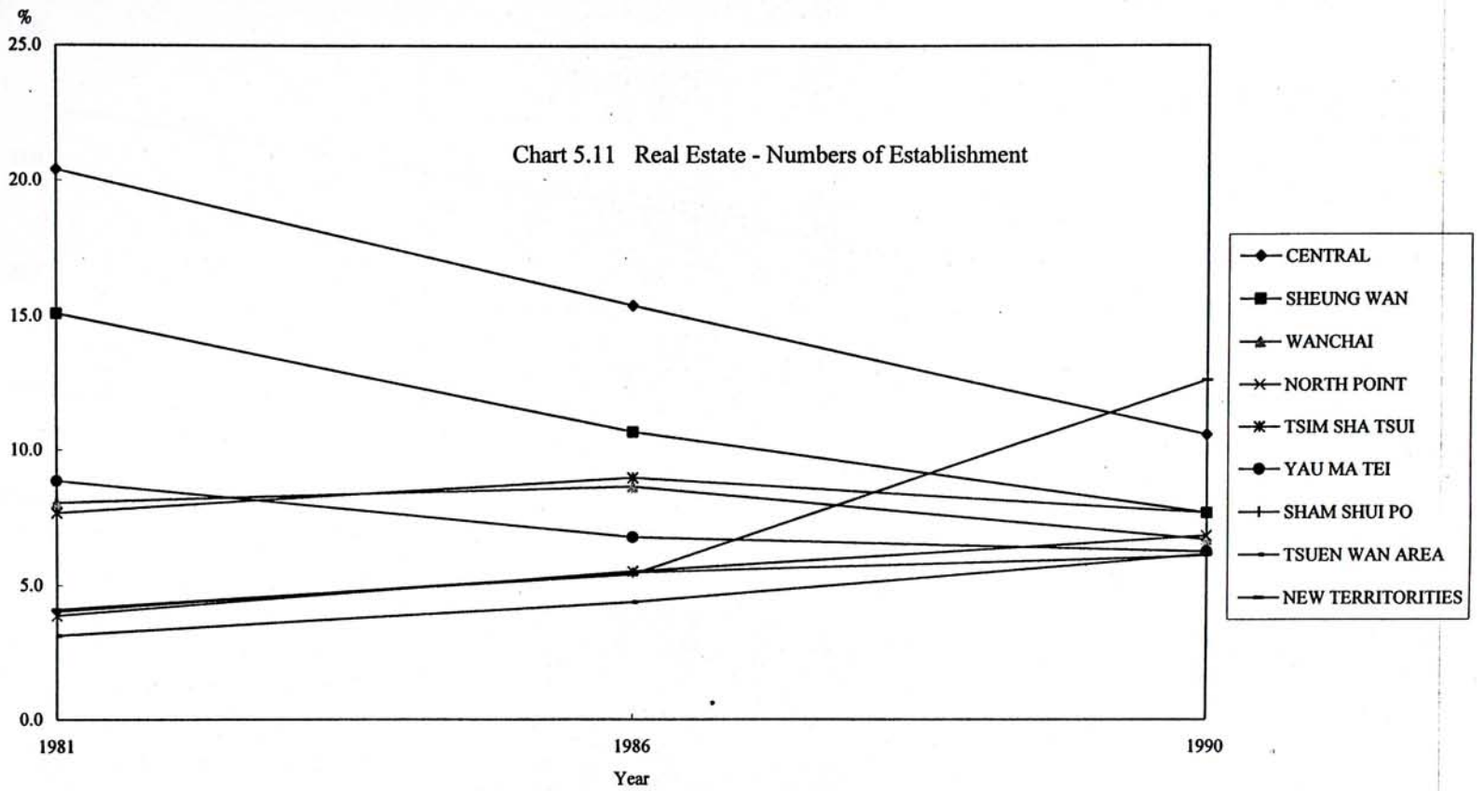
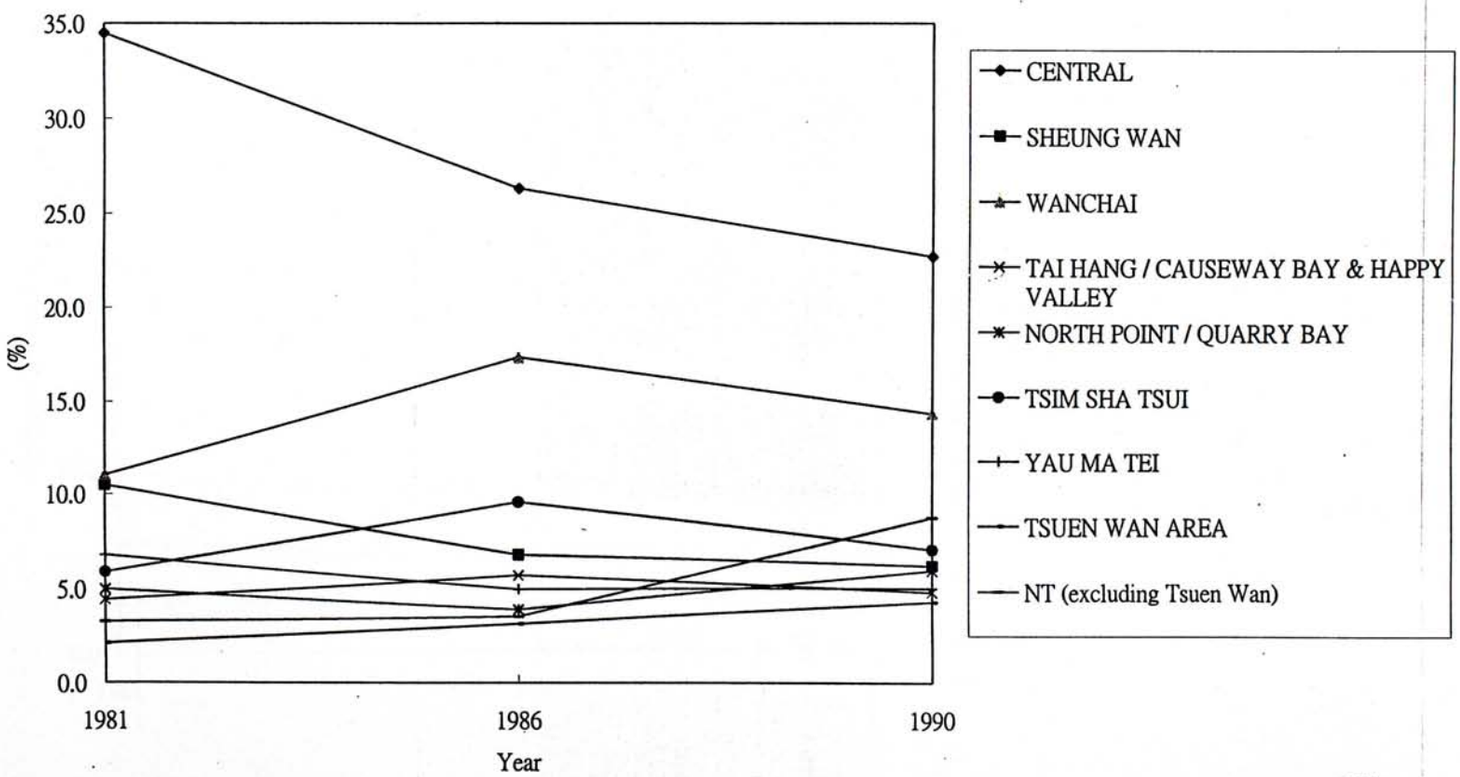


Chart 5.11 Real Estate - Numbers of Establishment

Chart 5.12 Employment Share - Real Estate



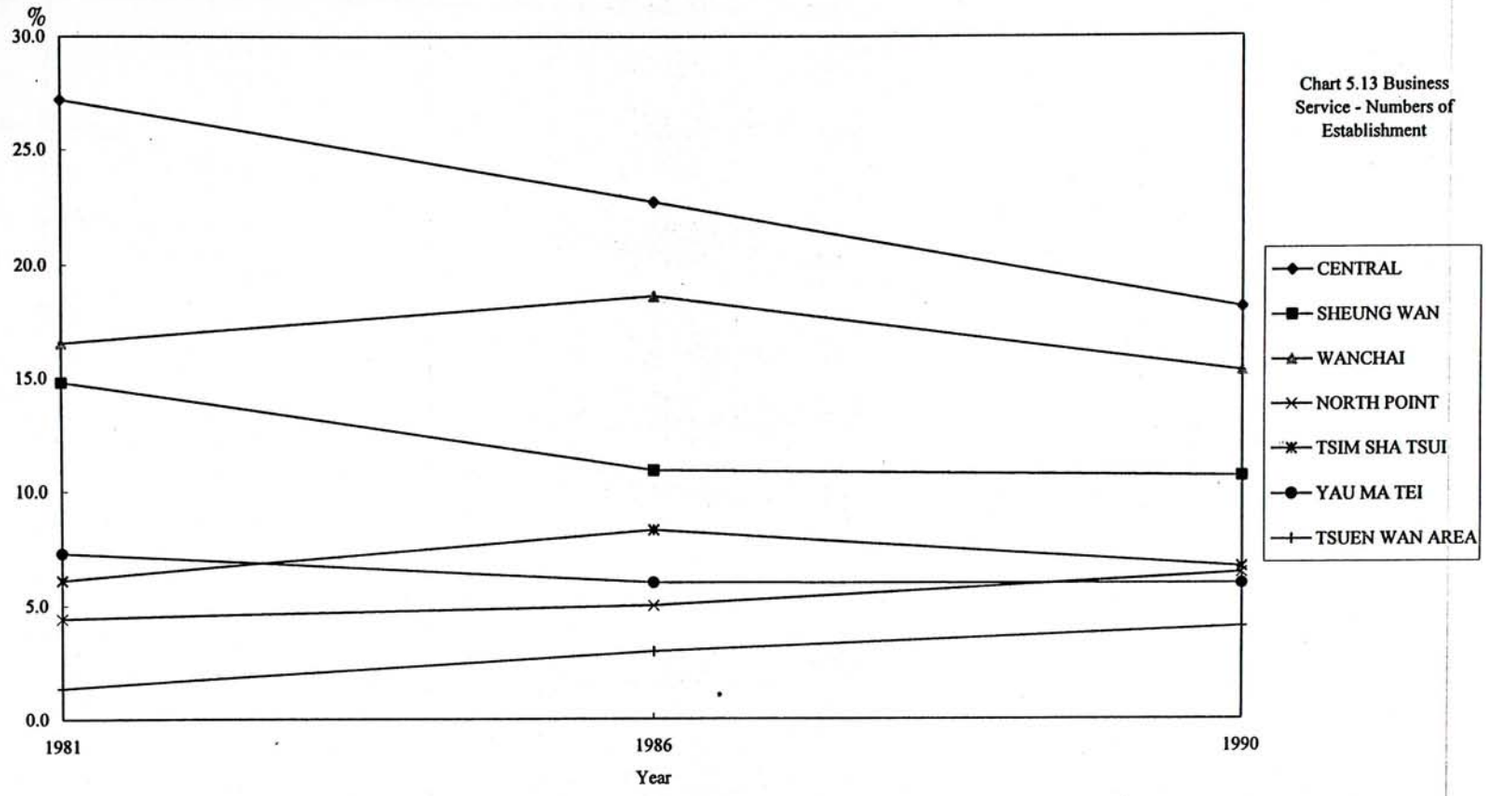
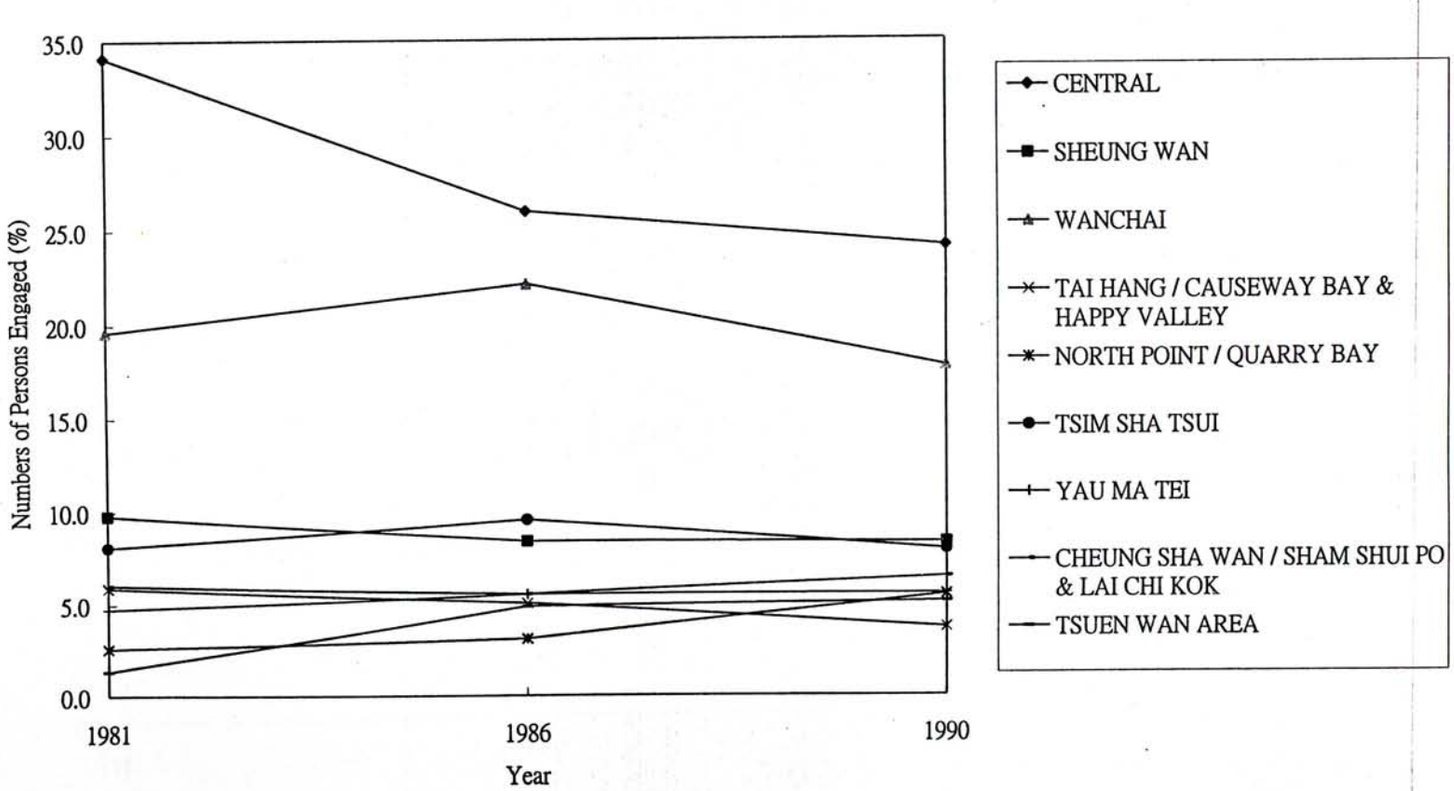


