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**Alleviating Poverty in Hong Kong:  
The Evolution of Policy Decisions and Instruments**

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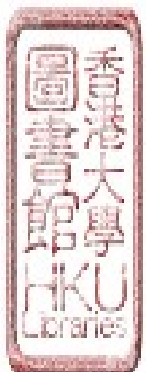
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Capstone Project Report submitted in partial fulfillment of the requirements  
of the Master of Public Administration

Department of Politics and Public Administration

The University of Hong Kong

2016



## DECLARATION

We declare that this Capstone Project Report, entitled “Alleviating Poverty in Hong Kong: The Evolution of Policy Decisions and Instruments”, represents our own work, except where due acknowledgement is made, and that it has not been previously included in a thesis, dissertation or report submitted to this University or any other institutions for a degree, diploma or other qualification.

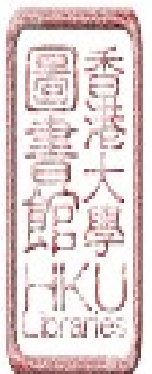
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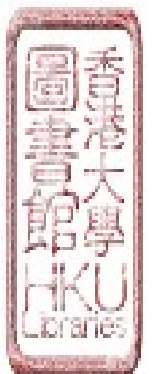


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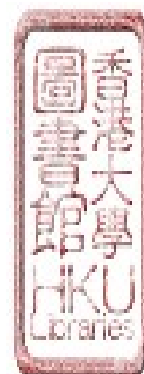
Finally, we are grateful for the support of our families and MPA classmates, making the 2-year programme an enjoyable and rewarding journey.



## ABSTRACT

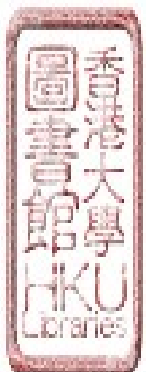
Hong Kong's poverty alleviation policies have undergone significant changes in the last 70 years. From the earlier colonial years when no monetary public assistance was available, to the more recent times when the Government openly admitted the poverty problem and introduced different measures to assist the disadvantaged group, poverty has become a more and more important social issue that has drawn the attention of the Government and the public, especially given Hong Kong's status as an international financial centre.

This report studies Hong Kong's poverty alleviation policies since the Second World War, when Hong Kong had very limited social welfare policies supporting the poor, and the Government did not take an active role to tackle poverty. The first major change came in 1971, when the colonial government started distributing public assistance in cash. The public assistance underwent subtle and gradual change since then, until after the handover, when the Government set up the Commission on Poverty in 2005, raising poverty alleviation to a notable position in the policy agenda. More policy measures were introduced after 2005 to support the poor, with the Government even setting up an official poverty line in 2013 to formally identify the poor population. While it is easy to notice these



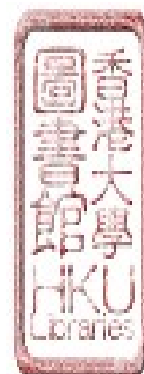
major policy development and changes, to gain a more thorough understanding of the evolution of poverty alleviation policies, it is necessary for one to observe the policy changes more closely, taking into account of the various factors involved in the policymaking process, and analyse the gradual policy adjustments between the major policy changes, across an extended period of time.

To better understand the policymaking process, a detailed study into the policy decisions and instruments involved in both the colonial and post-colonial era is conducted. Empirical research is conducted to construct a full picture of Hong Kong's poverty alleviation policies from 1945 up to the present, based on official government documents, research from scholars and social welfare organisations, and other relevant resources. Using the information gathered, a refined model of the Social Construction Theory is applied, which takes into consideration the socio-political context, governance arrangements and policymaking dynamics, to analyse the evolution of poverty alleviation policies. As a whole, the report aims at understanding how the policies have evolved, offering an explanation on why the changes happened, and identifying the implications that the policy development process and evolution carry on the governance.

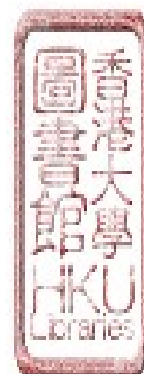


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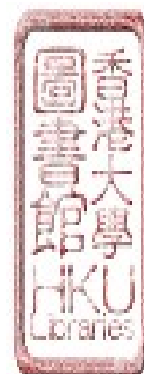


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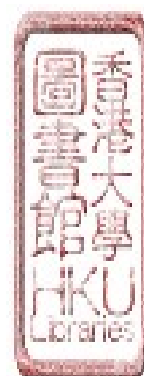




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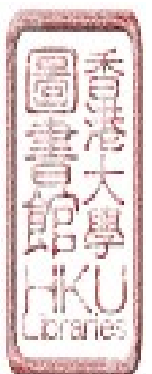


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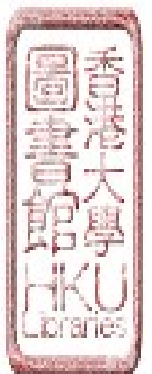
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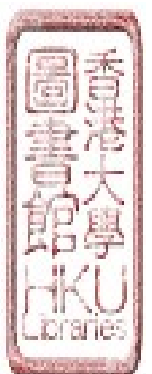


## LIST OF ABBREVIATIONS

CE	Chief Executive
CE LEUNG	Chief Executive LEUNG Chun-ying, the third CE
CE TSANG	Chief Executive Donald TSANG Yam-kuen, the second CE
CE TUNG	Chief Executive TUNG Chee-hwa, the first CE
CoP	Commission on Poverty
CSSA	Comprehensive Social Security Assistance
GDP	Gross Domestic Product
HKCSS	The Hong Kong Council of Social Service
HKSAR	Hong Kong Special Administrative Region
HKSARG	Hong Kong Special Administrative Region Government
LegCo	The Legislative Council
LIFA	Low-Income Working Family Allowance
NATO	Nodality, Authority, Treasure, Organisation (as in Hood's NATO Theory) (Hood and Margetts, 2007)
OALA	Old Age Living Allowance



SARS	Severe Acute Respiratory Syndrome
SCT	Social Construction Theory
WWII	World War II

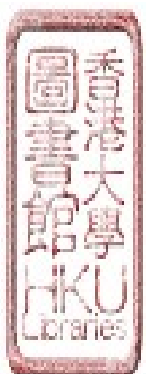


## **CHAPTER 1 INTRODUCTION**

### **Focus and Objectives of the Project**

Poverty alleviation is a social issue that has gained traction in Hong Kong in recent years. With the Government re-instating the Commission on Poverty in 2012 and announcing the official poverty line in 2013, poverty alleviation has become an important issue in the Government's policy agenda (Government of HKSAR, 2015). It appeared that the Government put a heavy emphasis on tackling poverty, and appeared to be proud of its achievements. According to the Government (Government of HKSAR, 2015, P. vii), Hong Kong's poor population in 2014 dropped from 1.32 million before policy intervention to 0.65 million after policy intervention (including cash benefits and other means-tested in-kind benefits). It is pertinent to address what the Government has done over time to bring down the number of the poor. This entails understanding the issues and critically reviewing the Government's policies.

The project studies how social construction and the changes of the governance

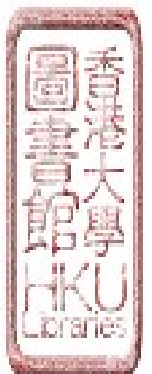


arrangements influenced the policy decisions and instruments for poverty alleviation, and their evolution from the colonial era to the present under the current Chief Executive, LEUNG Chun-ying (“CE LEUNG”). The policy decisions and instruments in turn instigate the dynamics in the social construction framework. The empirical research on poverty alleviation policies in Hong Kong is therefore structured, guided and informed by theoretical frameworks of modes of governance on policy-making, policy design and social construction, and instruments and strategies in public policy.

Through a holistic view of the Government’s poverty alleviation policies in the last 70 years, the project aims at studying and analysing the policy development process, in hopes of understanding how the policies have evolved, offering an explanation on why the changes happened, and identifying the implications that the policy development process and evolution carry on the governance.

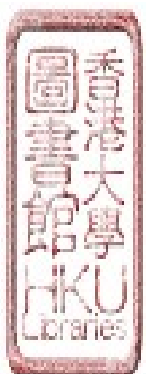
### **Research Questions and Associated Propositions**

In the report, the following research questions are addressed:



1. What policy processes, decisions and instruments are likely to be involved in the responses of governments to the need to alleviate poverty?
2. What have been the actual processes, decisions and instruments in the poverty alleviation responses of the Hong Kong Government – and in what ways have they changed over time?
3. How might these processes, decisions and instruments be transformed in the light of the experience to-date?