Chart 5.13 Business Service - Numbers of Establishment

Chart 5.14 Employment Share - Business Service



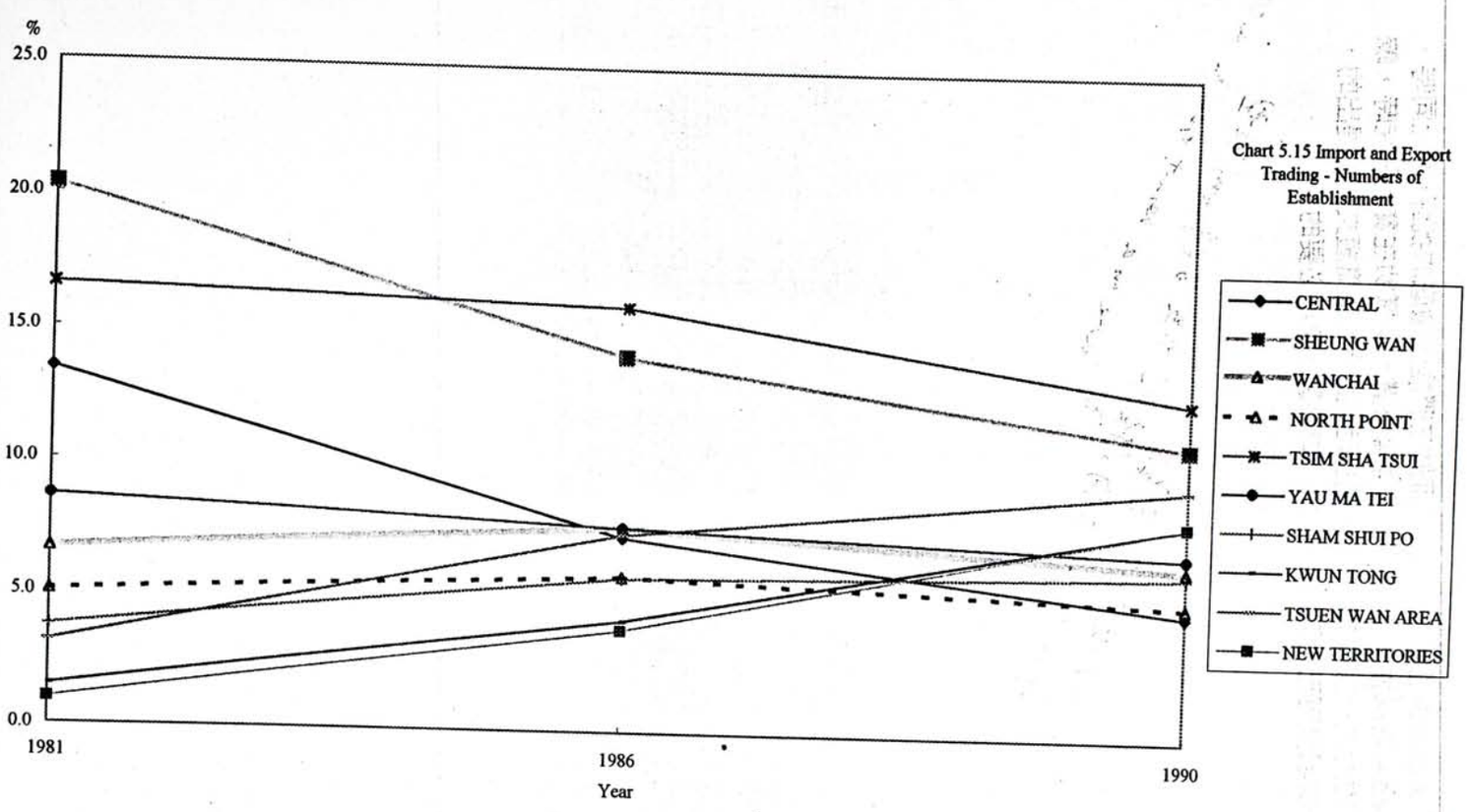
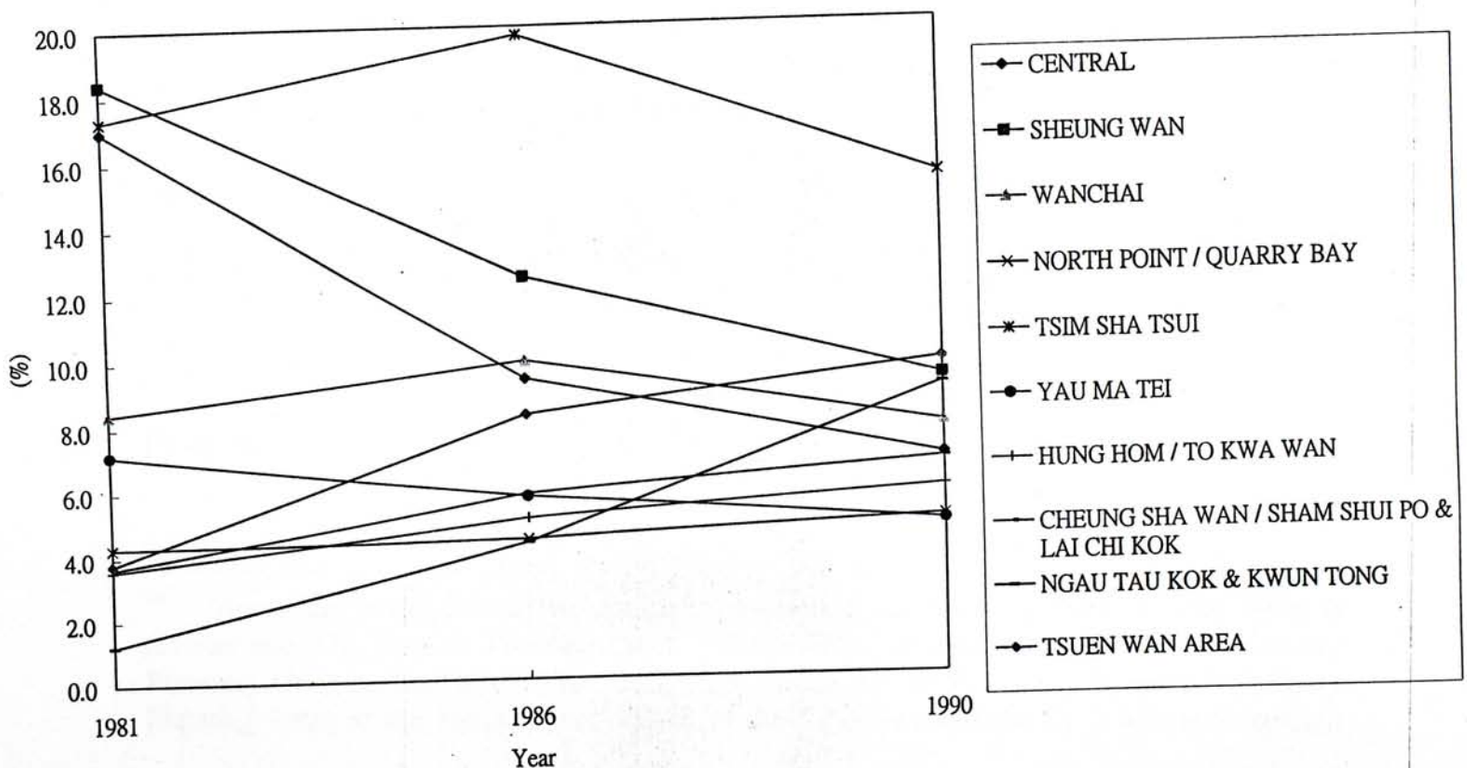


Chart 5.15 Import and Export Trading - Numbers of Establishment

Chart 5.16 Employment Share - Import / Export Trading



Chapter 6

Urban Social Structure:

Residential Differentiation in a Global City

> "In general, then, size of flat may not be an accurate guide to the standing of (Hong Kong's) inhabitants. The location of the flat might be much more significant, as there are some areas which are almost exclusively middle class and a few which are the preserve of the rich" (Baker 1983:473).

Social inequalities are always well visualized in Hong Kong as the above quotation acknowledges. In other words, space is of central significance in structuring the social inequalities by grouping and segregating social class. To have a thorough understanding of the spatial inequalities, a depiction of urban social structure is needed. Thus, the objective of this chapter is to map out the urban social structure of Hong Kong with reference to the global city formation. In chapter two, I have argued that urban ecology is a helpful corrective to the blind spot of global city studies. In this chapter, I seek to demonstrate its usefulness by an application of factorial ecology. Using the data from 1996 Hong Kong Population By-Census, I try to sort out the urban characteristics of Hong Kong and delineate its pattern. I am particularly interested in studying the changes of urban social structure since the early eighties when Hong Kong has increasingly performed global city functions. The spatial changes are best indicated in terms of residential differentiation across the Tertiary Planning Units[52] (TPUs) in Hong Kong.

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[52] According to the Census and Statistic Department, the whole territory of Hong Kong is divided into 276 Tertiary Planning Units. These TPUs are aggregated under 51 Secondary Planning Units at the next higher level. The SPUs are further grouped under 9 Primary Planning Units at the highest level. Each of the TPUs is identified by a unique three-digit

In order to delineate the changes of urban social structure, pattern of one time point certainly does not suffice. We thus bear a comparative mind by referring to the previous ecological studies. By comparing the results across different time period, we hope to grasp the trajectory of urban spatial development of Hong Kong. In particular, the ecological analysis of Hong Kong using census data of 1981 and 1986 rendered by Lo (1986) and Ho (1990) are particularly informative and useful. That however said, the readers should also be aware that results of factor analysis vary greatly with the inputs and methods used and that our analysis of 1996 data is only partial replication of the above two researches. The results of an analysis of 1996 census data are therefore not strictly comparable to those of 1986 and 1981 as three studies varied not only with their data inputs and the details of classifications, but also the boundaries of TPUs as well as units of observations[53]. Furthermore, as our interest is mainly revolved around the macro urban development, only statistical analyses are presented in this chapter. A more detailed studies of community changes under globalization of Hong Kong will be another research agenda.

Our discussion is divided into three main sections. First, some general methodological issues of factorial ecology are to be discussed. Second, a description of the data used and a brief note on the method of analysis will be put in place. After that, analysis of the 1996 census data is conducted, and results are compared with previous works in Hong Kong. Last, urban structure in Hong Kong and Kowloon is

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number. The first digit of a TPU number identifies the PPU code while the first and second digits together correspond to the SPU.

[53] In an analysis of 1971 data, Lo has used the census district as units of observation. He utilized all TPUs from the whole territory in the analysis of 1981 census. Ho, on the contrary, only took TPUs of Kowloon and Hong Kong Island into analysis.

mapped out.

6.1 METHODOLOGICAL ISSUES IN FACTORIAL ECOLOGY

6.1.1 Factorial Ecology

To reiterate, urban ecological theories are employed to examine the spatial structure of Hong Kong in terms of residential differentiation. Residential differentiation generally means the specialization of residential areas in terms of the characteristics of their inhabitants (Popenoe 1973:36). At the outset, it should be noted that residential differentiation here is not an analytical focus per se. Rather, it is taken to reflect changes of the underlying social processes. In this thesis, these social processes refer to changes brought about by the rise of Hong Kong as a global city as well as changes of urban political economy. More concretely put, they include deindustrialization, increasing prosperity of FIRST sectors, state intervention in the public housing. In this sense, urban ecological approach can be borrowed to study the changing urban structure in a global city. Theoretically, it is contended that by an incorporation of ecological approach, spatial order of a global city can be rightly addressed. Empirically, ecological approach also helps explore whether strong class demarcation or spatial duality exists as expressed in global city literature.

Factorial model is one of the approaches in studying the residential differentiation of sub-units of urban areas. As mentioned before, it is developed from a larger sociological tradition of urban ecology. Much of research, in this model, is triggered by the method called social area analysis (SAA) put forward by Shevky and Bell (1955). According to SAA, economic growth brings about changes in 'societal

scales'[54] that are consequently reflected in the increasing specialization of urban land use and population differentiation. In most applications, indexes of social status, family status, and ethnic segregation are calculated for small urban areas and classified into a three dimensional urban structure. With an advance of factor analysis, SAA is soon replaced by 'factorial ecology,' which is itself more in line of an empiricist as its research program is not guided by theoretical framework. In fact, factorial ecology is only a method purely devised to analyze spatial distribution of social data. Thus, it makes no presuppositions about the linkage between the spatial structure of cities and any specific social process.

Simply put, factorial ecology is a multivariate approach. That is to say, it analyzes variation for a number of variables simultaneously. It differs from SAA in that it is more inductive and incorporates a wider range of variables, in addition to that of SAA. Given data on each observation (TPUs in our case), the factor analysis is employed to identify which groups of variables cluster together and produce a set of 'factors,' i.e., weighted combinations of the original variables. As such, we are able to use these factors as proxies for the component variables. A simple example suffices to illustrate it. If an area indicates low incomes, there may be also low levels of education and more lower graded manufacturing / service workers. In this case, a single factor may capture these relationships by weighting these variables. So the variations among the urban areas are simplified by reducing large numbers of variable into a few factors.

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[54] In fact, the whole schema proposed by Skevky and Bell follows very closely an early modernization approach. By 'societal scales,' they mean generally the extent of division of labour, and "the degree of elaboration of the integrating mechanisms and institutions" (Schwirian 1974:8).

6.1.2 Some Unresolved Methodological Problems

Both SAA[55] and factorial ecology are always criticized for being data-driven rather than theory-driven. This problem is reinforced by the problems inherited in the factor analysis in which different data inputs yield different factor structure. In this way, SSA fares better for selection of data inputs in SSA is adjudicated by theoretical framework no matter how problematic it is. Without theoretical guidance, it is always difficult and problematic to determine which variables should be incorporated in factorial ecology. Thus, the researches tend to include unique data inputs in specific cities depending on the availability of data input. This makes factor structure different across different place. As a result, comparison becomes difficult, or even impossible.

The missing linkage between theory and method also creates problems for further investigation. Many studies, like ours, come to identify dimensions of urban social structure especially the three dimensions in Shevky-Bell model. Yet factorial ecologists take these dimensions without claiming any allegiance to the theoretical underpinnings of SAA (Jackson and Borgatta 1981:52). They thus easily fall into the empiricist camp, which provides no conceptual apparatus for a systematic investigation of urban areas.

The great variations of factor structure generated from different data inputs

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55 Although SAA tries to provide some justifications for selection of indexes, its theoretical underpinnings are very weak. In this regards, Bassett and Short (1980:17) provides a critical remarks which are worthy of quotation: "This scheme provides no real explanations of how the broad patterns of social differentiation are reflected into differences between households at the level of census tracts. It is an inferential leap from a broad theory of society to empirical regularities in the pattern of residential differentiation in which the explanatory links between the nature of the society and residential location of households are not examined. In general, the Shevky-Bell schema can be considered as a poorly argued rationalization for the use of three

but highly consistent findings of Shevky-Bell model also lead to criticisms that empirical findings of factor analysis might be the built-in results of an application of a particular model. Hunter (1972), for example, argues that

> "Since most studies have used the same factor model - principal factor, coupled with varimax rotation - it is possible that the consensus which currently exists among factorial ecologists concerning the nature of social differentiation within urban areas is to some degree a function of the fact that they have tended to use the same statistical procedure" (quoted by Jackson and Borgatta 1981:53-4, emphasis mine).

We share with Hunter's criticisms that results of factorial ecology may be biased, or to certain extent inherited by the method employed. One perplexing problem concerns the numbers and type of variables selected for analysis. Technically speaking, which factors are generated in fact depend substantially upon the value of variance explained, which itself can be manipulated by the numbers and types of variable inputted. Thus, the selection of variables is extremely important in conducting factor analysis.

To conclude, while we acknowledge the factorial ecology as a promising line of research, it is nevertheless true to point out the technical problems involved. Theoretically, attention should be paid to specify what are the basic variables. Empirically, efforts should direct to improve the method of analysis. However, it is not our aim to solve the above problems in this thesis. After all, they are problems of the factorial ecological approach as a whole, and these problems have involved most of the works in the fields of factorial ecology. Having pointed out the technical defects, however, it does not nullify our attempt to map out the urban structure. Rather, we shall still employ factor analysis so as to depict the continuities and changes of the urban

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indices."

structure. Using factor analysis facilitates comparison between previous studies of the same kind and across different time points. To make our study reliable and stand up to criticisms, we supplement a few TBU tabulations to validate if strong bias appear in the analysis.

6.2 A Factor Analysis of the 1996 By-Census Data

6.2.1 Method of Analysis

In the following analysis, we employ ecological approach to identify the residential differentiation in Hong Kong. There are totally 276 TPUs in the 1996 by-census including 57 TPUs in Hong Kong and 58 TPUs in Kowloon. We have information about the social, economic and demographic characteristics of the population. It includes: (1)type of living quarters, (2)tenure of accommodation, (3)monthly household income, (4)age structure and sex, (5)usual language / dialect, (6)marital status, (7)education attainment, (8)employment status, (9)occupation, (10)industry, (11)place of birth, and (12)housing ownership. These categories add up to 45 variables to be factor analyzed[56] (see **Table 6.1**). We first performed a principal component analysis, which arranges the variables into a series of linear combinations (i.e. a factor). The factor is therefore considered as a proxy of the underlying characteristics. The loading of each variables on that factor indicate the relative contribution of that variable to the factor. In line with most factorial ecological studies (Davis 1984, see also Jackson and Borgatta 1981) and also the previous studies on Hong Kong (Lo 1986), varimax rotation was employed to simplify the columns of a

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[56] For an introduction to factor analysis, please refers to Kim and Mueller (1978a, 1978b), Goddard and Kirby (1976).

factor matrix. Usually the varimax solution gives a more simple structure which facilitates extraction of the underlying dimensions[57]. After the extraction of the factors, we produce a 'Scree plot' which plotted the eigenvalues against factor numbers to look for a change of slope in the curve and determine how many factors should be included. In this manner, factor scores for every factor were computed for each TPU. These factor scores are then plotted by histogram to get an idea of their distribution such that six parts are divided according to their scores. At last, they are then mapped to show the spatial patterning of the different factors.

6.2.2 An Analysis of Urban Structure in the whole Territories of Hong Kong

For the sake of cross reference, we follow Lo's step (1986:315) in analyzing firstly the Hong Kong and New Territories as a whole . Because of large data matrix involved in the whole territory, a total of 9 factors with an eigenvalue of 1.0 and above are extracted. We produce a 'Scree plot' and identify six factors with variance value of 5.6% or above. These six factors altogether explain 72.7% of the total variance. The first two variables explain 45.5% of the total variance. Through an examination of the factor loadings in each of the 45 variables (see **Table 6.2** and **6.3**), six factors are labeled. Readers should be aware that there is no rules governing the naming of factors especially if a number of variables are included. Generally the naming process is, to a certain extent, involved judgments from the researcher. In our analysis, like many factorial ecological studies (e.g. Lo 1975), difficulties are encountered when some of the

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[57] By using varimax rotation, it is supposed that the factors are orthogonal; that is, they are uncorrelated with each other. However, it seems that some factors are correlated. Yet in the field of factorial ecology, studies also show that the choice of rotational technique has little effect on the factorial social structure (see Lo, 1975). In this chapter, in order to partially replicate

variables do not load heavily on one factor but tend to be shared among different factors.

Despite the difficulties in an interpretation, six factors can still be identified in the order of the variance explained: (1) lower graded service workers and operatives vs. top professional and managerial class, (2) middle income adults vs. lower income elderly, (3) associate professional and clerical workers, (4) recent Chinese immigrant working in construction or as craft workers, (5) households of public housing and government subsidized housing, and (6) kids. These factors are largely corresponded to the Shevky and Bell's three-dimensional model:

A. Socioeconomic status: factor (1), and (5)
B. Life cycle or family status: factor (2) and (6)
C. Ethnicity: factor (4)

In line with most factorial ecology (White 1987: chapter 7), socioeconomic status occupies a primary position in structuring the population of Hong Kong. A second position is dominated by a life cycle factor. In the studies of 1981 census data, Lo discerns a total of eight factors (1986:315) which are: (1) high socioeconomic status, (2) low socioeconomic status, (3) the elderly, (4) public housing households, (5) young female factory workers, (6) farmers and fishermen, (7) young children, and (8) large household size with extended or combined nuclear families. Compared this result with ours, it is revealed that both analyses consist of similar bipolar contrast among the factors such as high and low socioeconomic status, the elderly and kids. More importantly, major axes of the urban structure are consistently found over the last one

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the research made by Lo (1986), a varimax rotation is employed.

and a half decades, including socioeconomic status, age factor, public housing factors. As mentioned earlier, the results of factor analysis in our studies are not strictly comparable to the previous works. We think that some of the variations are the results of different inputs used. For example, extended or combined nuclear families [the factor (8)] in Lo's analysis are not found in ours because no input of household composition is made. Besides, we do not have information on factor (6), farmers and fishermen in 1996 census for it is grouped to the other industries due to its insignificant overall proportion.

Last but not least, the above factor analysis only produces a highly averaged picture of the area units because of the great discrepancy in TPU size between Hong Kong and the New Territories. Hence, according to Lo (1986:318), the mapping of individual factors can only exhibit a very coarse spatial pattern which are not suitable for further interpretation. So no further investigation will be undertaken in this part. We thus focus only on the analysis of Hong Kong and Kowloon.

6.2.3 An Analysis of Urban Structure of Hong Kong and Kowloon

Like the above analysis, principal component analysis with varimax rotation is employed. By means of 'Scree Test,' we have chosen four major factors with a variance cut-off value of 7.3%. These four factors explained totally 75.8% of the total variance. A very high percentage (up to 60.5%) of the total variance is explained by the first two factors. Thus, efforts in the following analysis are given primarily to these two categories. We firstly suppress variables with factor loadings lower than absolute value of 0.4. Difficulties in the naming process persist as some of the variables cross-load on more than one factor. With a closer scrutiny of the rest of variables (**Table 6.4**

and **6.5**), four major factors are nevertheless labeled as follows:

(1) Blue and white collar worker vs. high-income professionals and managers

The blue and white collar workers are characterized by a very high positive loadings on the medium to low income level including variables "low income" (0.925), "medium income" and "lowest income" (0.727). High loadings also occur in low level education attainment (lower secondary school: 0.940, primary school: 0.857). They are likely to be middle aged males (0.699) who tend to work as craft and related workers (0.906), operatives (0.789), lower-graded service workers or shop sales workers (0.820), and clerks (0.702) in the fields of construction (0.863), transport, storage and communication (0.721), as well as manufacturing (0.598). They are also vulnerable to the unemployment (0.778). On the other hand, this group is also associated with variables of "Chinese dialects other than Cantonese" (0.410), and with tenure status of "co-tenant, main tenant or sub-tenant" (0.607). This suggests that part of these blue and white collar workers are new immigrants who clustered in the lowest income level and are not qualified to be settled in public housing. It also suggests that they may have to rent private housing and share with other tenants.

On the other hand, the high-income professionals and managers are characterized by the high negative loadings in variables "managers and administrators" (-0.807), "professionals" (-0.874) in the fields of financing, insurance, real estate and business services (-0.733), community, social and personal services (-0.904). They are associated with mature male adult (-0.447) and female adult (-0.75). They are also the highest income group (top 7% income: -0.913) with the highest education attainment (tertiary education: -0.915). Some of them are recorded as employers (-0.675) and

expatriates (English as usual language: -0.820). This suggests that this highest income group people usually advance their career through the path of educational attainments. Either they are professionals working in the government, educational services; medical, dental and other health services, or they are managers / administrators in such fast-growing producer service industries as financing, insurance, real estates and business service. Furthermore, some of the top-income classes are employers themselves.

(2) Local Public Housing and Government Subsidized Sales Flats Residents

The second factor alone explains 11.7% of the total variance. The highest positive loadings (0.834) occurs in the public housing variable. A smaller share may be from residents in government subsidized sales flat especially under the homeownership scheme (0.558). The predominance of public housing in this group can also be indicated by a highly negative loadings in private housing (-0.846) and negative loadings in non-sole tenant status (-0.636). This group of people is characterized by lower educational standard (no schooling: 0.618) and locally born (born in Hong Kong: 0.675, usual Chinese dialects other than Cantonese: -0.409). They are obviously in low socioeconomic status as shown by positive loadings in the variable of operative (0.497), economically inactive (0.496) as well as negative loadings in the variable of manager (-0.448) and employer (-0.518). These loadings suggest that the public housing residents are usually local residents who either are born in Hong Kong or stayed in Hong Kong long enough to understand Cantonese. The effective screening of public housing residents by the government has also facilitated the clustering of residents with low socioeconomic status.

(3) Higher Grade Clerical Worker and Associate Professionals

Factor 3 only explains 8.0% of total variance. This category is characterized by a high positive loading on the associate professional (0.781) and a strong association with the upper secondary and sixth form educational attainment (0.705) and higher than average income (0.902). Variables of clerks also cross loads on this category (0.499). It is not very clear why this group emerges after a factor extraction of the lower grade workers vs. high-income managers and professionals. It is speculated that associate professional group may stand out when the factor 1 only covers the group of top mangers and professionals. This is indicated by the very strong loadings on manager, professional, the highest income, tertiary education, and the notable total absence in the upper income level group variables. The group of associate professional and higher graded clerical workers differs significantly from the managers and professionals. According to the CSD, this group largely includes: technicians in the fields of science, architecture and engineering, nurses and dental assistants, computer operators, law clerks, accounting supervisors, sales representatives, social workers assistants, and inspectors and officers of the police, to name only a few.

(4) Age Contrast: Kids vs. the Elderly

As this group accounts for only 7.3% of total variance, only a few variables are loaded on this factor. Thus, we do not have much information on it. Yet the loadings clearly reveal that there is an age contrast. The very high positive loadings are associated with male kids and youth (0.873) and female kids and youth (0.822) whereas the very high negative loadings are associated with male elderly (-0.726) and female elderly (-0.69).

Overall speaking, it is noteworthy that the first factor alone have explained

48.8% of the total 75.8% variance explained by all these four factors together. Although this figure does not shed light on level of inequality, it is still justified for us to conceive it as an indication of the high degree of dualism in Hong Kong. Our analysis further shows that the contrast between the rich and poor constitutes a major axis of the urban structure in mid nineties. Another distinctive feature is an emergence of immigrant factor in the analysis of the whole territories. Yet this factor has disappeared in an analysis of Hong Kong and Kowloon alone, possibly because its loss of importance to the heavy loadings for factor 1. The high correlation between the socioeconomic status of immigrants and the lower class may draw all the related variables to the group of blue collar and white collar workers. Furthermore, public housing factor is notable in both analysis of Hong Kong and Kowloon and that of the whole territories. This suggests the persistent importance of government intervention in restructuring the spatial structure through the provision of public housing.

6.2 A Comparison of Urban Structure from 1981 to 1996

In the analysis below, I follow closely the methodology employed by Lo for the sake of comparison. But readers should be noted that the variations of inputs, TPU boundaries and subtle difference in method of analysis make a rigorous comparison unfeasible. Only a rough and tentative comparison is done here (see **Table 6.**). First of all, one finds a remarkable consistent pattern of factors in the past one and a half decades. Clearly, the socioeconomic status of population dominated at the first factor, i.e. the largest total variance explained. The overwhelming importance of the contrast between blue and white collar workers and high income professionals and managers over the period suggests the persistence of a social duality in the urban structure.

Secondly, when compared with the 1981 and 1986 solutions, one can find that factor 1, 3, 6 and 8 have remained in 1996 though the order of importance has changed. For example, the importance of the elderly vs. youth is ranked higher in the 1996 solutions. The disappearance of 'fishermen and farmers' factor, and of 'Southeast Asian groups' in the 1986 and 1996 analysis does not seem to be caused by the variations of inputs and method. Rather, it is more likely that these factors are gradually losing their importance in structuring the residential differentiation. Thirdly, we cannot find the local resident vs. recent immigrant factor (Factor 2 in 1981) in the 1986 solutions. In 1996, this group seems to be incorporated in factor 1 in which immigrant factor is associated more with the blue and white collar workers. For some unknown reasons, the public housing was not identified in 1981 even it was found in the analysis of 1971 population census (Lo 1975:954). But it reappears in the 1986 solutions and 1996 with the third and second order of importance. This thus supports the continual prominence of public housing in sorting and redistributing population in Hong Kong.

Table 6. Summary of the factors found in an analysis of Hong Kong and Kowloon, 1981, 1986 and 1996

Factor	1981	1986	1996
1	blue-collar workers vs. high-income professionals	high income professionals	blue and white collar workers vs. high-income professionals and managers
2	recent Chinese immigrants vs. local residents	low socio-economic status	local public housing and government subsidized sales flats residents
3	the elderly vs. the youth	low rent public housing	higher grade clerical worker and associate professionals
4	self-employed farmers or fishermen		age contrast: kids vs. the elderly
5	private housing main tenants and subtenants		

6	white-collar and service workers
7	Southeast Asian group
8	young children

Source: Lo (1986:319); Ho (1990:23-29).

In sum, the above three studies consistently exhibit the three dimensions of urban structure - socioeconomic status, family cycle and ethnicity - as stipulated by Shevky and Bell (1949). As for ethnicity, only the contrast of Chinese immigrants and professionals and managers of English usual dialects is recorded. It is therefore true to say that ethnicity dimension plays a rather limited role in Hong Kong. Instead, the housing conditions stand out in Hong Kong as a major axis to divide the population, which reflects the extensive nature of state intervention in public housing (Castells, Goh and Kwok 1990). Finally, the case of Hong Kong largely fits the Shevky and Bell model and echoes well with comments made by Johnston (1976:217) regarding the use of this model:

> "By far the major finding, common to a majority of studies, irrespective of the location and cultural context of the relevant city, is the generality of Shevky and Bell's three-dimensional model of the bases to residential area differentiation. This must, in part, reflect the data used, the variables collected by census authorities and made available for small areas, and the inference that Shevky and Bell derived their theory concurrently with their experimentation with census data. Yet, within this constraint, there can be no doubt that socioeconomic status, family status / life cycle, and ethnic status are consistently major determinants of where people live, irrespective of the degree of institutional intrusions to the process of residential location.

6.3 MAPPING OF URBAN STRUCTURE IN HONG KONG AND KOWLOON, 1996

In section 6.2, we have identified the major dimensions of urban social structure in 1996 and described how they changed during 1981 and 1996 through a brief

comparison among our results and the works of Lo (1986) and Ho (1990). A further step of the investigation is to see how the residential pattern of Hong Kong is affected spatially by these dimensions. Before the spatial mapping is presented, a sketch on the changing urban structure is necessary to provide a backdrop for the 1996 analysis. A selective overview summarizes the two major shifts of the post-war development of urban structure.

6.3.1 An Overview of the Post-War Urban Structure 1950-1980

(A) Uni-centric Peripheral Accretion 1950-70[58]:

Hong Kong has long suffered from the problems caused by post-war urbanization and population growth. They were brought about by huge influx of immigrants and rapid natural increase in population. The massive immigrations contributed to a significant proportion of population increase in the fifties. Shortage in housing and squatters proliferated, especially in the hilly sides of Metro areas. As a result, the space for growth in the Metro area was very limited. Hong Kong Island only extended east and west along the north shore as the steeply slope deterred the expansion of the South. Thus, the government was forced to reorganize the urban structure by supplying land for both housing and industrial development (cf. Sit 1985, Bristol 1984). First, a large scale of squatter clearance was implemented in the urban core area. For example, squatter areas in Wongtaisin, Shepkipmei and Ngautaukok was cleared in early sixties and the squatter population was then rehoused to the resettlement estate there. Second, inner urban districts ranging from Western District,

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[58] This classification follows Sit's discussion of urban structure (1982; 1985; 1989).

Yaumatei, Mongkok to Cheungshawan and Tokwawan were redeveloped through clearance of tenement slums (cf. Drakakis-Smith 1972). The squatter occupants and low income families were then re-housed to the newly built public housing estates located at the periphery of the urban areas, especially within New Kowloon.