To answer these questions, the poverty alleviation policies from 1945 to the present would be studied and analysed, so as to identify and discuss the policy processes, decisions and instruments involved in policymaking. The broad assumption is that the policy agenda and selection of policy tools in the Government's poverty alleviation policies have been greatly influenced by the mode of governance and how the poor have been socially constructed. Policies evolve based on the following factors at each period of time: the socio-political situation (such as the economy and political situation); the culture and institution



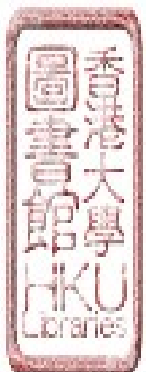


concerning the issue (poverty); the social construction of the target population (the poor); as well as the governance arrangement and policymaking dynamics. A more detailed review of these factors for each period involved would be provided in the empirical research part of this report.

On the whole, it is argued that the dependent poor was ostensibly un-constructed in the colonial era which led to insufficient and ineffective policy tools being used, and the generally passive attitude of the poor population in Hong Kong. Towards the handover of sovereignty back to China and thereafter, the advocacy of the welfare sector, and the heightened level of democracy in legislature and administration have been driving fundamental changes in the social construction of the target populations, which brings about the prominence of the poverty alleviation agenda, emergence of various types of policy tools, and more active participation of the welfare sector and the poor population.

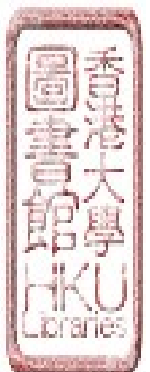
### **Overview of the Analytical Framework**

To guide the analysis of the subject policy evolution, an integrated model, which



composes of five main building blocks would be used. Basically, Social Construction Theory (SCT) is the main theoretical component to explain policy evolution. SCT argues that policy evolution is a “feed-forward” process (Schneider, Ingram and DeLeon, 2014), i.e. policy contents (i) frame the social construction of the policy recipient and affect their reactions, (ii) shape social culture and institution, and (iii) influence interaction of policymaking dynamics. The interactions among stakeholders that take place within the dynamics will determine the final outputs of revised policy contents (Schneider, Ingram and DeLeon, 2014).

SCT framework merely focuses on the variables within the particular policy arena but it is argued that certain policy options are already filtered out subject to the constraints of the socio-political conditions and the governance arrangements. To rectify the limitations of the SCT framework, the integrated model will counter the macro socio-political context and then the governance arrangement at the material time to ascertain how social situations and the composition of the governance machine would filter the feasible policy options before policymakers start to craft the particular policy contents. In the sequence of analysis, these exogenous factors would firstly be handled prior to disposing of the endogenous

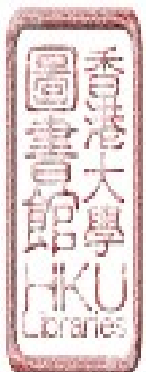


factors.

Apart from applying the SCT to analyse the policy evolution, the integrated model would be further refined by applying the theories of policy instrument and policy process. Policy instrument theories would facilitate the conceptualisation of those policy designs. By understanding the nature and functions of a particular policy design, it would help one to better understand why a particular policy design was selected at the material time. The final component of the refined model is to apply the relevant concepts from the policy process theories. The purpose is to reveal why certain interactions would occur in the policymaking dynamics. Further discussion of the framework is at Chapter 2.

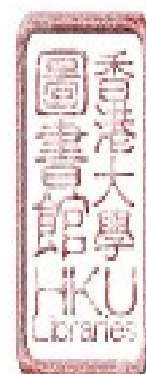
### **Key Timeline and Policy Versions**

The research goes along an axis of timeline continuum of Hong Kong's evolving poverty alleviation policies, which is briefly divided into four regimes, namely:



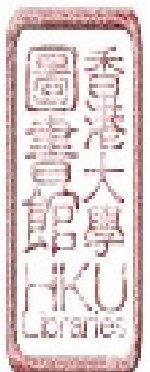
<b>Regime</b>	<b>Relevant Chapter in this report</b>
1. Policy 1.0: 1945 (post-World War II) – 1971 (before the emergence of Public Assistance distributing in cash, the predecessor of Comprehensive Social Security Assistance)	Chapter 3
2. Policy 2.0: 1971 – 1997 (pre-handover of sovereignty)	Chapter 3
3. Policy 3.0: 1997 – 2012 (post-handover of sovereignty, the 1 <sup>st</sup> CoP and its dismissal)	Chapter 4
4. Policy 4.0: 2012 – present (the reinstatement of the CoP, and the setting up of Poverty Line and other forthcoming policies)	Chapter 5

Based on the above timeline, empirical analysis on the evolution of the poverty alleviation policy in each period would be conducted. To make the analysis coherent and consistent, the sequence of components to be disposed in the refined model would be overviewing the socio-political context, and the corresponding governance arrangements at a particular moment of time. After considering the



scene-setting factors, focus would be placed on how the policy contents structured the social construction of target populations, culture and institution. Techniques of policy instruments classification will be applied to articulate and highlight their effects. Lastly, since policy development is an evolving process, efforts would be made to reveal how the interaction of preceding factors in the policymaking dynamics, i.e. policymakers, target populations, culture and institution, cause the policy to be evolved to a subsequent stage.

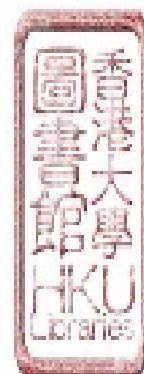
For easy conceptualisation, it is argued that the evolution of poverty alleviation policy can be divided into four stages, namely, Policy 1.0 to Policy 4.0. A change of an integer means that a major leap of policy contents is identified whilst the change in decimal places implies that the policy content may have only encountered limited adjustments. However, it is important to note that in reality vigorous changes of policy is not likely to happen overnight, but it normally undergoes a sequence of minor adjustments and eventually evolves to a new stage (Jones and Baumgartner, 2005). And the “feed-forward” process of SCT also depicts that policy change is constrained by numerous factors and that explains why certain degenerative form of policy can persist for a long period of time (Schneider, Ingram and DeLeon, 2014).



In these four stages, the Policy 1.0 (1945 – 1971) was provided in a piecemeal, minimal and haphazard manner. It reflected that the Government did not intend to and was not prepared to (in light of its financial positions, manpower and capacity) introduce sophisticated policies to tackle poverty issues; Policy 2.0 (1971 – 1997 (pre-handover)) was characterised as the provision of cash to the needy, with the supplement of other small scale initiatives. After the handover, the policymaking process was intensified, with the Government introducing more measures to assist the poor. Policy 3.0 refers to the time when the first Commission on Poverty (1<sup>st</sup> CoP) was established in 2005; this is followed by the dismissal of the 1<sup>st</sup> CoP and re-instatement of the second Commission on Poverty (2<sup>nd</sup> CoP), leading to the present Policy 4.0 in 2012. More detailed discussion of each policy stage can be found in the empirical research in Chapters 3 – 5.

### **Research Methodology**

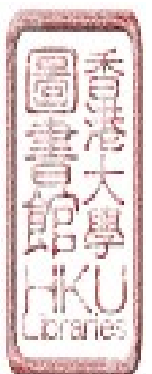
Research and analysis are mainly based on desktop research of publications, websites, speeches, reports and papers from the Government and relevant



stakeholders, such as welfare organisations, social workers and academics. For the earlier colonial years, owing to limited access to past Government reports and papers, it is inevitable that research work conducted by social welfare organisations and prominent local researchers in the field has to be relied on. For more recent years, where more official Government documents are readily available, there is a stronger focus on official documents, such as LegCo papers and Policy Addresses. The Policy Addresses, in particular, are a valuable resource for analysing the Government's poverty alleviation policies, as it shows how policy decisions are made, and the intention of the Government under each Chief Executive.

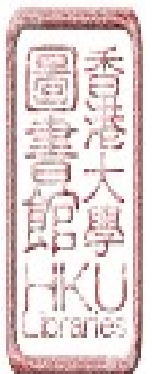
Secondary references, such as reports, commentaries, editorials, comments and reactions channeled through the press, are also included where relevant and applicable. These references contain the views of various interest groups and stakeholders, and can assist in learning about the views of the public at that time.

The research method is considered to be appropriate, as the official documents, research work and other secondary references complement each other to provide a more comprehensive picture of the policy development process across the three



regimes. As this project focuses on analysing the history of poverty alleviation policies in Hong Kong in the past 70 years, it is vital to study any relevant printed information available – official documents would be the first priority, followed by research work in the field and then other secondary references. Through these materials, the extensive poverty alleviation history of Hong Kong can be presented, and it can then facilitate the analysis of the policymaking process in detail.

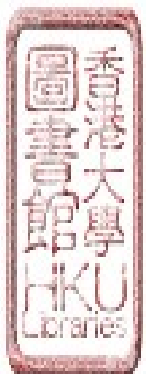
Given the lengthy period of time discussed in this report, there exist difficulties in accessing earlier policy documents, especially for the colonial era, when it is no longer possible to retrieve the relevant materials on Government websites and other sources. Therefore, various means have been explored to study the policies before the handover, including but not limited to accessing earlier research work of scholars and reports from social welfare organisations. For the post-colonial years, official documents are more readily available from Government websites, hence these documents are studied and analysed, in hopes of understanding the policy decisions made by the Government and the changes involved.





## **Chapter Outline**

The project report is made up of six chapters, including this introduction as Chapter 1. Hereafter, Chapter 2 is the analytical framework. In this chapter, SCT would be introduced and discussed in detail. To cater for the limitations of SCT, a refined SCT model is presented, through considering the socio-political context, governance arrangements and policymaking dynamics. By applying the refined SCT model in Chapter 2, Chapters 3 – 5 would be the empirical research, covering the span of over 70 years – from 1945 to 2016. Chapter 3 will cover the period before the handover, from 1945 to 1997. Chapters 4 and 5 will cover the post-handover period in greater detail, drawing information from official policy documents, and discussing the many measures that the HKSAR Government has introduced to support the poor. This will be followed by the conclusion at Chapter 6, where important observations would be drawn from the empirical research and the implications on governance would be discussed.

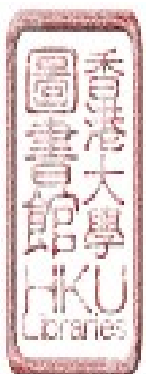


## CHAPTER 2 ANALYTICAL FRAMEWORK

### Introduction

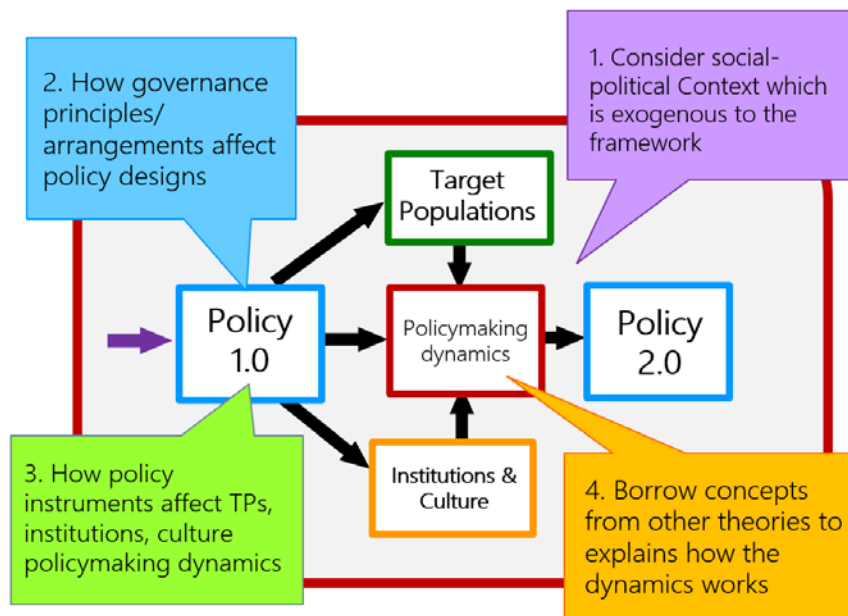
This chapter serves to establish the analytical framework for analysing the evolution of policy decisions and instruments for alleviating poverty of Hong Kong. The analysis covers the period from the rule of the British Colonial Government after the Second World War (WWII) to the contemporary Administration of the Hong Kong Special Administrative Region Government (the Government). In the period of about 70 years, it is observed that the poverty alleviation policy remains by and large steady for a few decades after its major principles and content were built, but as time goes by the policy undergoes a number of significant changes as the general social conditions and the composition and characteristics of the policy recipients evolve.

Apart from stating the objective of the chapter, the second but no less important goal of this introductory section is to produce (i) an overview of the analytical framework adopted in this project, and (ii) the roadmap of how each major

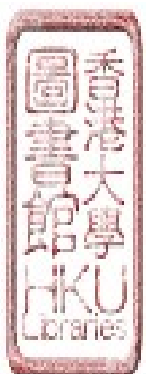


component in the analytical model will be disposed of. In general, an integrated model, which composes of five major components (Figure 1), is applied for depicting the momentum that drives the evolution of the poverty alleviation policy of Hong Kong over times.

Figure 1: Refined Model for Analysis of Policy Designs and its Evolution

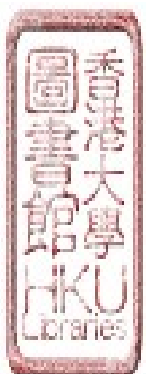


The first two components, i.e., the macro socio-political context and governance arrangements, are deployed for assessing how factors which are exogenous to a single policy arena would actually affect policy change. It is argued that the most significant effect of social context and governance arrangements serve as filters which limits the options for policymakers to employ to craft the policy



contents. After handling the exogenous factors, the analysis would then be proceeded to look into the specific details within the policy arena guiding by the analytical propositions of the Social Construction Theory (SCT), known as the third component. In general, SCT proposes that policy evolves under a “feed-forward” process (Schneider, Ingram and Deleon, 2014). In a nutshell, initial policy designs, which consists of both material and symbolic effects, mould the social construction of policy recipients and other political settings. It is those policy contents that trigger a series of interrelated effect to the stakeholders, culture and institution, and policymaking dynamics within the arena and eventually lead to policy change (Schneider and Ingram, 1997). To further refine the analytical power of the model, two additional components are employed, i.e. the fourth component is the application of policy instrument theories with a view to conceptualising how exactly policy contents fulfil their objectives. The fifth component is the application of policy process theories, as appropriate, to articulate how interactions within the policymaking dynamics may come up with a new policy.

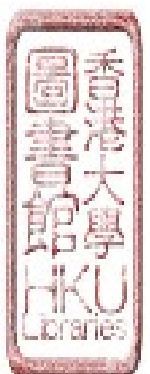
Based on the infrastructure and the logic of the refined model, section two addresses the issues about the macro socio-political context and governance



arrangements, which serves as the overall context and scene-setting preceding the analytical backbone of SCT. Section three mainly focuses on the basic assumptions and propositions of SCT, followed with the theory's strengths and limitations. In response to SCT's limitations, section four introduces the feasible ways for refining the SCT framework. The first refine measure is to introduce the method of policy instrument classification for conceptualising the so-called material and symbolic effects of policy content in a more concrete manner. The second way is to borrow the relevant concepts and ideas from other policy process theories to interpret how interactions of stakeholders within the policy arena take place. Lastly, a recap of the refined analytical model would be produced and how this model would be relevant to the analysis of the evolution of poverty alleviation policy would be explained.

### **Macro Socio-political Context and Governance Arrangements**

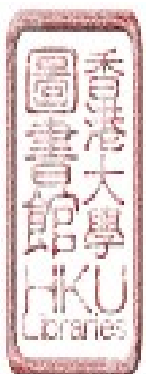
Macro socio-political situation affects policy formulation in two obvious ways. Firstly, it shapes the social atmosphere and people's perception about their welfare (intangible) which may in turn affect the principle which a government would



adopt to make policies. Secondly, it also determines the amount of public resources which a government may mobilise. In addition, governance arrangements – the composition of the governance network / alliance – constrains the institutional setting where a government can exercise its power to tackle social problems. Both of them are the pre-determining or exogenous factors and their impacts are ubiquitous. Therefore, in doing the analysis, these two components would be disposed of before the specific (poverty) policy issues are considered in the general model.

### ***Macro Socio-political Context***

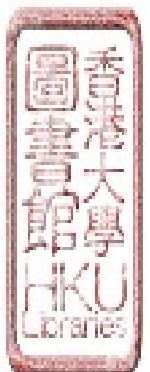
Macro socio-political environment is one of the determining factors for policy formulation/evolution and tools adoption. In the refined model, social background would be the first condition to be considered to ascertain why the Hong Kong Government would adopt any particular approaches or strategies in handling poverty problems. In fact, the influences induced by political stability or fluctuation; economic growth or downturn; change of demographic structure, e.g. influx of refugees, or aging population; optimistic or pessimistic social moods, etc., affect policy formulation and the policy instruments to be chosen. For



instance, in occasions of social unrest, policies that can restore stability would be at a higher priority, e.g. welfare policy developed after the riot in 1967. Besides, adverse economic situations may constrain or invoke the government to choose particular policy tools to tackle the problems, e.g., freeze of rent of public housing after the Asian Financial Crisis in 1997. Based on the above elaboration, the consideration of the macro socio-political context is crucial for understanding the policy evolution.