Table 6.6 Distribution of Population in Selected Census Districts of Hong Kong 1961-71

Type of Area	Census District	No. of Persons		% Change	% of Public Housing to Total Residential Housing in the District
		1961	1971	1961-1971	
Central	Central	47,799	22,892	-52	0
Hong Kong	Sheungwan	142,815	67,885	-53	0
Island	Wan Chai	186,169	142,679	-23	0
Kowloon	Tsimshatsui	87,485	73,798	-16	0
Peripheral					
Hong Kong	Aberdeen	31,228	108,940	+249	80
Island	Shau Kei Wan	136,184	162,525	+19	46
Kowloon	Hung Hom	182,584	188,711	+3	16
	Ho Man Tin	72,349	76,962	+6	40
New Kowloon	Kai Tak	250,808	555,079	+121	79
	Ngau Tau Kok	53,836	230,714	+329	71
New	Lei Yue Mun	27,457	222,122	+709	85
Territories	Tsuen Wan	84,823	271,892	+221	76

Source: Han 1978: Table 1.8.

Using 1966 by-census data, Lo (1973:35-9) has constructed an ecological model of urban structure in which seven patterns were discerned:

(1) mixed high-class commercial and residential type [e.g. Mid-Levels]
(2) overcrowded old middle-class commercial areas with residential uses [e.g. Sheungwan]
(3) high-class residential area with squatters [e.g. Kowloon Tong]
(4) new industrial and residential area with rural characteristics [e.g. Kai Tak]
(5) new middle-class residential areas with commercial activities [e.g. Shau Kei Wan]
(6) overcrowded old industrial area with residential and intense commercial activities [e.g. Cheung Sha Wan]
(7) old rural area with agricultural activities [e.g. San Tin]

In short, the period between mid fifties and early seventies was characterized by Keung (1985:27) as "direct ad hoc (housing) intervention" in which sporadic squatter

clearance and resettlement occurred on ad hoc basis. At the same time, the urban structure experienced a peripheral accretion extended to North Point and Aberdeen in Hong Kong Island, and to the whole New Kowloon in which new industrial areas and public housing estates were developed in the undeveloped areas[59]. The massive constructions of public housing thus resulted in a 73% increase in public housing population during 1961-71. Over 70% of the population in districts like Kaitak, Ngautaukok, and Leiyuemun were housed in public housing estates (see **Table 6.6**). The public housing then further developed at the rural-urban fringe of New Kowloon, i.e. Shek Kip Mei and Wongtaisin. They altogether rendered New Kowloon and Eastern Hong Kong as well as Aberdeen as a large working class community. In Sit's word (1982:85), "(t)his formed an almost continuous girdle of working class quarter around the older urban areas of Kowloon and Hong Kong Island." On the other hand, the nearby areas like Sanpokong, Cheungshawan and Kwuntong, facilitated from remarkable land supply, had established themselves as the major industrial districts. This post-war peripheral extension thus reinforced the "pre-war pattern of concentrated development within less than 10% of Hong Kong's total territory of about 100 sq. km" (Sit 1989:40). In this process, it is noted that the government actively reshaped the direction of urban growth and manipulated the spatial changes of Hong Kong through the creation of a peripheral, public housing area in the previous rural-urban fringe (Lo

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[59] Choi's indirect estimate of net migration in each census districts depicts a more detailed pattern. On Hong Kong Island, those extremely congested areas such as Central District, Sheung Wan, Wanchai and Sai Wan had experienced a substantial net migration loss. So had Yaumatei, Mongkok, Shek Kip Mei, Hunghom and Cheung Sha Wan on Kowloon. Only two areas had experienced net migration gains on Hong Kong Island. North Point's gain in net migration came from the private development while that of Aberdeen was associated with the construction of Wah Fu Estate, the Tin Wan Estate, and the Shek Pai Wan Estate (Choi 1976:267).

1975). Furthermore, the clustering of a large pool of working class around the industrial districts in New Kowloon was originally aimed at facilitation of the growth of labour intensive manufacturing. The indirect result was a concentration of lower class in the peripheral urban area. The notable change of urban structure between 1961 and 1971 is succinctly argued by Lo:

> "The axial development is... confined mainly within the inner zone. Such a pattern is probably a result of the alignment of the transport arteries which reflects closely the controls of relief and coastal configuration. On the other hand, the concentric variation development caused by the government's public housing and industrial location policies...Finally, the multiple nuclei pattern may also be vaguely discerned...The high-class residential zones in Hong Kong...are better explained in terms of this model."

(B) Multi-centric Dispersion 1970-1984

As a result of huge population flows and rapid industrialization in the sixties, the uni-centric mode of urban growth was blocked by the topographical constraints imposed by the Kowloon hill. It was also found that the urban areas, after rapid post-war growth, was decayed and blighted (Pryor 1971). Therefore, the government adopted a decentralization approach in 1973 in the forms of low-cost housing-led new town programme. It aimed to alleviate the overcrowding in Metro area on the one hand, and provide land for industrial expansion on the other. This planned development rested on three grounds (Sit 1979:401). First, the government needed to house the expected population increase of about 1.6 million during 1976 and 1986. The Metro areas no longer afforded them as the overcrowded population has already manifested in the problems of traffic congestion, sewage disposal, and the pressure on existing utilities and community facilities. Second, about 1,500 hectares of industrial land were required to sustain the industrial growth by 1986. The land of Metro areas

was expected to be consumed in the seventies, and hence, new land could only be provided outside urban area. The location of new towns varied greatly in different parts of the New Territories, thus forming a diverse pattern of urban growth. The proportion of total population living in new towns increased from 10.1% in 1971 to 18.8% in 1981 (cf. **Table 6.7**). At the same time, three large new towns were recorded the greatest population increase, i.e. Tsuen Wan, Shatin, Tuen Mun (Sit 1981a). Although the development of New Kowloon continued, its pace was slowed down and its share of total population declined. The decentralization program thus had replaced the single nucleus urban form through the dispersal of new towns (Lo 1983).

(C) Eighties: Towards A New Era?

Stepping into the eighties, the pendulum of spatial development shifted from decentralization to recentralization of the Metro areas. The government had reoriented to a harbour-oriented and uni-centric growth strategy. It aimed to redevelop the inner city instead of the new towns, as codified in the Territorial Development Strategy (TDS). The housing policy changed accordingly from public housing provision to a strategy of privatization through a series of homeownership scheme and collaboration with the private land developers in urban redevelopment. Then it is interesting to know how the urban growth from a uni-centric to a multi-centric affected the industrial location.

6.3.2 Mapping of Spatial Structure of Hong Kong, 1996

I present here in **Fig.1-6** the spatial patterns of factor 1, 2 and 4 mapped in Hong Kong Island and Kowloon separately. The mapping of factor 3 (higher grade clerical workers and associate professionals) is not reproduced because it tends to

overlap with factor 1 because this group is largely in the middle level of the factor.

(1) Blue and white collar worker vs. high-income professionals and managers

Figure 6.1 and Figure 6.2 show the distribution of factor scores of factor 1. As is explicated earlier, the factor is calculated from large number of variables and simplified under our label of the professional/manager vs. blue and white collar worker contrast. Here factor 1 is in fact like a composite index probing the contrast of upper class vs lower class. To further validate factor 1[60] and the allocation of factor score into the geographical unit, we calculate the value of three variables in each of the TPUs as a proxy (the details listed in **table 6.8**). The variables include: median household income, percentage share of managers and professionals, and percentage share of lower-graded workers. The results suggest that the allocation of factor score in TPUs largely matches with the value of the three proxies. **Table 6.9** summarizes some results. For example, the range of median household income increases with the level of factor score, and vice versa for the percentage share of lower-graded workers. The only issues here is that we find very close value in the proxies of level 1 and 2. But it will not constitute a problem for we can simply treat both levels as the heavy concentration of lower class.

Table 6.9 Validation of the Geographical Distribution of Factor 1 by TPU (1)

Grade in Factor1	Resident Population	Range of Median Household Income among TPUs	% of Managers and Professionals	% Range of Managers and Professionals among TPUs	% of lower-graded workers	% Range of Lower-graded workers among TPUs
1&2	1,583,909	10,525 - 20,000	11.1%	6.1 - 21.4	28.0%	24.3 - 32.4
3	909,776	14,200 - 27,000	17.2%	9.6 - 29.9	25.0%	17.4 - 31.1
4	513,535	16,090 - 40,000	23.7%	11.8 - 34.4	19.1%	11.9 - 28.6

[60] As factor 1 and 2 are the focus of this chapter, we therefore conduct such validation exercise to ensure the geographical distribution is largely accurate.

5	255,332	32,500 - 62,500	35.0%	22.6 - 38.1.	8.1%	2.8 - 12.1
6	38,600	91,250 - 113,750	34.9%	32.2 - 37.9	3.2%	1.1 - 4.4

Note: Three outlying cases are excluded from the calculation of median household income range (TPU 194 in Factor 5) and percentage of mangers and professionals (TPU 134 in Factor 4, and TPU 142 in Factor). TPUs in level 1 and 2 are merged for the values of some proxies are close.

Source: *1996 Population Census*, computation based on Table 6.8

The most notable feature in **Fig.6.1** is a heavy concentration of upper class (with factor score lower than or equal to -1.7) running from west to east along the mid-levels (184. 143)[61], the Peak (182) via. Happy Valley to Jardine's Lookout (190), and extending southward to Repulse Bay (192) and Stanley Peninsula. Clearly, no heavy spatial concentration of upper class is found in Kowloon. So the peak area is the only settlement for upper class in the whole area, which is consistent with our general impression (cf. Baker 1983:473). In other words, a concentric residential pattern is found around the peak, with a strong correlation between socioeconomic status and relief[62]. This pattern has persisted for over several decades (Lo 1976, 1986).

In our surprise, the heaviest concentration of blue and white collar workers (with factor score greater than 1.21) is not located in any TPUs in Hong Kong. Instead, these poorest areas are mostly concentrated in two areas in Kowloon. Some cluster in the east coast and west coast of Central Kowloon: Yaumatei, Mongkok (228, 229), Taikoktsui (221); and Mataukok, Tokwawan (242), Hunghom (244). Others are located in New Kowloon area: Shamshuipo (266), Cheungshawan (261) and Sanpokong (284). A closer look reveals the characteristics shared by these areas. First, they are usually

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[61] Unless otherwise stated, the numbers in the bracket denote the number of TPU according to the boundaries stipulated in the 1996 Hong Kong Population By-Census.

[62] It should be noted that, our validation also suggests TPU 194 (i.e. the Tai Tam, Mt. Parker and Violet Hill) as upper class area. But most of the area is hilly hand reserved for public uses, eg. Parks and reservoirs

the early developed areas and therefore are rather old districts found in Hong Kong. Some of these areas are subject to the urban renewal scheme. They are in extremely bad environmental conditions as underlined by very congested and old tenements. Second, many of these areas are associated with heavy concentration of industrial activities. Sanpokong, for example, is mostly zoned for industrial buildings. Hunghom, Mongkok and Taikoktsui, on the other hand, received significant portion of factories in domestic premises (FIDs) during the last two decades, particularly in metal, machinery and plastic products (Lai and Sit 1985:262). Thus, it is speculated that the industrial decline may adversely affect the local community as manufacturing workers are usually found near their workplace (note: the loadings on variable "unemployed" =0.778). Third, no public housing is located in these areas. This suggests that most heavy concentration of the lowest income group we found is distinctively housed in private housing or even not in sole tenant status. It is reasonable considering that some of them, such as the recent immigrants are not qualified for public housing settlements. In this way, the government intervention of housing may indirectly exclude some of the most underprivileged, that may lead to the spatial concentration of the poor in old district. Unable to live in public housing, they are easily drawn to old districts by the relatively low rentals there, and the low transport costs to workplace. It follows that spatial concentration of the poor is reinforced.

The blue-collar and white-collar workers (with factor score 0.6-1.2) reside densely in the east and west side of Hong Kong Island: Quarrybay (155), Shaukeiwan (164, 166), Chaiwan, Siusaiwan (165); and Saiyingpun (115), Shektongtsui (116). The group in the Hong Kong East includes locations encompassing most of the public

housing in Hong Kong Island such as Tsui Wan Estate, Yue Wan Estate (163), Siu Sai Wan Estate, Hing Wah Estate, Wan Tsui Estate (165), Yiu Tung Estate, Hing Tung Estate (166). On the other hand, the group in West comprises early developed districts full of old tenements. Again, old tenements attract blue and white collar workers by the cheap transport cost and relatively cheap rentals.

On the Kowloon side, the blue-collar and white-collar workers group (with factor score 0.6-1.2) is also overwhelming concentrated in the periphery of New Kowloon, running eastward from Wantauhom (282), Tokwawan (243), Hunghom (241), Kowloon City (285), Wongtaisin (283), Tszwanshan (281), Kowloon Bay (280), to Jordan Valley (ShunLee) (292), Ngautaukok (294), Saumauping (293), Kwuntong (295), Lamtin (297) and Yautong (298). Most of these areas are also overwhelmingly occupied by public housing settlements, like Yau Tong Estate, Ko Chui Road Estate, Kwun Tong Estate, Sau Mau Ping Estate, Lok Wah Estate, Ngau Tau Kok Estate, Choi Hung Estate. The numbers are too large to reproduce here (see refer to Hong Kong Housing Authority 1995). Another group is situated in the Kowloon West: Shamshuipo, Cheungshawan (264, 265, 267), and Shekkipmei (263). These areas are characterized both by old and demolished tenements and public housing including Uk Chau Street Estate, Cheung Sha Wan Estate (264).

On the other hand, high concentration of professional and managers (i.e. factor score from -1.69 to -0.8) are scattered around Hong Kong Island: from Mid-Level (141, 142), via Central (121, 123, 124) to Happy Valley (145), Quarry Bay (152), and spirals upwards. This group shows a more restricted pattern in Kowloon. It is found in Kowloon Tong (271, 272), and Kowloon City (around Boundary street, Prince

Edward Road and Waterloo road) (231, 232, 233, 234, 235). Clearly these areas are also characterized by low density and low-rising buildings. This was originally imposed by the government to meet the safety landing requirement of the airport. It then developed into upper middle class settlements over the decades.

To sum, there are three points about the spatial distribution of factor one worthy of discussion. First, it is observed that the highest concentration of affluent class is found in Hong Kong Island with a concentric pattern and the rest of the upper class residence was also dispersed around Hong Kong. On the other hand, only central Kowloon contains the affluent group. It thus becomes clear that Hong Kong Island in general is more affluent than Kowloon. And be a strong positive correlation between socioeconomic status and relief is also found to be persist for decades (Lo 1976:959). Second, public housing is very significant not only in structuring the distribution of population but also in clustering the blue-collar and white-collar workers in the outer areas of New Kowloon, both at Kowloon East and Kowloon West. This heavy concentration of working class had made extensive industrial production feasible in the outer fringe of New Kowloon, as shown in chapter 4. This had contributed greatly to the early success of industrialization. Besides, the densely populated working class has also been a source of political unrest such as in 1956 and 1966 riots, and will continue to be the lasting feature of Hong Kong's social geography. Third, the urban poor are mostly found in old districts. They are usually associated with high density private residential districts and non-public housing area. This seems to confirms the results of recent poverty researches that the poor are found in private rooms of poor condition, such as those separated by wooden block (see, for example, Sze and Ng 1997). This

calls for further attention of the need of intensive community care services and the inadequacy of community facilitates designed specifically for the poor and the elderly.

(2) Local Public Housing and Government Subsidized Sales Flats Residents

The distribution of local public housing and government subsidized sales flats (government housing hereafter) is mapped in **Figure 6.3** and **6.4**. We conduct a similar validation test by using percentage share of households living in public housing and that in Government subsidized sales flat. **Table 6.9** and **6.10** shows a correspondence between factor 2 and the proxies. Only a few exceptions are noted. For instance, a few TPUs with very large share of public housing household falls into grade 2. Grade 5 and 6 both shared a very small public housing and thus are merged together.