### ***Governance Arrangements***

Governance arrangement is another pre-determining factor that governs policy formulation and policy tools adoption. Prior to looking into the propositions of SCT, the better approach is to articulate the scene and context from which a policy is made. This component is so important because different governance arrangements affect (i) how political institution (mechanism for service delivery) is shaped; (ii) which agents would engage; (iii) what rules would be used and their subsequent amendment; and (iv) the way which the government may view and prioritise the problems. Its impact goes beyond one single policy issue but the overall principle which the government would take to solve social problems.



Moreover, the governance arrangements also affect people's perception about the government's intention, and their expectations towards the government's actions. Therefore, the component of governance arrangement has to be incorporated into the refined analytical model to comprehend formulation and evolution of poverty alleviating policy.

In light of its complexity, the concepts of types of governance introduced by Knill and Tosun (2012) would be adopted to conceptualise the issue. In brief, Knill and Tosun (2012) classified four types of governance, namely, "Regulated self-governance", "Interventionist governance", "Cooperative governance", and "Private self-governance" in accordance with (i) the degree of government obligation (intensity of involvement) and (ii) the degree of public-private cooperation (Figure 2).

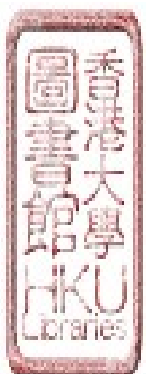




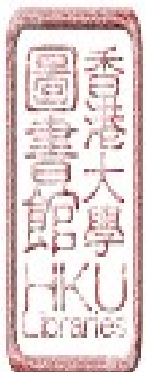
Figure 2: Four Types of Governance

		Degree of Public-Private Cooperation	
		High	Low
Degree of Legal Obligation	High	Regulated Self Governance	Interventionist Governance
	Low	Cooperative Governance	Private Self Governance

Source: Knill and Tosun, 2012, p. 210

It is important to note that the four types of governance are not mutually exclusive to each other, i.e. they may be adopted by a government at the same time to tackle problems at different policy areas. The major characteristics of such type of governance (arrangement) would be introduced:

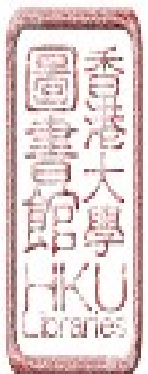
“Private self-governance” arrangement shares a very low degree on both legal obligation and cooperation between public and private sectors (Knill and Tosun, 2012). Under this arrangement, government is basically absent in service provision whilst the non-government agents are the key players. This arrangement is so chosen or the situation would happen when a government’s



resource is highly insufficient, which undermines the government's capacity to engage those service areas; or it is highly inefficient for the government to provide the service, or the government is of little interest to engage the matter. The non-government players would establish the rules among themselves, and enforce the rules in the absence of government.

“Cooperative governance” arrangement implies the formulation of policy which is a result of bargaining between government and non-government sectors (Knill and Tosun, 2012). Under this arrangement, government and non-government sectors enjoy equal status. They are neither financially dependent to each other nor does any party enjoy a more superior role.

“Regulated self-governance” arrangement refers to the setting which the government plays a critical role in regulating the rules of the game where the non-government sectors also play a dominant role in policy implementation (Knill and Tosun, 2012). The government and the non-governments sectors can be regarded as strategic partners where each of them plays a part in pursuing the governance objective. However, the arrangement also implies that the government would have veto power on decision-making as it monopolise the role

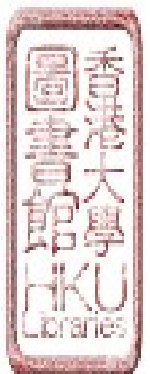


in law enactment and it can mobilise public resources to command the compliance/ cooperation of other players.

“Interventionist governance” arrangement is at another extreme of the “Private self-governance” arrangement. The government plays the roles of both service provision and production. The non-government sectors are either too incapable to engage in policy formulation or they are simply non-existent or disinterested in (due to poor incentives) policy formulation. The government shall play the roles of policy formulation, financing, implementation.

It is argued that the adoption of a particular governance arrangement would accompany the adoption of certain policy designs and tools, i.e., the higher degree of government involvement is, the more sophisticated the policy designs and tools would be, and the higher degree of public-private cooperation is required, the adoption of the tool of “organisation” or “system changing” would become more frequent (Elmore, 1987, and Hood and Margetts, 2013).

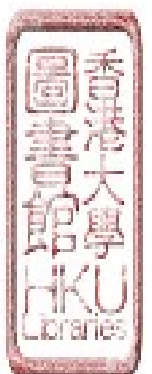
After disposed of the variables (macro socio-political context and governance arrangement) that are exogenous to a single policy arena, an independent



theoretical framework would be employed to unveil how the detailed, specific policy contents are crafted by policymakers, how these policy contents affect the target recipients, how the recipients are likely to respond, and how various stakeholders interact to induce the policy change. To systemically guide the analysis, the theoretical framework of the Social Construction Theory (SCT) would be employed.

### **Social Construction Theory**

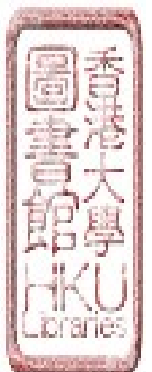
The theoretical framework of SCT is applied to look into the subtleties within a policy arena. Instead of focusing on the macro factors, SCT focuses on the details and specificities of a policy. And by assessing how those small scale, piecemeal initiatives would provide the aggregate effects and in turn lead to policy change. In the foregoing paragraphs, the background, characteristics, strengths and limitations, and the unique logic for explaining policy evolution would be illustrated.



## ***Background***

SCT was introduced under the context when the persistent policy flaws in many policy areas in the United States had undermined people's confidence to democracy (Schneider and Ingram, 1997). Schneider and Ingram (1997) pointed out that the major threat to democracy is not that the long embraced democratic values have been abandoned by ordinary people. Instead, the merits of democracy decline as the government fails to make policies that are conducive to pursuing the best interests for the public. On the contrary, the adverse policies keep undermining fairness, social justice, citizenship and other admired social values (Schneider and Ingram, 1997). Worse still, Schneider and Ingram (1997) argued that the dynamics under which such policies are formed would reinforce themselves so problematic policies become endurable.

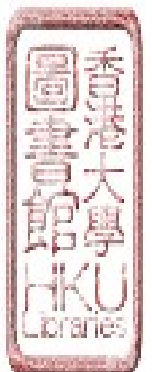
In view of the unpalatable situation, Schneider and Ingram (1997) criticised that none of the approaches – Pluralism, Policy Science, Public Choice Theory and Critical Theory – is well-developed to explain the persistence of the policy flaws. SCT was so introduced to analyse and comprehend the pitfalls. SCT mainly focuses on assessing policy designs: it serves to (i) explain why and how a policy



is formed at its first instance, (ii) articulate the logic of its subsequent evolution, and (iii) illustrate (policy) design implications to democracy (Schneider and Ingram, 1997; Schneider, Ingram and DeLeon, 2014).

### ***Characteristics of Policy Designs under Social Construction Theory***

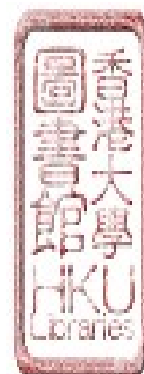
Policy designs carry a number of characteristics. Firstly, “policies fit into contexts” (Schneider and Ingram, 1997, p.3). Policy designs are crafted under specific social circumstances and historical settings. Normally, the formulation of policies is triggered by certain social problems or responds to particular social circumstances. Thus, context matters in the course of policy formulation. Secondly, apart from the instrumental functions, the symbolic meanings embedded in the policy designs contain strong implications that shape people’s perceptions and behaviors (Schneider and Ingram, 1997). As such, the evaluation of policy should be judged not only by its nominal sense, but also considering how the underlying meanings and ideas that policies convey may give effect to the policy objectives. Thirdly, policy elements are observable, e.g. the legal provisions, but their contents keep evolving (Schneider and Ingram, 1997). Researchers can trace how a particular design may trigger responds from the



recipients.

In general, SCT shares some common features of incrementalism. For instance, for both frameworks, policymakers possess incomplete knowledge, share different preferences and values, and encounter cognitive bias (assumptions of bounded rationality) in decision-making. Policy normally evolves in a gradual manner at its margins rather than undergoes drastic change; path dependency matters as how a policy was crafted in the past would affect the options to be shortlisted in the future (Hayes, 2013; Jones and Thomas, 2013; and Kay, 2013). However, what makes SCT a distinctive theory is that it highlights the elements of social construction of target populations into its analytical framework (Schneider, Ingram and DeLeon, 2014).

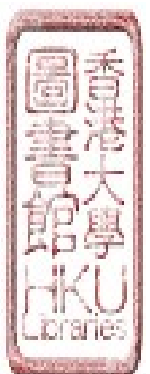
Social construction plays a critical role in SCT framework. The element of social construction is so influential because it governs the product of policy designs at the initial stage of policy formulation as well as its subsequent evolution. SCT argues that policy design is neither an objective nor an ambiguous process. Instead, the crafting of policy designs is largely value-driven, and the major underlying force is the social construction of target



populations (Schneider, Ingram and DeLeon, 2014). Once social construction is formed, the elements are deeply implanted into the culture (social values, norms and people's perception) and institutions (law, administrative rules and practices), making a departure of policy from the status quo difficult (Schneider, Ingram and DeLeon, 2014). The second reason for its huge influence is that the framing of social construction is easy to operate, leaving much room for policymakers to leverage the tactics to pursue political gains by intently framing target populations with certain attributes. The manner of manipulation of social construction by policymakers has profound impact to the quality of governance (Schneider and Ingram, 1997; Schneider, Ingram and DeLeon, 2014). Lastly, Schneider, Ingram and DeLeon (2014) argue that social construction establishes a "feed-forward" path for policy design and its evolution. It provides implications that the formulation of constructive or degenerative policies hinges on the manipulation of social construction of target recipients.

### ***Propositions of Social Construction Theory***

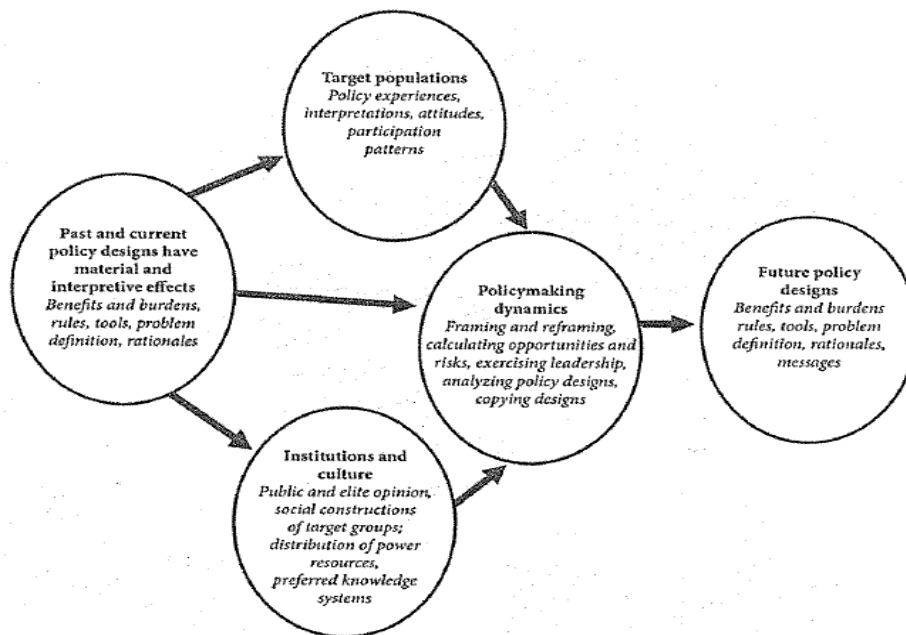
Schneider, Ingram and DeLeon (2014) summarised five major propositions of SCT which concern about (i) the basis for allocating benefits and burdens to target





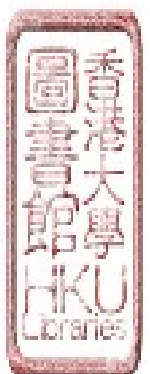
populations; (ii) feedbacks by target populations to the effects of policy designs; (iii) how policy decisions are made; (iv) how social construction changes; and (v) the logic of policy change. The scholars integrated these five propositions to come up with a “feed-forward” path which demonstrates the complete process of policy formulation (at the first instance) and evolution (Figure 3).

Figure 3: Feed-forward Effects: Social Constructions and Policy Design



Source: Schneider, Ingram and DeLeon; 2014, p.108.

**Proposition No. 1:** This proposition is that “the allocation of benefits and burdens to target groups by public policy depends on the extent of their political power as well as their positive or negative social construction.” (Schneider, Ingram and



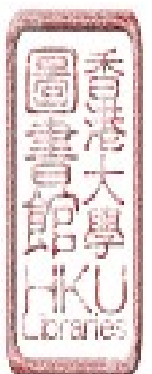
DeLeon, 2014, p.109) Based on the above criteria, Schneider, Ingram and DeLeon, (2014) classified target populations into four groups, namely, the advantaged, contenders, dependents and deviants. The following matrix demonstrates the common perception of the political power and the deservedness of the four target groups (Figure 4).

Figure 4: Political Power and Social Construction of Target Groups

		Social Construction	
		Positive image (Deserving)	Negative image (Underserving)
Political Power	High	The advantaged	Contenders
	Low	Dependents	Deviants

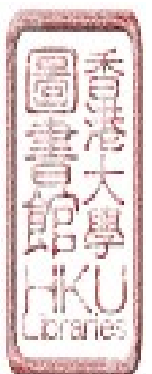
Source: Schneider, Ingram and DeLeon; 2014, p.111

The advantaged have a high level of political power and positive social construction. The high level of political power implies that people have relatively abundant resources, knowledge and capacity to organise themselves and



articulates their collective preferences to policymakers (Schneider and Ingram, 1997). Their preferences on policy have become too influential to be neglected so policies are normally crafted in a way that favors their interests. Besides, the advantaged also possess sufficient power to frame themselves with positive social images and resist others who try to construct them negatively (Schneider and Ingram, 1997). As they enjoy positive social construction, policies that favor their interests usually encounter little opposition even if substantive amount of benefits is distributed to them, and policymakers will find it a risky move to impose burdens to the advantaged.

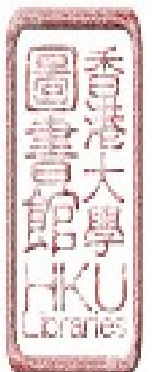
Schneider, Ingram and DeLeon (2014) stated that the contenders have a high level of political power but are negatively portrayed in their social image by the ordinary citizens. Despite the fact that the contenders possess a huge amount of resources, they do not enjoy the political power in the way as the advantaged do. To avoid accusations of collusion, policymakers tend to transfer benefits to the contenders in subtle and implicit ways in order to avoid public's criticism (Schneider, Ingram and DeLeon, 2014). Moreover, Schneider and Ingram (1997) contends that subject to this power and influence of the contenders, policymakers inclined to refrain from distributing burdens to the group, leaving the so-called



control and restriction simply a kind of lip-service.

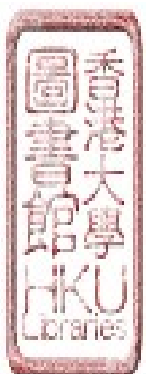
The dependents have little political power subject to their inferior conditions (poor, disability, mental disorder, etc.) but they are portrayed with the positive social construction as the needy (Schneider, Ingram and DeLeon, 2014). In allocating the benefits (or burdens), policies normally do not pose sanctions, at least not in an obvious way, to the dependents as their adverse situations is often not out of their own faults. However, since they lack the resources and representation to safeguard their interests as the advantaged possess, policymakers tend to deliver benefits which are more in the form of rhetoric than materials (Schneider, Ingram and DeLeon, 2014).

The deviants have minimal political power and negative social construction. Policymakers tend to impose burdens and provide minimal benefits to deviants due to their trivial political power and negative social image (Schneider, Ingram and DeLeon, 2014). The circumstances so happen because very few parties would be interested in representing them for safeguard their rights and interests. Due to their negative social construction, the public has little tolerance or sympathy towards the deviants, and reckons that they deserved to be penalised.



Therefore, this perception establishes the norms that policies targeting deviants are to allocate them with burdens.