Table 6.10 Validation of the Geographical Distribution of Factor 2 by TPU, 1996

Grade in Facotr2	Resident Population	% Range of households living in public housing among TPUs	% of households living in public housing	% Range of households living in government subsidized sales flats among TPUs	% of households in Government subsidized sales flats
1	402,987	52.1 - 98.9	71.3%	0.0 - 47.6	22.7%
2	887,849	0.0 - 97.6	65.1%	0.0 - 34.3	10.6%
3	574,117	0.0 - 55.5	30.4%	0.0 - 37.6	7.9%
4	493,629	0.0 - 25.4	6.3%	0.0 - 12.6	2.8%
5&6	942570	0.0 - 8.9	1.5%	0.0 - 0.0	0.0%

Source: *1996 Population Census*, computation based on Table 6.11

In Hong Kong Island, areas of high concentration of 'residents' are in Eastern and Western coasts, which predict public housing settlements very well. For instance, **Fig. 6.3** points out that Siusaiwan and Chaiwan (165) comprises the highest concentration of government housing in Hong Kong. When we cross check it with the information provided by HKHA, it is found that this district contains the largest numbers

of Hong Kong's housing estates such as Fung Wah Estate, Hing Man Estate, Chai Wan Estate, Siu Sai Wan Estate, Hing Wah Estate, Wan Tsui Estate. Another public housing location in Hong Kong is in Aberdeen (173), Wongchukhang (175) and Apleichau (174).

On the Kowloon side, public housing residents are mainly found in Homantin and Matauwai (236, 237, 246) which consists of Oi Man Estate, Homantin Estate, Matauwai Estate, Chun Sin Mee Estate. The heavy concentration of public housing as reported earlier are further confirmed in **figure 6.4**. In light of this, it is true to say that the early construction of public housing in New Kowloon for industrial labour supply had a long-lasting effect on the Hong Kong spatial structure. In short, it is discovered that the spatial distribution of public housing is still strongly correlated with the pattern of low socio-economic groups.

(4) Age Contrast: Kids vs. the Elderly

On Hong Kong Island, the kids / youth are mostly found in the East covering the residential area of the wealthier (such as 194) and the poor (such as 166, 164, 165). More studies are needed to unravel the causes for this pattern. Heavy concentration of the elderly are usually located in the most developed area. A continuous belt running through Sheungwan (114, 112), Central (121, 123, 124), Mid-levels, the Peak (143, 183, 184), Wanchai (131, 132), Causeway Bay (146, 147) Taihang (148) and Quarrybay (154) is identified. In short, it largely displays a sectoral pattern of high density private housing areas.

On Kowloon Peninsula, the distribution of the elderly is evenly dispersed

along the territories but forms a contiguous belt from Tsimshatsui, Yaumatei, Mongkok Hunghom to Kowloon city. The highest concentration emerges in three areas: Yaumatei (220), Homantin (237) and Sanpokong (287). On the other hand, the kids / youth are mostly found in the Kowloon East particularly Kwuntong (295), Yautong (290), and Kowloon Bay (280). This suggests that the distribution of youth tends to overlap with the public housing in Kowloon while the distribution of the elderly is mostly found in the early developed areas with high-density residential pattern.

6.4 CONCLUDING REMARK

Our objective in this chapter has been to provide a depiction of spatial structure in Hong Kong. We demonstrate the use of ecological approaches in studying spatial structure of a global city, for we contend that socio-economic differentiation is well reflected in the residential differentiation. Overall we observe that, in accordance with the literature on global city and dual city, a clear social and spatial cleavages exist in the neighborhoods of Hong Kong. Through the mapping exercises, the diversity and difference within the Metro areas are explored. Some characteristics, such as age, exhibit only modest differentiation whereas others, such as employment and housing type, are highly concentrated in certain geographic areas. We thus found evidence to support the postulate that Hong Kong exhibits a persistent and clear spatial demarcation and segregated pattern between upper professional/managers, and lower graded workers. Besides, the extensive state intervention in public housing in restructuring the lower class residence remained the long-lasting features of Hong Kong's spatial structure.

At last, it should be noted that factorial ecology, or factor analysis in general, is strong in exploring the relationships among numerous variables. However, it is not

used for identifying the cause of the spatial patterning. A more refined analysis is needed to show why the spatial inequalities structure in the way it is.

Table 6.1 Variables Employed in the Factor Analysis

Name	Position
1. Type of living quarters	
PPUBHOUS Public Housing (%)	1
PHOMEOWN Government subsidized sale flats (%)	2
PPRIVHOU Private residential flats (%)	3
PVILLAS Villas / Bungalows / Modern village houses (%)	4
2. Tenure of Accommodation	
PNONSOLE Non-sole tenant (%)	5
3. Monthly Household Income	
PLOWESTI Household income per month lowest 10.8% (%)	6
PLOWERIN Household income per month next 30.6 % (%)	7
PMEDIUMI Household income per month next 25.9% (%)	8
PHIGHERI Household income per month next 25.9% (%)	9
PTOPINCO Household income per month top 6.9% (%)	10
4. Age structure by Sex	
PMKIDYOU Population in age group 0-19 male (%)	11
PFKIDYOU Population in age 0-19 Female (%)	12
PMADULT Population in age 20-39 Male (%)	13
PFADULT Population in age group 20-39 Female (%)	14
PMMATADU Population in age group 40-59 Male (%)	15
PFMATADU Population in age group 40-59 Female (%)	16
PMELDER Population in age group 60-75 Male (%)	17
PFELDER Population in age group 60-75 Female (%)	18
5. Usual language / dialect	
PENGLISH Usual Language - English (%)	19
POTHERDI Usual Language - Chinese Dialect other than Cantonese	20
6. Marital Status	
PNEMARRI Never married (%)	21
7. Education Attainment	

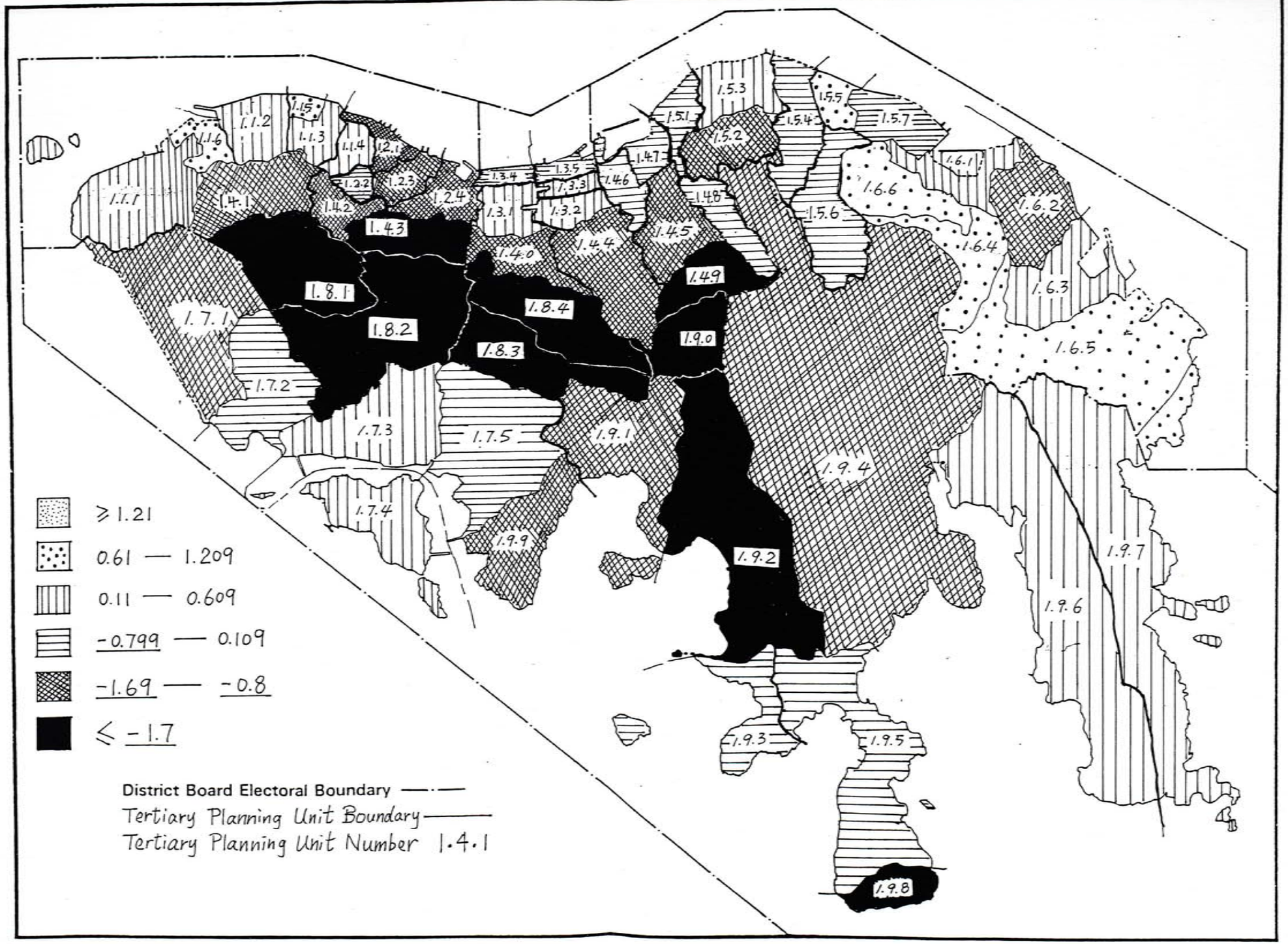

Figure 6.1 Factor 1 (Blue and white collar worker vs. high-income professionals and managers) Map of Hong Kong

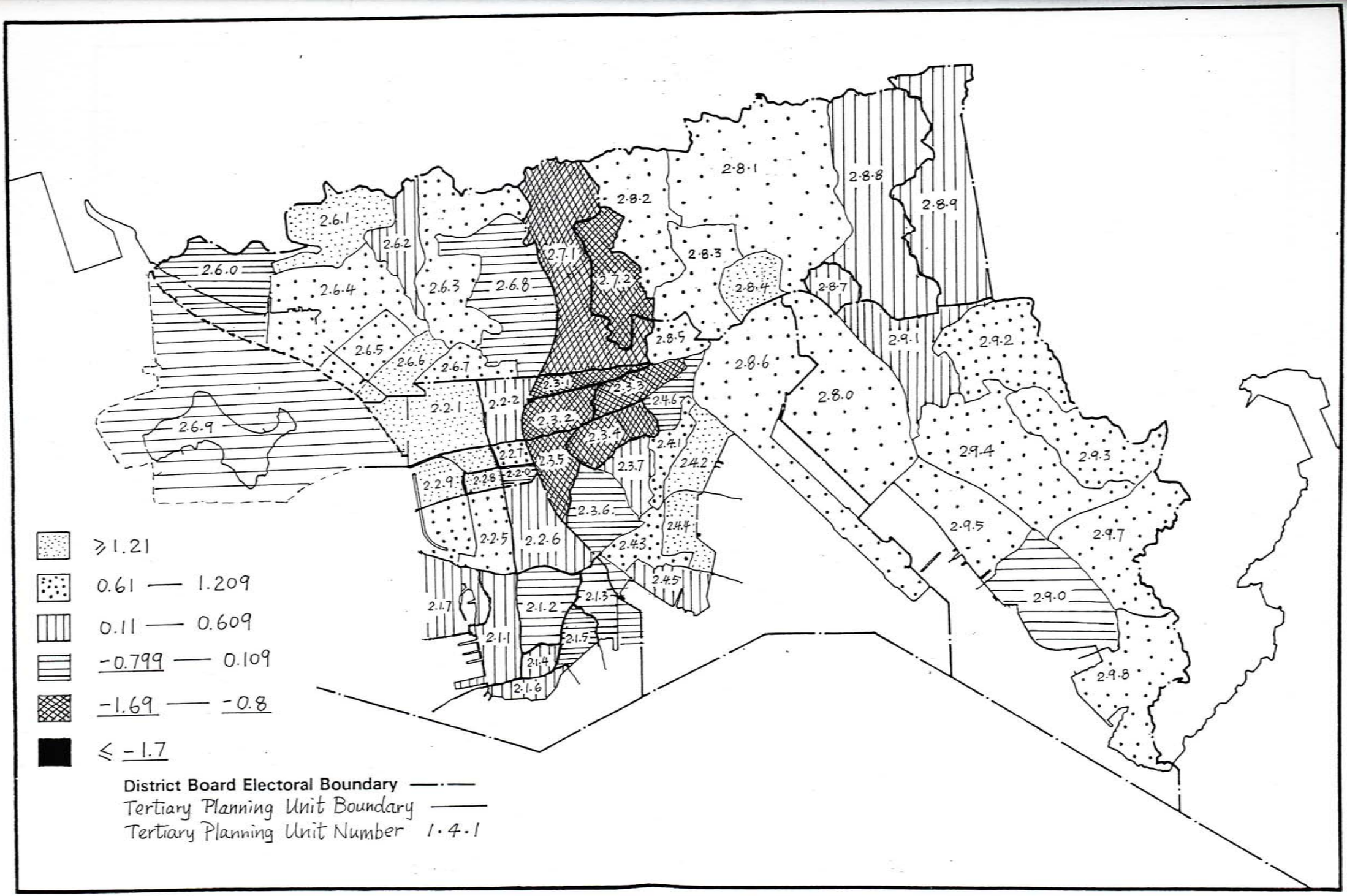

Figure 6.2 Factor 1 (Blue and white collar worker vs. high-income professionals and managers) Map of Kowloon

MAP OF HONG KONG ISLAND CLASSIFIED BY TPU 1996

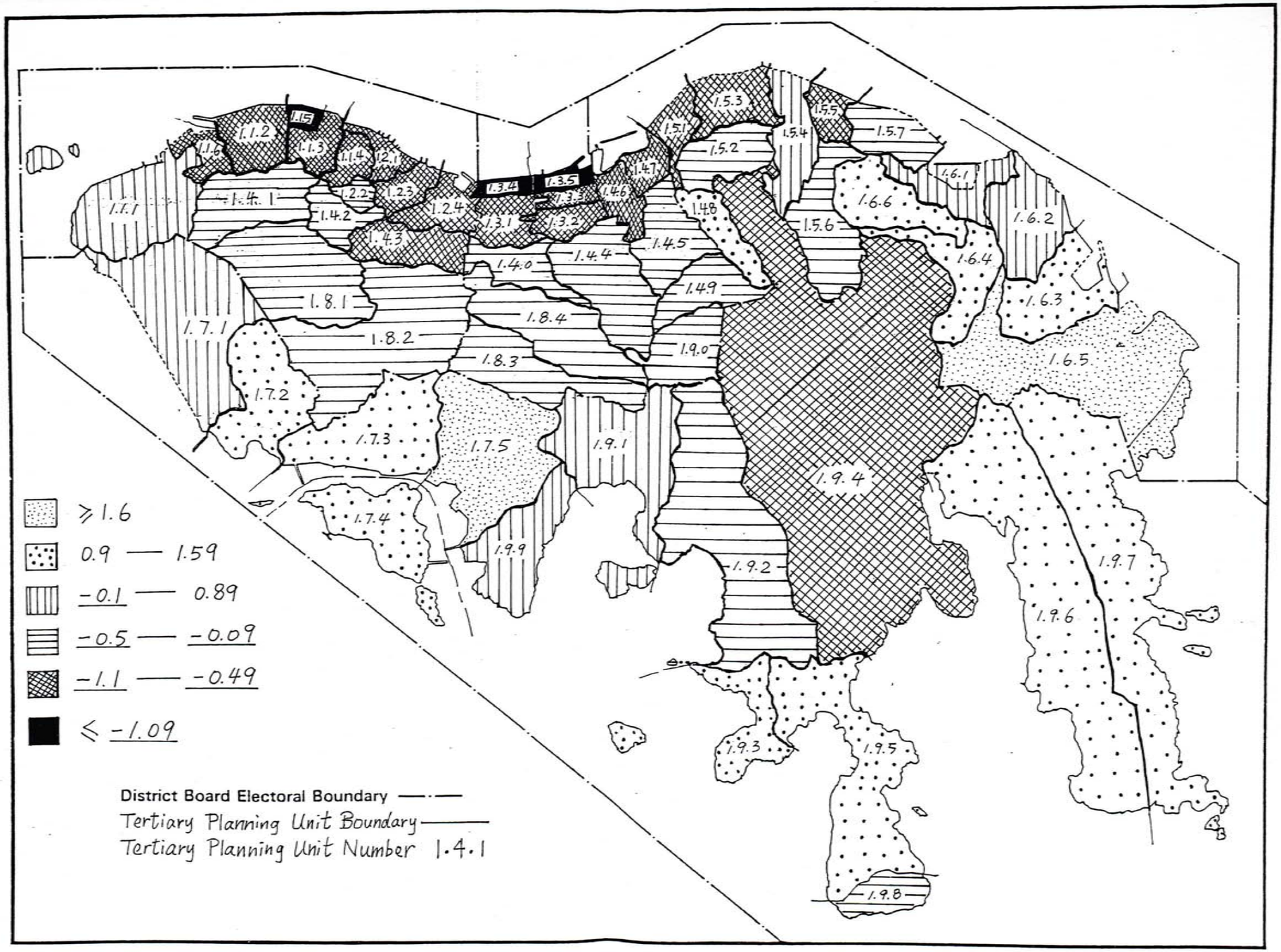

Figure 6.3 Factor 2 (Local Public Housing and Government Subsidized Sales Flats Residents) Map of Hong Kong