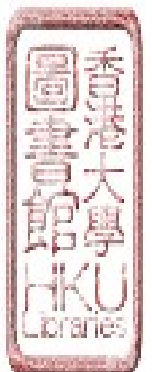
***Proposition No. 2:*** This proposition is that “Policy designs have both material and symbolic (reputational and interpretative) effects on target populations that impact their attitudes and political participation. These effects occur through structuring of opportunities that shape life experiences and subtle messages about how government works and how they are likely to be treated” (Schneider, Ingram and DeLeon, 2014, p.116). Policy consists of both material and symbolic effects. For example, if a policy design is to deliver a subsidy of \$5,000 per month per person to the needy. The amount of \$5,000, obviously, has material effect as it has a certain level of purchasing power. The symbolic effect refers to the kinds of value attached, which depends on how the government delivers the money, i.e. through what institution, whether it is means-tested, whether the policy is temporary or permanent, availability of quota, and most importantly, how the recipients are portrayed. Also, the institutional arrangement for delivering the money affects how the recipients perceive themselves, their eagerness to apply for the subsidy, and whether they will try to ask for more. The feedback or political participation of the target populations shall affect the policymaking dynamics as



their participation will adjust the way the policy problem is defined as well as their social construction. Subject to the (significant or subtle) change of social construction of target recipients, it affects the subsequent policy design when the policy is reviewed (Schneider, Ingram and DeLeon, 2014).

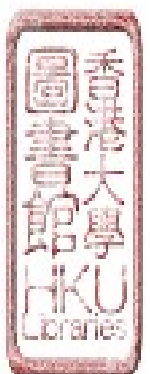
***Proposition No. 3:*** This proposition is that “Social Construction emerge from emotional and intuitive reactions and are justified with selective attention to evidence.” (Schneider, Ingram and DeLeon, 2014, p.121) SCT adopts the notions of “bounded rationality” in describing policymakers’ decision-making capability. The theory also applies the concepts of cognitive psychology to illustrate how cognitive bias, use of heuristic shortcuts may affect decision-making (Cairney and Heikkia, 2014).

Under the decision-making model of “bounded rationality”, people had limited cognitive ability to process all the information equally at the same time. Instead, people process information in a serial order, i.e. they handle a portion of information at one time, and then dispose of another portion after they finishing processing the previous one (Jones and Thomas, 2013). Jones and Thomas (2013) also pinpointed that people incline to react to emotional and intuitive



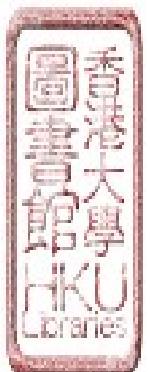
appeals prior to examining objective facts or data when assessing different policy options. Thus, it means that the emotional impulses may outweigh objective facts and reasons. In the same token, the positive or negative social images of the target populations may be the first factor appearing in the mind of policymakers. The emotional or intuitive impulses influence policymaker's (i) perception on the nature of problems, (ii) decisions on setting policy goals, and (iii) the selection of suitable policy options and tools to tackle the problems. Conclusion is driven by emotion, and rationales may be supplemented afterwards (Jones and Thomas, 2013). Moreover, once the social images of the target populations are constructed, they form the heuristic shortcuts that guide future decision-making when policymakers encounter problems of similar nature or circumstances (Jones and Thomas, 2013; and Schneider, Ingram and DeLeon, 2014).

Schneider, Ingram and DeLeon (2014) quoted some examples of cognitive bias and the use of heuristics for decision-making. For instance, "halo effects" and "confirmatory bias". "Halo effect" means "the tendency to like (or dislike) everything about a person – including things you have not observed..." (Kahneman, 2011, p.81); "confirmatory bias" implies that people tends to be



attentive to and adopt evidence, information and argument that reinforce their existing beliefs (Kahneman, 2011). These are the two of the many prominent examples on how psychological motives affect policymakers. In gist, policymakers tend to attach certain (positive or negative) attributes to target populations, and then treat them in the way that adheres to their earlier beliefs.

***Proposition No. 4:*** This proposition is that policy designs may spark off changes of social construction. However, it is difficult to activate such changes (Schneider, Ingram and DeLeon, 2014). When formulating a new policy, policymakers predispose a social image of the target populations, and they will embed in the policy design (Schneider and Ingram, 1997). The embeddedness is in two senses: firstly, the social construction formed in the past will be incorporated into policymakers' decision heuristics. In the subsequent rounds of policy renewal, policymakers take reference from such heuristics and make their decisions (Schneider, Ingram and DeLeon, 2014). Secondly, Schneider, Ingram and DeLeon (2014) argued that the positive and negative social construction would be implanted into the culture and institution. Apart from becoming part of the social norms and values, the elements would be materialised through legislation and incorporation into administrative procedures and practices. Such





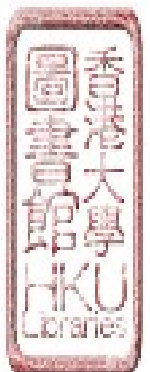
implantation poses a very high threshold level for social construction to change significantly.

***Proposition No. 5:*** This proposition is that “types and patterns of policy change vary depending on the social construction and power of target groups.” (Schneider, Ingram and DeLeon, 2014, p.129) As mentioned in Proposition 1, the allocation of benefits and burdens depends on the political power and social construction of the target populations. Political power and social construction of the target populations may gradually evolve. Policies, at most of the times, will largely reinforce and reproduce themselves, but they will undergo changes (at the margins) as the power and social image of the target group change.

### ***Main Strengths and Weaknesses of Social Constructions Theory***

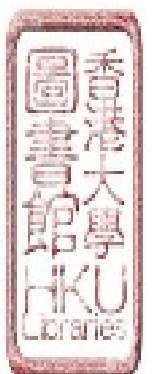
SCT has a number of strengths in interpreting policy design and its evolution.

Firstly, SCT provides insights by considering the factors of social construction of the target populations (Schneider and Ingram, 1997; Schneider, Ingram and DeLeon, 2014). The theory offers forceful and well-established arguments on how social construction affects: (i) target populations’ perception and political



participation, (ii) heuristics shortcuts of policymakers, (iii) culture and institutions, and (iv) policymaking dynamics which determines the output of the (revised) policies (Schneider, Ingram and DeLeon, 2014). Secondly, the development of SCT was inspired by real world problems, i.e. problematic policy design in the U.S. (Schneider and Ingram, 1997). The empirical foundation of SCT implies that most of the theoretical components, e.g. institutions, target populations, policy measures, etc., are something observable and common in the real world, and therefore permitting the theory be applied to study policy issues in any other subjects. In addition, relationships among components are well-established in the theory, so it allows causal-linkage of events to be traced within a policy arena by studying the dynamics of interaction among the components. Furthermore, it provides implications to policymakers to derive benevolent policies that are conducive to good governance (Schneider and Ingram, 1997).

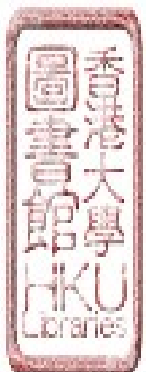
By reviewing the theoretical framework, a number of limitations of SCT are identified. Firstly, the framework rarely examines the impact of exogenous factors that may affect policy design and its evolution. Although the theory recognises that context matters, it does not dispose of those relevant circumstances in its framework. For instance, political climate, economic



growth and social stability are influential to policy design and change. However, SCT seldom considers how the macro-social conditions may affect policy choices. The theory views that a policy arena (system) is a concealed system that is inert to the stimulus of external factors (Bardach, 2006).

Secondly, SCT seldom considers how governance principles or arrangements may affect policy formulation and policy tools adoption. Though social construction is a crucial factor to determine policy designs; factors, such as the composition of the governance alliance or network, government's preferences and priorities, financial position, etc., also play critical roles in policy formulation and policy tools adoption. Actually, governance arrangements are pre-existed to the policymaking arena. Therefore, it is difficult to capture a good understanding of policymaking dynamics without comprehending the governance arrangements.

Thirdly, though SCT places much emphasis on policy designs, the theory has not developed the sophisticated propositions to reveal how policy designs give effects to their objective. In order to enhance the explanatory power, SCT should incorporate the ideas and concepts from the theories of policy instruments for (i) classifying the designs, precisely, in accordance with their natures and functions,



and (ii) revealing how they are implemented to fulfil their design purposes.

Lastly, SCT neglects the potential of emerging factors that led to policy change.

SCT assumes policy change under a “feed-forward” process, which is linear and sequential. The major force for policy change is subjected to the change of social construction of target populations (Schneider, Ingram and DeLeon, 2014).

For instance, populations with positive social construction will participate to drive policymakers to make policies that safeguard and further enhance their benefits.

The terms or designs of policy evolve to become more favorable to the groups.

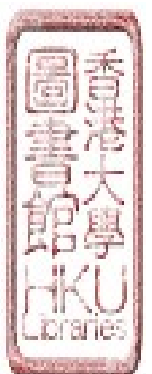
Policies also tend to impose burdens on groups with little political power and negative social construction. Policies are then amended to become harsher to the

inferior groups. The proposition implies that the self-reinforcing mechanism will make policies evolve to their extremes. However, it is observed in many

real-world cases that the path of policy change does not exactly follow what SCT proposes. Some other external factors (e.g. focusing event) do interfere the

policymaking dynamics, and in turn affect the policy outcome. To gain a more

comprehensive picture of policy change, researchers should drill on how subtle factors affect interaction with policymaking dynamics.