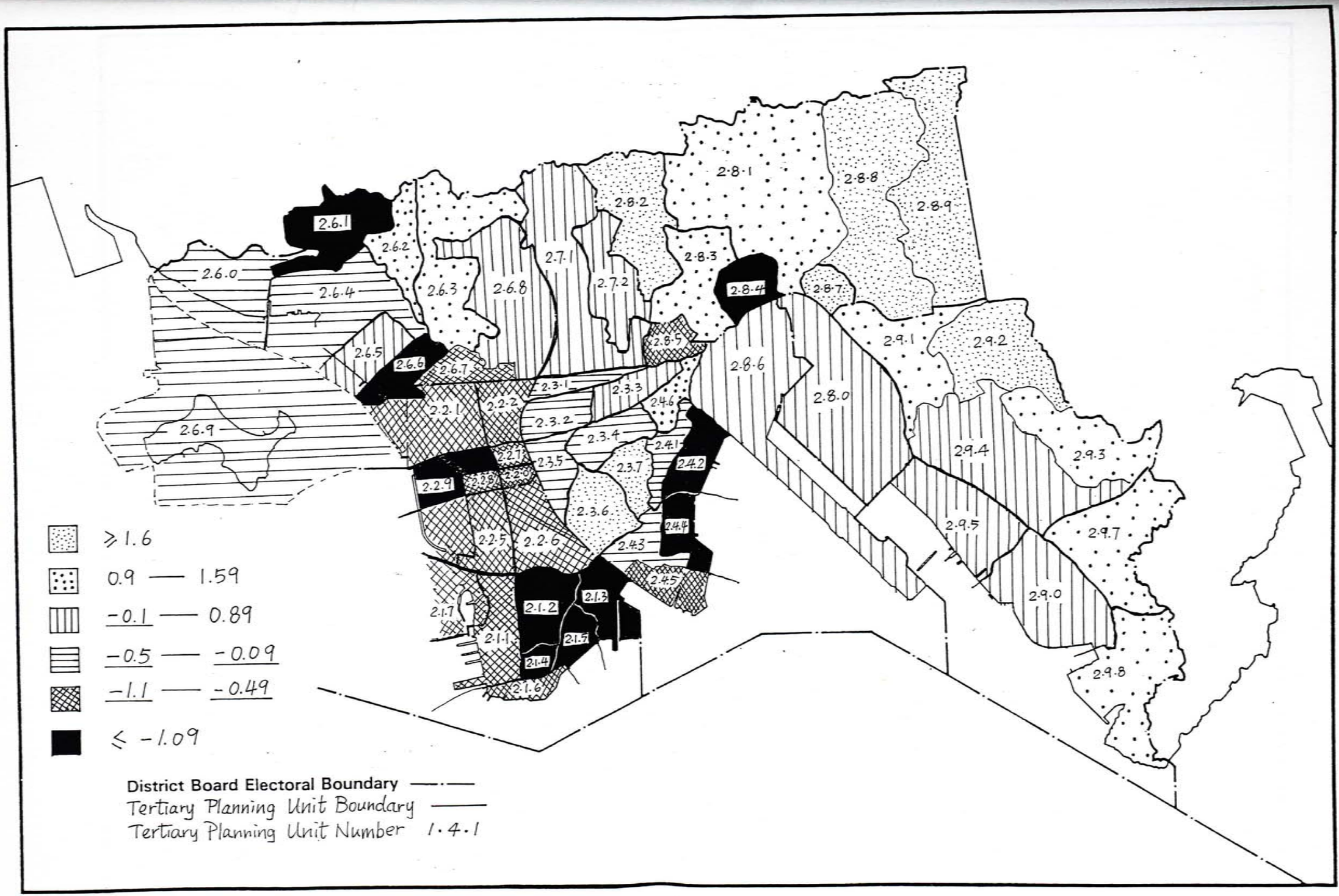

Figure 6.4 Factor 2 (Local Public Housing and Government Subsidized Sales Flats Residents) Map of Kowloon

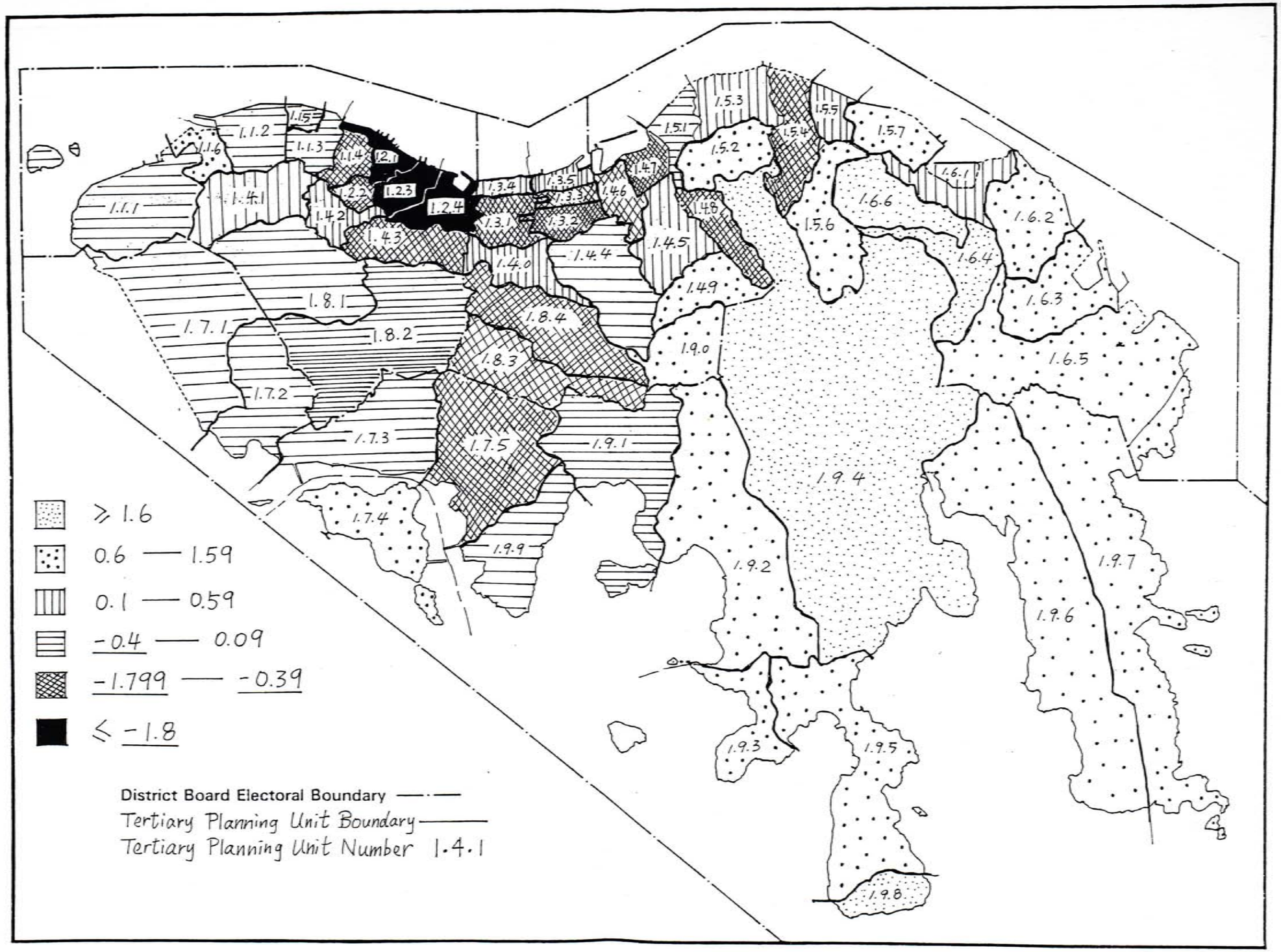

Figure 6.5 Factor 4 (Age Contrast: Kids vs. the Elderly) Map of Hong Kong

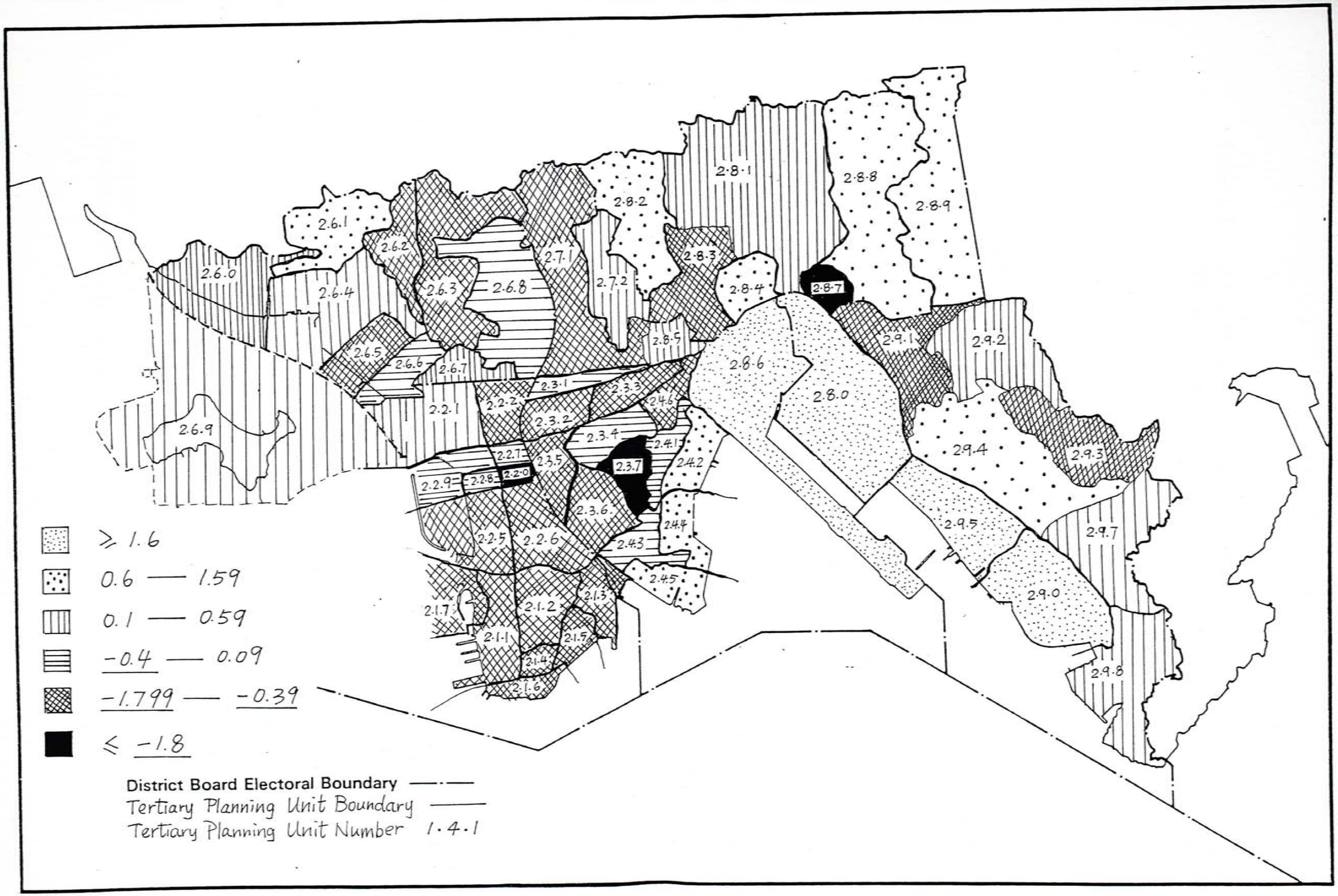

Figure 6.6 Factor 4 (Age Contrast: Kids vs. the Elderly) Map of Kowloon

Table 6.2 Rotated Factor Loadings (Varimax Rotation): Hong Kong and New Territories, 1996

Factor	Eigenvalue	Pct of Var	Cum Pct
1	15.22350	33.8	33.8
2	5.25876	11.7	45.5
3	4.00512	8.9	54.4
4	2.92131	6.5	60.9
5	2.76494	6.1	67.1
6	2.53050	5.6	72.7
7	1.93446	4.3	77.0
8	1.36991	3.0	80.0
9	1.00614	2.2	82.3

Final Statistics:

Factor	Eigenvalue	Pct of Var	Cum Pct
1	15.22350	33.8	33.8
2	5.25876	11.7	45.5
3	4.00512	8.9	54.4
4	2.92131	6.5	60.9
5	2.76494	6.1	67.1
6	2.53050	5.6	72.7

VARIMAX rotation 1 for extraction 1 in analysis 1 - Kaiser Normalization.
VARIMAX converged in 18 iterations.

Table 6.4 Rotated Factor Loadings (Varimax Rotation): Hong Kong and Kowloon, 1996

Final Statistics:

	Factor	Eigenvalue	Pct of Var	Cum Pct
*	1	21.94021	48.8	48.8
*	2	5.27753	11.7	60.5
*	3	3.61090	8.0	68.5
*	4	3.29075	7.3	75.8

VARIMAX rotation 1 for extraction 1 in analysis 1 - Kaiser Normalization.
VARIMAX converged in 8 iterations.