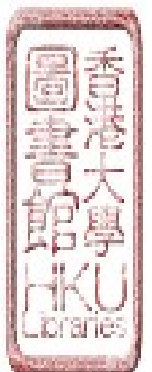


## **Ways to refine the Limitations of SCT**

Subject to the limitations SCT, two more components would be included into the refined model to rectify the possible pitfalls of SCT. Firstly, the application of the theories of policy instruments (Component 4) to conceptualise the nature and functions of certain designs (content) of the poverty alleviation policy reveals how they function to attain the policy objective. Secondly, since SCT has left it blank regarding the rules of interaction among policy stakeholders within the policymaking dynamics, concepts and ideas from other theories of policy process may be introduced, as appropriate, to unveil the logical interaction.

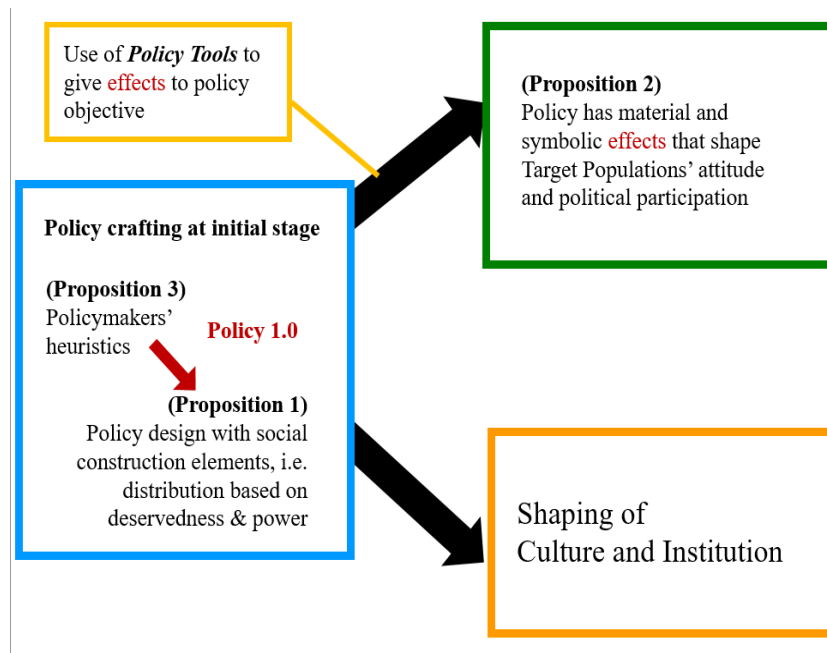
### ***Theories of Policy Instruments: the Nature and Functions of Policy Tools***

This component is to apply the concepts from various theories of policy instruments to (i) classify the policy designs based on their nature and functions; and (ii) explore how these policy contents have precisely formed the social construction of the target recipients, frame the culture and institution. The component will enrich the explanatory power of proposition 1 – 3 of SCT

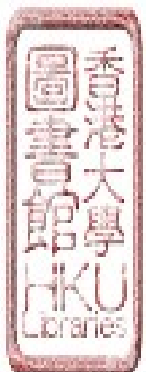


(Figure 5):

Figure 5: Policy Crafting at its Initial Stage



In brief, policymakers apply heuristics short-cuts to assess target populations and craft policy design (Proposition 3). By using various policy instruments, benefits and burdens are allocated based on the social construction of target populations – “deserving” and “undeserving” (Proposition 1). As policy tools of different nature and function would bring various degrees of material and symbolic effects, it would in turn affect their self-perception and eagerness of participation (Proposition 2). Moreover, culture and institution would be shaped by implementing those policy instruments (Schneider, Ingram and DeLeon, 2014).



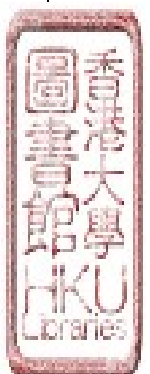
To assist the classification of policy design/content, three major policy instruments are employed for analysis. The table below summarises the classification of policy tools introduced in the three policy instrument theories (Figure 6).

Figure 6: A Summary of Policy Instruments

	<b>Authority</b>	<b>Economic Means</b>	<b>Institution</b>	<b>Information</b>
Four major classes of instruments by Elmore (1987)	Mandates	Inducements and capacity-building	System-changing	--
“Carrots, Sticks and Sermon” by Vedung (2007)	Sticks	Carrots	--	Sermons
“NATO” by Hood & Margettes (2007)	Authority	Treasure	Organisation	Nodality

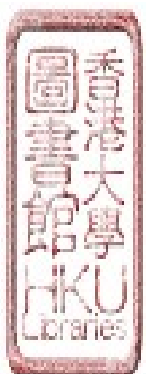
Elmore (1987) argued that there were four major types of policy instruments:

Mandates means the use of rules (coercive power) to regulate people’s behaviour.



Inducements mean giving money to recipients in return for compliance or certain performance, and is usually to seek short-term results. Capacity-building refers to investment on recipients for long-term and enduring results; while System-changing is to alter institutional arrangement in order to make certain services available. System-changing tools may refer to enactment of laws, creating new organisations, changing existing administrative procedures, giving authority and resources to agencies to perform the required duties. Elmore's theory does not include information tools.

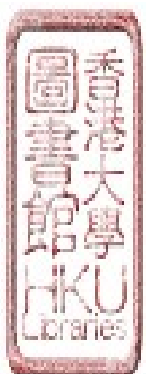
Vedung classified policy tools in a different way. Vedung (2007) asserted that there were three types of policy instruments. "Stick" means the use of authority to regulate people's behaviour. The concept is somewhat similar to Elmore's (1987) "Mandates". "Carrots" implies the provision of economic incentives in return for certain behaviour but the theory did not specify whether the tool is for short-term or long-term purpose. "Sermon" means the dissemination of information to recipients. However, Vedung (2007) regarded the use of institution or organisation as merely a governance strategy instead of a policy instrument. The failure to recognise the use of organisation as a policy tool undermines Vedung's theory to illustrate government's action. In fact,





governments nowadays are keen to explore and try different forms of institution for public service delivery. A hybrid form of governance structure fused with conventional government departments and other public/private organisation are commonly adopted in various countries and regions. Therefore, in the refined model, we would go beyond Vedung's theory and see how the Hong Kong Government had used various types of organisation, e.g. Commission on Poverty, for making and implementation policy NATO theory (Hood and Margetts, 2007) classified policy instruments into regulatory tools (Authority), economic tools (Treasure), institutional tools (Organisation) and information tools (Nodality). Among these four policy tools, NATO theory further sub-divided the tools into effectors and receivers (Hood and Margetts, 2007).

Each theory has its strengths and limitations. The theory of Hood and Margetts (2007) covers four prominent tools but the division of tools into effectors and receivers make the analysis unnecessarily complicated. Vedung's (2007) theory categorised policy tools into three generic types. However, omission of institutional tools limits itself to interpret situations where public services are delivered through various forms and nature of governance arrangements. Elmore's (1987) theory delineates the natures and functions between short-term

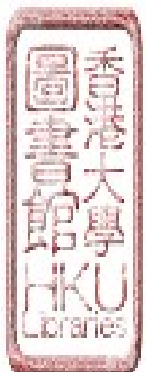


(inducements) and long-term (capacity-building) economic tools, allowing the disclosure of government's intention in finer details. However, the theory does not include information tool, undermining its capacity to interpret how government tries to attain policy objectives through delivering information.

Given that no single theory can cover all prominent characteristics of policy instruments, the analysis will not stick to one particular theory, but to utilise the propositions flexibly to unveil the nature and functions of the tools for alleviating poverty.

### ***Relevant Concepts from Other Theories of Policy Process***

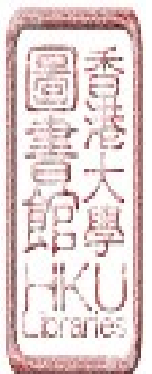
The last step is to consider how the policymaking dynamics will induce change of social construction (Proposition 4) and policy (Proposition 5). SCT suggests that an earlier version of the policy (Policy 1.0), target populations, and culture and institution will affect policymaking dynamics. The resulting forces will contribute to future policy designs, which may include change of social construction. To reveal the dynamics of interactions among stakeholders in the policymaking dynamics, concepts from other theories of public administration are



borrowed, as appropriate, to interpret the dynamics of policy design and its evolution. For instance, in the course of forming the social construction in policy design, Multiple Streams Theory (as discussed in Kingdon, 1995; and Zahariadis, 2014) may be applied to ascertain if any focusing events occur that trigger the policy window which eventually lead to the significant changes in social constructions and policy designs.