Table 6.3 Rotated Factor Matrix:

Factor	1	2	3	4	5	6
PASSOCIA			.65563			
PCLERKS	.50036		.63579			
PCONSTRU				.85465		
PCRAFT	.45189			.77055		
PELEMENT	-.80232					
PEMPLOYE	-.65419					
PENGLISH	-.87843					
PFADULT	-.47411	.48070				
PFELDER		-.76810				
PFINANCI	-.72753					
PFKIDYOU						.80960
PFMATADU	-.72329					
PHIGHERI		.60363	.43618			
PHKBORN	.70191					
PHOMEOWN					.50265	
PIACTIVE	.54192		-.63557			
PLOWERIN	.68625					
PLOWESTI		-.63011		.41145		
PLOWSECO	.74722			.46127		
PMADULT	.46479					-.63518
PMANAGER	-.80776					
PMANUFAC						
PMEDIUMI	.81696					
PMELDER		-.86753				
PMKIDYOU			-.51319			.53345
PMMATADU	-.45296	.45281		.40099		
PNEMARRI						-.79902
PNONSOLE			.52302			
PNOSCHO	.42194	-.66681				
POPERATE	.62139					
POTHERDI				.55526		
POWNED					-.80037	
PPRIMARY	.73504	-.43758				
PPRIVHOU	-.50431		.60951			
PPROFES	-.77666					
PPUBHOUS					.81616	
PTERTIAR	-.87883					
PTOPINCO	-.91465					
PTRANSP	.52999					
PUNEMPLO	.43018	-.49584				
PUPSECON		.51033	.58153			
PVILLAS			-.45196		-.62134	
PWHOLESA			.82606			
PWORKERS	.62296					
SOCIAL					.56516	

Table 6.5 Rotated Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4
PASSOCIA			.78068	
PCLERKS	.70221		.49865	
PCONSTRU	.86268			
PCRAFT	.90637			
PELEMENT	-.66933		-.59541	
PEMPLOYE	-.67554	-.51739		
PENGLISH	-.82067			
PFADULT	-.75375			
PFELDER				-.64874
PFINANCI	-.73310			
PFKIDYOU				.82202
PFMATADU	-.78662			
PHIGHERI			.90198	
PHKBORN		.67472	.46284	
PHOMEOWN		.55761		
PIACTIVE	.48784	.49579		
PLOWERIN	.92465			
PLOWESTI	.72682			
PLOWSECO	.94023			
PMADULT	.69884			
PMANAGER	-.80655	-.44784		
PMANUFAC	.59759			
PMEDIUMI	.85621			
PMELDER	.47176			-.72563
PMKIDYOU				.87292
PMMATADU	-.44694	-.50822		
PNEMARRI				-.66989
PNONSOLE	.60689	-.63570		
PNOSCHO	.55932	.61790		
POPERATE	.78882	.49733		
POTHERDI	.41028	-.40831		
POWNED		-.57315	.44540	
PPRIMARY	.85659			
PPRIVHOU		-.84559		
PPROFES	-.87432			
PPUBHOUS		.83443		
PSOCIAL	-.90431			
PTERTIAR	-.91450			
PTOPINCO	-.91298			
PTRANSP	.72135			
PUNEMPLO	.77757			
PUPSECON			.70487	
PVILLAS	-.44667		-.45000	
PWHOLESA	.60334	-.43012		
PWORKERS	.81892			

Table 6.6 Distribution of Factor Scores

Factor 1	Factor 2	Factor 3	Factor 4	TPU	Factor 1	Factor 2	Factor 4
0.200	-0.043	0.979	-0.282	111	3	3	4
0.409	-0.629	0.859	0.054	112	3	5	4
0.378	-0.541	0.478	-0.219	113	3	5	4
0.241	-0.729	0.125	-0.892	114	3	5	5
1.117	-1.659	0.308	-0.031	115	2	6	4
0.672	-0.571	0.839	0.759	116	2	5	2
-1.347	-0.702	-0.037	-1.942	121.123.124	5	5	6
-0.367	-0.219	0.660	-1.114	122	4	4	5
0.278	-0.770	0.293	-0.717	131	3	5	5
0.300	-0.650	0.230	-0.906	132	3	5	5
0.430	-1.043	0.015	-1.262	133	3	5	5
-0.487	-1.720	1.474	0.286	134.135	4	6	3
-1.548	-0.482	0.097	0.505	140	5	4	3
-1.506	-0.148	0.512	0.113	141	5	4	3
-1.593	-0.276	0.484	0.101	142	5	4	3
-2.119	-0.612	-1.291	-0.515	143	6	5	5
-1.224	-0.417	0.465	-0.361	144	5	4	4
-0.994	-0.360	0.683	0.195	145	5	4	3
-0.153	-0.607	0.682	-1.380	146.147	4	5	5
-0.196	1.229	1.142	-1.601	148	4	2	5
-1.885	-0.443	-0.970	0.940	149	6	4	2
-0.143	-0.824	0.987	0.074	151	4	5	4
-1.371	-0.446	0.372	0.668	152	5	4	2
0.561	-1.036	0.640	0.288	153	3	5	3
-0.001	0.566	0.904	-0.406	154	4	3	5
0.663	-0.789	0.793	0.362	155	2	5	3
-0.075	-0.119	1.661	1.153	156	4	4	2
-0.676	-0.157	1.402	1.098	157	4	4	2
0.602	0.078	0.556	0.176	161	3	3	3
-0.804	0.244	2.550	1.586	162	5	3	2
0.560	1.347	0.781	1.553	163	3	2	2
0.975	1.010	-0.409	2.115	164.166	2	2	1
0.624	1.606	0.108	0.847	165	2	1	2
-1.377	-0.031	-1.133	0.025	171	5	3	4
-0.034	1.402	0.961	-0.160	172	4	2	4
0.428	1.031	0.404	-0.044	173	3	2	4
0.125	1.264	0.613	1.586	174	3	2	2
0.107	2.043	0.060	-1.252	175	4	1	5
-2.464	-0.133	-2.515	-0.197	181.182	6	4	4
-2.251	-0.407	-1.613	-0.753	183.184	6	4	5
-1.846	-0.316	-1.638	1.092	190.192	6	4	2
-1.609	0.816	-2.273	0.048	191.199	5	3	4

Factor 1	Factor 2	Factor 3	Factor 4	TPU	Factor 1	Factor 2	Factor 4
-0.481	1.133	-0.754	1.191	193.195	4	2	2
-1.489	-0.526	-2.118	2.140	194	5	5	1
0.288	1.260	-0.406	1.312	196.197	3	2	2
-2.079	-0.141	-1.505	2.485	198	6	4	1
0.274	-0.801	0.000	-0.571	211.216.217	3	5	5
-0.145	-1.288	0.638	-0.885	212.213.215	4	6	5
0.240	-1.899	0.267	-1.291	214	3	6	5
-0.334	-0.567	2.694	-2.459	220	4	5	6
1.399	-1.037	-1.202	0.289	221	1	5	3
0.567	-0.890	0.162	-0.765	222	3	5	5
1.074	-1.059	-0.850	-0.660	225	2	5	5
0.115	-0.820	0.001	-1.116	226	3	5	5
0.734	-1.025	0.074	-0.296	227	2	5	4
1.305	-1.097	-0.850	0.017	228	1	5	4
1.539	-1.195	-1.407	0.098	229	1	6	4
-1.127	-0.200	0.250	-0.023	231	5	4	4
-1.293	-0.445	-0.070	-0.589	232	5	4	5
-1.006	-0.028	0.331	-0.443	233	5	3	5
-1.129	-0.176	0.606	-0.094	234	5	4	4
-0.903	-0.118	1.125	-0.511	235	5	4	5
0.055	1.723	0.415	-0.745	236	4	1	5
0.191	1.746	0.392	-2.188	237	3	1	6
0.758	-0.287	0.205	-0.204	241	2	4	4
1.592	-1.403	-0.798	0.821	242	1	6	2
0.762	-0.211	-0.056	-0.131	243	2	4	4
1.571	-1.543	-0.907	0.902	244	1	6	2
0.163	-0.532	1.225	1.056	245	3	5	2
0.018	1.211	-0.475	-1.458	246	4	2	5
-0.227	-0.210	1.469	0.519	260.269	4	4	3
1.414	-1.123	-0.520	1.053	261	1	6	2
0.498	1.464	-0.547	-0.960	262	3	2	5
0.624	1.133	-1.352	-0.846	263	2	2	5
0.981	-0.158	-0.691	0.228	264	2	4	3
0.759	0.683	-0.899	-0.791	265	2	3	5
1.538	-1.309	-2.067	0.049	266	1	6	4
1.123	-1.082	-0.931	0.212	267	2	5	3
-0.164	0.725	-0.463	-0.189	268	4	3	4
-1.311	0.328	-0.372	-0.976	271	5	3	5
-0.864	0.012	0.927	0.409	272	5	3	3
0.716	0.859	0.631	2.290	280.286.295	2	3	1
0.701	1.397	-0.305	0.176	281	2	2	3
0.644	1.873	0.568	1.027	282	2	1	2
0.721	1.421	-1.203	-0.848	283	2	2	5

Factor 1	Factor 2	Factor 3	Factor 4	TPU	Factor 1	Factor 2	Factor 4
1.454	-1.294	-0.856	0.629	284	1	6	2
1.187	-0.918	-0.536	0.298	285	2	5	3
0.279	1.792	-0.898	-2.001	287	3	1	6
0.583	1.667	0.158	0.619	288.289	3	1	2
-0.525	0.109	2.050	1.897	290	4	3	1
0.609	0.908	0.027	-0.605	291	3	2	5
0.734	1.623	-0.261	0.494	292	2	1	3
0.838	1.295	-1.692	-1.470	293	2	2	5
0.886	0.622	-0.334	0.667	294	2	3	2
0.683	1.550	0.129	0.445	297	2	2	3
0.856	1.089	-0.256	0.204	298	2	2	3

Table 6.8 Validation of the Geographical Distribution of Factor 1 by TPU, 1996

1996	Resident Population	Median monthly household income population ($HK)	level assigned	% of Managers and Professionals	% of lower-graded workers[1]
All Land Areas	6,207,366	17,500			
Kowloon	1,988,515	16,000			
211, 216, 217	14,513	19,000	3	21.0	23.36
212, 213, 215	15,980	21,500	4	30.2	17.01
214	5,942	18,000	3	29.9	17.35
220	1,445	21,150	4	32.5	28.58
221	88,111	12,500	1	10.8	28.95
222	23,980	16,000	3	19.1	24.58
225	42,557	13,580	2	12.8	27.45
226	4,722	17,000	3	22.7	21.22
227	22,716	17,000	2	17.4	25.44
228	18,430	12,925	1	10.8	29.79
229	22,210	12,500	1	9.4	29.38
231	6,848	43,500	5	33.3	5.62
232	4,298	53,925	5	33.6	6.68
233	7,595	39,150	5	33.5	8.29
234	13,326	49,500	5	34.3	7.11
235	16,242	32,500	5	32.9	10.95
236	40,853	18,025	4	12.9	19.88
237	15,258	18,000	3	10.9	31.1
241	48,338	17,000	2	14.9	28.13
242	53,696	14,895	1	12.1	28.63
243	31,960	16,000	2	15.7	25.67
244	21,837	14,000	1	11.8	27.87
245	55,581	27,000	3	25.7	19.64
246	12,852	16,090	4	14.0	22.49
260, 269	49,080	30,000	4	28.1	15.2
261	10,876	13,000	1	13.6	32.35
262	41,132	15,000	3	10.5	26.24
263	57,519	13,000	2	8.7	26.18
264	51,763	14,200	2	12.3	27.31
265	27,843	14,100	2	11.5	26.18
266	57,396	11,000	1	10.1	27.3
267	38,906	13,000	2	13.1	26.07
268	31,931	21,000	4	20.3	18.11
271	18,591	49,300	5	28.0	5.04
272	10,024	36,250	5	31.5	10
280, 286, 295	55,759	19,000	2	14.7	25.83
281	157,715	15,050	2	9.7	28.03
282	65,141	18,500	2	11.0	29.02
283	74,038	13,000	2	7.0	27.3
284	13,712	12,700	1	11.2	27.79
285	20,873	13,250	2	12.6	27.27
287	24,064	14,200	3	9.6	24.47
288, 289	61,550	17,500	3	10.6	28.3
290	31,454	40,000	4	34.4	15.95
291	78,190	15,800	3	12.0	28.83
292	60,412	16,195	2	7.8	30.47
293	41,545	10,525	2	6.1	29.08
294	203,055	15,500	2	10.4	27.92
297	101,297	17,550	2	10.9	29.5

298	15,359	15,000	2	11.0	30.76
HK Island	1,312,637	23,000			
111	59,627	20,000	3	19.5	24.87
112	62,717	19,500	3	20.9	24.39
113	23,786	18,000	3	23.5	23.08
114	11,323	19,125	3	23.1	25.42
115	3,138	17,000	2	21.4	25.14
116	16,556	18,000	2	18.8	24.3
121, 123, 124	1,482	40,500	5	33.1	12.08
122	9,461	22,155	4	25.2	21.62
131	40,148	19,000	3	22.4	23.34
132	22,194	18,698	3	20.0	25.45
133	15,209	15,600	3	18.0	26.11
134, 135	2,287	30,000	4	49.9	15
140	6,929	62,000	5	38.0	5.56
141	18,207	53,750	5	38.1	6.34
142	36,242	61,000	5	42.4	6.9
143	9,684	109,300	6	37.9	3.76
144	34,907	42,500	5	35.1	9.41
145	11,921	45,000	5	33.9	11.33
146, 147	21,496	22,050	4	26.4	18.48
148	11,732	20,855	4	18.8	27.68
149	8,494	91,250	6	34.8	4.37
151	53,522	27,500	4	28.1	16.92
152	18,741	60,595	5	37.2	5.42
153	92,732	20,040	3	20.8	22.99
154	17,205	21,500	4	18.6	24.61
155	25,596	20,000	2	20.0	25.61
156	54,497	30,000	4	27.2	19.76
157	51,953	40,000	4	32.4	11.9
161	68,271	19,000	3	14.6	26.96
162	20,972	42,000	5	34.6	15.27
163	44,849	20,000	3	13.8	26.28
164, 166	23,595	15,100	2	9.2	27.31
165	111,960	17,500	2	10.3	29.11
171	16,422	62,500	5	31.9	6.31
172	71,560	21,953	4	16.6	24.95
173	47,333	17,525	3	13.5	26.51
174	93,357	22,905	3	17.3	22.45
175	23,749	18,000	4	11.8	27.12
181, 182	5,073	107,550	6	32.2	3.86
183, 184	5,190	103,750	6	33.0	1.89
190, 192	8,913	113,750	6	34.3	2.21
191, 199	5,368	75,050	5	22.6	7.51
193, 195	12,478	30,899	4	17.1	13.91
194	7,217	136,750	5	34.9	2.81
196, 197	3,298	19,600	3	12.8	26.44
198	1,246	112,500	6	37.1	1.12

Note (1): Lower-graded workers include operator, craft and related workers, service worke and shop sales, and clerks

Table 6.10 Validation of the Geographical Distribution of Factor 2 by TPU (1)

1996 Kowloon	Resident Population	% of households occupying quarters they owned	% of households living in public housing	Factor 2	% of households in Government subsidized sales flats	% of households in Government subsidized sales flats and public housing
211, 216, 217	14513	52.6	0.0	5	0.0	0.0
212, 213, 215	15980	54.4	0.0	6	0.0	0.0
214	5942	35.2	0.0	6	0.0	0.0
220	1445	48.7	0.0	5	0.0	0.0
221	88111	58.7	0.0	5	0.0	0.0
222	23980	62.2	0.0	5	0.0	0.0
225	42557	52.2	4.4	5	0.0	4.4
226	4722	43.3	0.0	5	0.0	0.0
227	22716	63.7	0.0	5	0.0	0.0
228	18430	58.7	0.0	5	0.0	0.0
229	22210	56.4	0.0	6	0.0	0.0
231	6848	77.8	0.0	4	0.0	0.0
232	4298	57.4	0.0	4	0.0	0.0
233	7595	68.8	0.0	3	0.0	0.0
234	13326	74.6	0.0	4	0.0	0.0
235	16242	72.6	0.0	4	0.0	0.0
236	40853	17.1	76.4	1	15.2	91.5
237	15258	1.2	92.0	1	0.0	92.0
241	48338	44.8	23.0	4	0.0	23.0
242	53696	61.7	0.0	6	0.0	0.0
243	31960	50	21.4	4	8.3	29.7
244	21837	55.3	0.0	6	0.0	0.0
245	55581	69.8	0.0	5	0.0	0.0
246	12852	15.2	76.9	2	0.0	76.9
260, 269	49080	84.2	0.0	4	6.7	6.7
261	10876	50.6	0.0	6	0.0	0.0
262	41132	10.2	84.5	2	9.3	93.8
263	57519	5.6	80.5	2	0.0	80.5
264	51763	40.6	25.4	4	2.1	27.5
265	27843	31.9	48.0	3	15.1	63.1
266	57396	42.6	8.9	6	0.0	8.9
267	38906	63.7	0.0	5	0.0	0.0
268	31931	31.1	55.5	3	0.0	55.5
271	18591	70.6	0.0	3	0.0	0.0
272	10024	68.8	0.0	3	0.0	0.0
280, 286, 295	55759	54.4	24.2	3	37.6	61.8
281	157715	25.6	66.1	2	12.5	78.7
282	65141	46.7	52.1	1	47.6	99.7
283	74038	2.1	95.6	2	0.0	95.6
284	13712	55.8	0.0	6	0.0	0.0
285	20873	57.7	0.0	5	0.0	0.0
287	24064	0	98.9	1	0.0	98.9
288, 289	61550	23.7	71.5	1	17.5	89.0
290	31454	69.2	0.0	3	0.0	0.0
291	78190	27.5	64.2	2	0.0	64.2
292	60412	9.2	89.6	1	9.6	99.2
293	41545	0	97.6	2	0.0	97.6
294	203055	36.5	52.3	3	9.2	61.5
297	101297	30.8	65.2	2	25.5	90.7

298	15359	40.8	53.7	2	28.6	82.3
111	59627	56.9	13.0	3	0.0	13.0
112	62717	66	0.0	5	0.0	0.0
113	23786	56.7	0.0	5	0.0	0.0
114	11323	50.9	0.0	5	0.0	0.0
115	3138	54.4	0.0	6	0.0	0.0
116	16556	74.2	0.0	5	0.0	0.0
121, 123, 124	1482	21.6	0.0	5	0.0	0.0
122	9461	57.6	0.0	4	0.0	0.0
131	40148	55.9	0.0	5	0.0	0.0
132	22194	55.9	0.0	5	0.0	0.0
133	15209	52.3	0.0	5	0.0	0.0
134, 135	2287	34.4	0.0	6	0.0	0.0
140	6929	59.5	0.0	4	0.0	0.0
141	18207	59.4	0.0	4	0.0	0.0
142	36242	48.2	0.0	4	0.0	0.0
143	9684	45	0.0	5	0.0	0.0
144	34907	60.1	0.0	4	0.0	0.0
145	11921	64.3	0.0	4	0.0	0.0
146, 147	21496	65	0.0	5	0.0	0.0
148	11732	17.6	71.7	2	0.0	71.7
149	8494	51	0.0	4	0.0	0.0
151	53522	70.1	0.0	5	0.0	0.0
152	18741	62.9	0.0	4	0.0	0.0
153	92732	63	8.7	5	0.0	8.7
154	17205	36.1	35.0	3	7.9	42.9
155	25596	74.8	0.0	5	0.0	0.0
156	54497	78.7	0.0	4	12.6	12.6
157	51953	74.5	0.0	4	0.0	0.0
161	68271	63.2	14.8	3	0.0	14.8
162	20972	75.1	0.0	3	0.0	0.0
163	44849	51	35.1	2	34.3	69.4
164, 166	23595	28.9	68.1	2	30.5	98.6
165	111960	36.3	59.9	1	31.5	91.4
171	16422	38.8	0.0	3	0.0	0.0
172	71560	31.9	60.5	2	7.1	67.6
173	47333	46	36.6	2	8.9	45.5
174	93357	36.9	46.2	2	7.5	53.7
175	23749	14.1	80.5	1	10.1	90.5
181, 182	5073	21	0.0	4	0.0	0.0
183, 184	5190	60.2	0.0	4	0.0	0.0
190, 192	8913	32.6	0.0	4	0.0	0.0
191, 199	5368	40.9	0.0	3	0.0	0.0
193, 195	12478	31.3	22.9	2	12.3	35.2
194	7217	19.1	0.0	5	0.0	0.0
196, 197	3298	45.7	0.0	2	0.0	0.0
198	1246	8.9	0.0	4	0.0	0.0

Chapter 7

Conclusion

7.1 Spatial Dynamics in a Global City: A Summary View

This thesis addresses the central issues of urban sociology - the relevance of space to our understanding of economic and social structure of a urban system. We situate our research in the theoretical context of economic restructuring and global city. While we recognize the contribution of the global city thesis in its efforts to link global restructuring of production and the rise of a global economic command point, we find it inadequate in an analysis of organization of this specific urban form. It is particularly the case when the literature views the social and spatial order of a global city as directly reflective of the external changes from global restructuring, or, a function of exogenous changes. In this thesis, we argue that a specific form of urban structure is internally mediated by many variables of the city, ranging from its social and economic structure to state policy. Space plays an important role in mediating the interactions of global factors and local conditions. We thus argue that a full cognizance of the role of space in organizing the manufacturing production and producer services activities on the one hand, and in structuring the social inequalities on the other hand is a prerequisite to a thorough understanding of the global city. Theories of space are proposed to integrate into the study of political economy of global city in two major ways. First, industry and office location approaches help sharpen our focus in the spatial movement of manufacturing industries and producer services by relating them to the locational logic of different industries, their production processes and diverse requirements. Second,

factorial ecological model is used to discern the spatial structure of a global city.

Our empirical objective in this thesis is to specify the spatial consequence of the economic transformation of Hong Kong. Efforts have been firstly made to examine the historical trajectory, its specific attributes and functions that made Hong Kong a global city particularly in the process of economic articulation of Southern China. Three dimensions of the urban structure of Hong Kong are studied accordingly:

Urban Industrial Structure: Through a systematic analysis of the spatial distribution of manufacturing sectors, we document how the state policies have reshaped the industrial structure by pooling of industrial land supply, provision of industrial estates and development of public housing and new towns. We then delineate the reasons and the course of a continuous decentralization and counterurbanisation of manufacturing sector over the past two decades. During this process, decline of old industrial centers is recorded and the rise of new industrial complex analyzed. Similarity and difference of the industrial decentralization along different periods are also outlined. Locational dynamics of major Hong Kong industries are presented. In accordance with the global city literature, extensive decentralization occurred along with the centralization of particular industries like printing. Contrary to the literature, informal economic activities such as FIDs have lost its significance in the urban areas of Hong Kong.

No rigorous test on the 'crowding out' thesis is conducted because of the limitation of data. Yet, the decentralization of manufacturing industries does not seem to be directly crowded out by the growth of producer services. Our evidence shows the districts with severe industrial loss did not record much increase in or heavy

concentration of the tertiary sector. Rather, the changing industrial location is jointly shaped by the government planning policies and the locational logics of industries.

Urban Business Structure: The rapid increase of producer services in terms of FIRST sectors displayed more complicated patterns during the eighties. A coexistence of office centralization and decentralization among the FIRST sectors were discovered. This led to the formation of a spatial hierarchy in which banking and finance dominated the core of the CBD whereas a strong centrifugal pull of business service, insurance and real estate sector to the secondary office were witnessed. At the same time, import and export trading displayed a large scale decentralization to other office nodes and industrial-office area.

Urban Social Structure: A mapping of urban structure based upon the 1996 Hong Kong population census data suggests continuing spatial inequalities in a global city. I then show that urban structure is internally mediated by existing socio-economic structure and state policies. The coexistence of 'laissez-faire' economic policy and extensive state intervention in urban housing and land renders Hong Kong a specific form of urban structure. The upper class vs. lower class, public housing residents, associate professional, and age structure are identified as the major contours of urban structure. Besides, a consistent contrast between the rich and poor is discerned in the factor analysis. The mapping exercise has not only visualized the urban social structure but also confirmed the continual spatial demarcation and segregation between the rich and the poor.

7.2 Limitation of this Thesis and Future Research Direction

This study has successfully delineated the above three dimensions of urban structure. Yet our analysis is mostly confined to the sort of mapping exercise and description of spatial trend of different sectors. The next step is necessary to explain the spatial pattern of manufacturing industries and that of producer service industries. In short, further efforts should be paid to develop an understanding of mechanism of why firms move, which locations they choose and on what conditions is this decision based. It certainly requires more detailed data such as individual data about in-moving, and out-moving firms, and information about their decision making process.

Another problem of this studies is that an incorporation of urban ecology into global city can only show that spatial pattern of Hong Kong is heavily marked by the contrast of upper class and lower class. It does not help in studying or measuring the extent of urban dualism. The mapping of spatial structure is only the preliminary step towards a proper grasp of the nature of spatial inequalities in Hong Kong. Subsequent studies can be developed to set up indicators of inequalities and testify differences among districts, in terms of, say, wage differentials and unemployment, socio-tenurial distribution, and specific variables such as housing prices, and even voting behaviors

Moreover, neither case study of a particular neighborhood are provided nor a historical review of development of an individual district[63] are made in the analysis of urban structure. The merit of relying on statistical analyses is that we can reveal the macro urban structure with analytical clarity and lucidity. On the other hand, we pay

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[63] In Hong Kong, unlike US, few scholars have studied these two aspects of urban community, and even fewer have combine them with the factorial ecology approach. As for the former, studies in Hong Kong can be found in, Leeming (1978), Chan (1973) and the Kwun tong Industrial Community Research Programme organized by Social Research Centre, The Chinese University of Hong Kong in the early seventies.

the costs of losing a closer look at the rich texture of urban social life. In this regard, we may not be able to understand well the impact of global restructuring of production on everyday life of citizens and concrete urban spatial organization. Theoretically, it is agreed in urban sociology that spatial process is constitutive of and constituted by social structure, and that urban landscape is constantly created and recreated by collective actions of individual actor and individual community. An emphasis on both micro neighborhood study and macro mapping thus enables us to bridge micro and macro dualism, as well as the spatial-social nexus. Equally important is the contribution of this approach to the understanding of the linkage between social inequality and spatial inequality.

Last but not least, the fact that global city is shaped by both the internal socio-demographic factors and the global restructuring of production is already well argued. But the question of how these factors interact in different contexts and alter the spatial order of Hong Kong remains unanswered. As implicitly hinted before, both internal and external factors are mediated by state policies (cf. Hsia 1995), which are most responsible for the direction of urban growth, especially in the case of Hong Kong. Therefore, spatial analysis of a global city cannot be isolated from the discussions of the role of state. While the Hong Kong government is always characterized as "non-interventionist," it is more true in some sectors such as industrial sector than, say, in financial sectors (see Chiu 1994 for a political explanation). In the realm of urban development, the situation is more likely to be the latter. The Hong Kong Government, with its substantial degree of relative autonomy, has actively reconstructed the post-war urban structure, through 'deliberate urbanization' as accurately coined by Sit (1982) as.

In short, the urban structure can only be properly grasped by a thorough understanding of the nature of the state in general; and the character and the planning practices of the Hong Kong Government in particular.

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Apendix 1 Classification of Tertiary Planning Units into District/Areas for Chapter 4-5

Areas	1981	1986 / 1990	1991
Tsim Sha Tsui	211 212 213 214	211 212 213 214 ***215 216***	211 212 213 214 215 216
Yau Ma Tei	223 224 225 226	***220*** 225 226 ***227 228 229***	220 225 226 227 228 229
Mong Kok	221 222	221 222	221 222
		231 232 233 234 235 236	231 232 233 234 235 236
Ho Man Tin	231 232 233 234 235 236	***237 246***	237 246
Hung Hom	241 242 243 244 245	241 242 243 244 245 ***247***	241 242 243 244 245
			260 261 264 265 266 267
Cheung Sha Wan	253 254 255 256	253 254 255 256	269
	261 264 265 266 267 269	261 264 265 266 267 269	
Shek Kip Mei	262 263 268	262 263 268	262 263 268
Kowloon Tong	271 272	271 272	271 272
	281 282 283 284 285 286 287	281 282 283 284 285 286	281 282 283 284 285 286
Kowloon City	288 289	287 288 289	287 288 289
	824	824	824
Ngau Tau Kok	291 294 295	***280*** 291 294 295	
Lei Yu Mun	292 293 296 297 298 299	292 293 296 297 298 299	***290*** 292 293 297 298
	833	833	833
Central	121 122 123 124	121 122 123 124	121 122 123 124
Sheung Wan	113 114 115	113 114 115	113 114 115
West / Kennedy Town	111 112 116	111 112 116	111 112 116
Mid-levels & Pok Fu Lam	140 141 142 143 171	140 141 142 143 171	140 141 142 143 171
Peak	181 182 183 184	181 182 183 184	181 182 183 184
Wan Chai	131 132 133 134 135	131 132 133 134 135	131 132 133 134 135
Tai Hang / Causeway Bay	144 145 146 147 148 149	144 145 146 147 148 149	144 145 146 147 148 149
North Point / Quarry Bay	151 152 153 154 155 156	151 152 153 154 155 156 ***157***	151 152 153 154 155 156 157
Shau Kei Wan / Chai Wan	161 162 163 164	161 162 163 164 ***165***	161 162 163 164 165 ***166***
Aberdeen	172 173 174 175 176	172 173 174 175 176	172 173 174 175
South	190 191 192 193 194 195	190 191 192 193 194 195	190 191 192 193 194 195
	196 197 198 199	196 197 198 199	196 197 198 199
TSUEN WAN AREA			
Tsuen Wan New Town,	320 321 322 323 324 325	320 321 322 323 324 325	320 321 322 323 324 325
Chung	326 327 328 329	326 327 328 329	326 327 328 329
& Tai Wo Hau			
Tsuen Wan Other			310 331 332 333 334 335
Areas,	251	251 ***257***	336
including Ting Kau &			
Sham	312 331 332	***310*** 331 332 333	340
Tseng	340 411	340	
Tsing Yi	350	350	350 351
Ma Wan	972 974 975	972 974 975	972 974 975
YUEN LONG AREA			
Town	423 424	***415***	415
	433	***422*** 423 424 ***425 428 429***	422 423 424 425 428
Tuen Mun Other	413	***411*** 413 ***414***	411 413 414
Areas	421 422	421 426 427	421 426 427

Areas	1981	1986 / 1990	1991
	431 432 434	431 432 434	431 432 434
	513 521	441 442	441 442
Yuen Long New Town	518 524	524 527	524 527
Ha Tsuen	440	***433***	433
	511 512	511 512 ***513***	511 512 513
			510 514 515 516 517 518
Ping Shan	510 514 515 516 517 519	514 515 516 517 ***518*** 519	519
Shap Pat Heung	522 523 525	***416***	416
San Tin	541 542 543 544	541 542 543 544 ***546***	541 542 543 544 ***545*** 546
	622 623		
Kam Tin	526 527	***521*** 526	521 526
Pat Heung	412 610	412 610	412 610
	531 532 533	531 532 533	531 532 533
TAI PO AREA			
Sheung Shui Township	626	***624***	624
Sheung Shui Other Areas	621 624 625 627	621 ***622 623 626*** 627 ***629***	621 622 623 626 627 629
Fanling Township	635	***625***	625
Fanling Other Areas	632 634	***628*** 632 634	628 632 634
Tai Po Township	723	723 ***726 727***	723 726 727
Tai Po Other Areas	631 633	631 633	631 633
	721 722 724 725	***720*** 721 722 724 725	720 721 722 724 725
		728 729 751	728 729 751
Shatin New Town	733	***753 754 755 756 758 759***	753 754 755 756 758 759
Shatin Other Areas	252 311	252	731 732 733
	731 732 734 735 736	731 732 ***733***	752 757 761 762
		752 757 761 762	
Ta Kwa Ling	641 642	641 642	641 642
Sha Tau Kok	651 652 653 711 712	651 652 653 711 712	651 652 653 711 712
Sai Kung North	741 742 743 821	741 742 743 ***744***	741 742 743 744
SAI KUNG AREA			
Sai Kung South	750	811 812 813 814 ***815***	811 812 813 814 815
	811 812 813 814	821 822 823 826 ***827***	821 822 823 826 827 828
	822 823 825 826		
Hang Hau includin Rennis Mills	831 832 834	831 832 834	831 832 834 836 837 838 839
ISLANDS AREA			
Tai O	941 941 943 944	941 941 943 944	941 941 943 944
Tung Chung	950	950	950
Mui Wo	961 962 963	961 962 963	961 962 963
South Lantao	931 932 933 934	931 932 933 934	931 932 933 934
Peng Chau	971 973 976	971 973 976	971 973 976
Cheung Chau	920	920	920
North Lamma	912	912	912
South Lamma	911 913	911 913	911 913

Note: TPU No. with bold face refers to those newly created in that year.