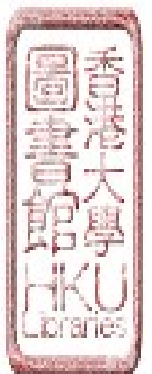
### **A Refined Model as an Integrated Analytical Framework**

The purpose of this project is to apply the refined model, which composes of building blocks for disposing of macro factors and micro attributes relevant to a policy, to explain formulation and evolution of policy alleviation policy of Hong Kong. In sequence of disposal, the macro socio-political conditions would be the first component to be considered. In fact, the economic conditions and the degree of social stability in a particular period of time would confine the scope of feasible choices of actions for government to handle poverty problems. Governance arrangement concerns about the specification, capacity and function of the (government) “machine” for problem-solving. By knowing the



governance arrangement at a particular moment of time, it will assist researchers to further shortlist why a particular policy would come in use whilst others are further filtered out. It also implies that policy evolves as the governance arrangement changes.

After handling the exogenous conditions, the third component comes to deal with how policy is crafted under the theoretical framework of SCT. Emphasis will be placed on how a particular policy has built the social construction of the target populations and then led to a chain of reaction (evolution) within the (poverty alleviation) policy arena based on the five propositions of SCT. To further enhance the explanatory power of the refined model, the concepts of policy tools would be introduced to reveal exactly how policy designs (the instruments), e.g. CSSA, establishment of CoP, set up of poverty line, etc., had produced their functions (Component 4). Lastly, special occurrences in the policymaking dynamics, if any, would be identified, to ascertain if they had any impact to the evolution of poverty alleviating policy.

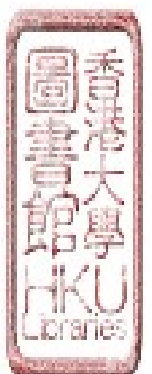


## **CHAPTER 3      PRE-HANDOVER: 1945 – 1997**

### **Overview of Policy 1.0 and Policy 2.0 Formulation: From a Lack of Public Assistance to Public Assistance in Cash**

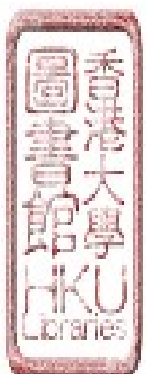
As a starting point of the empirical analysis of Hong Kong's poverty alleviation policies, the period right after the Second World War was chosen, since it laid down the basic policy framework and content, marking the beginning of more extensive documentations of local history. In this section, an overview of the period of 1945 – 1971, which is labeled as “Policy 1.0”, would be provided, setting the scene for the policy change to come. The period of 1971 – 1997 is labeled as “Policy 2.0”, when public assistance was distributed in cash.

It should be emphasised that the policy changes were subtle and slow in the colonial era – there was no significant adjustment until 1971, when the Government took up the task of providing monetary assistance to the poorest families in the city. This could be owing to the lack of incentives and limited financial resources of the colonial government to put forward changes in poverty



alleviation policy, until the 1967 riot forced the Government to take concrete action to improve its social policy, in order to pacify the citizens and maintain social harmony. Despite the monetary assistance marked a remarkable change in the Government's poverty tackling policies, the amount of the assistance was very limited and the recipients could barely sustain life. The colonial government also restricted the type of people eligible for the assistance – in hopes of balancing public finance and not causing the public to falsely believe that the assistance would turn Hong Kong into a welfare state. In the process, the image of the poor population was constructed – and this carries significant implications in future policymaking and in the public's view of the poor.

Following the analytical framework in Chapter 2, the socio-political background before Policy 2.0 would be explored, and then the governance arrangements at the time would be analysed. This will be followed by a discussion of the target populations and the culture and institution at the stage. By applying the analytical framework to Policy 2.0, and the elements in the refined SCT model would be discussed. After discussing the elements in the policy stages, the policymaking dynamics would be elaborated, explaining how Policy 1.0 evolved to Policy 2.0. This chapter will end with how Policy 2.0 paved the way for the

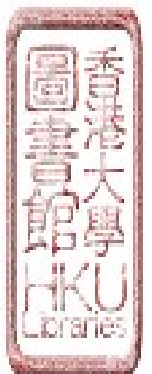


policy changes that happened after the handover.

### **Pre-Policy 2.0: Socio-political Background (1945 – 1971)**

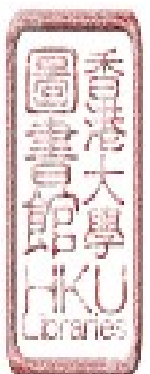
In the 1950s and 1960s, it was commonly understood that the vast majority of the local citizens were living in poverty (Caritas, 1997); however, poverty was not perceived as a preeminent social problem that had an urgent priority in the Government's policy agenda.

After the Second World War, the population of Hong Kong increased dramatically, from 0.6 million in 1945 to 2.2 million in 1950. More than 1 million refugees escaped from Mainland China, a trend that had begun when China was invaded by Japan in the 1930s and 1940s, and still continued after 1945, initially because of the Chinese Civil War, and subsequently because of fear for the Communist Party. Since a lot of refugees escaped in a hurry, they had almost no possessions, and were generally very poor (Chow, 2014). The huge influx of refugees presented a considerable challenge to the British colonial government.



Shek Kip Mei's shantytown had been housing a considerable amount of immigrants from China. In 1953, the Shek Kip Mei fire burnt down the shantytown, causing tens of thousands of people to lose their home. As a remedial measure, the Government built temporary housing and two-storey bungalows to house the unfortunate immigrants. It was only a temporary measure to cater for the homeless immigrants, as it was generally perceived that the immigrants would return to its motherland when the turbulent situation in China became clear (Chow, 2014). The temporary housing solution may not be a clear cut poverty alleviation policy, though it served to provide accommodations and alleviate the hardship of the poor and refugees in the society.

In the Yearbook of 1958, the Government announced that taking into consideration of the public finance, it would strengthen its work in four areas: building schools to provide places for children; constructing public housing estates to house people without a shelter; strengthening public hygiene facilities; ensuring that people would have access to clean water (Chow, 2014). While it is speculated that these measures might be taken in response to the Double Ten Day riot in 1956, it cannot be denied that these measures also improved the living standard of the citizens, and were in particular welcoming to the people living in

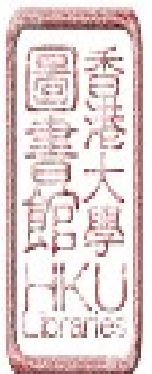




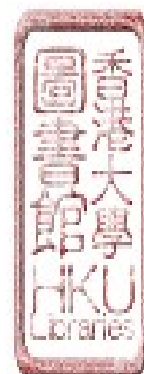
poverty. Other than those policy initiatives (“Treasure tools”), the Government provided not much further assistance to the needy.

Obviously, the provision of Government housing served multiple social purposes at that time. However, whether the provision of Government housing should be categorised an intended and independent policy for tackling poverty is subjected to debate even up to the present day. Regardless of the Government’s intention, it should be acknowledged that Government housing has always housed a considerable amount of the poor and needy in the society throughout the years, and certainly has helped with alleviating poverty.

In the 1960s, with the ongoing influx of refugees from Mainland China, the Government continued providing low-cost housing to accommodate the poor. Some refugees who were relocated to resettlement estates transferred their wooden houses in the mountains to the newly immigrated refugees, so the housing needs of local people remained, pressuring the Government to provide even more affordable housing. The Government did not provide direct monetary assistance to the poor in 1950s and 1960s, yet the living standard of the poor was improved along with the development of the city’s infrastructure.

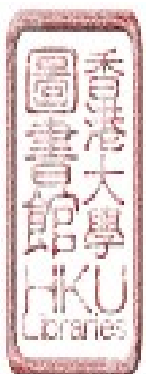


It was commonly perceived that the 1967 riot was the turning point of Hong Kong governance. By looking into the consequence of the riot, it led to terrifying social unrest which changed the policymaking dynamics. It is argued that the 1967 riot was one of the major reasons, if not the most significant reason, that acted as the catalyst to the policy change, from government providing only limited subsistence assistance to providing monetary assistance. The colonial government was surprised to find that a considerable amount of people participated in the riot, which, in some cases, could be attributed to the rioters' Communist background or tendencies, but more importantly to the administration, it also showed some citizens were clearly dissatisfied with the social situation, and it shook the foundation of the colonial regime (Chan, 2011). The riot caught the government off guard, as it did not realise that some citizens were living under such strong discontent. The incident caused the government to reflect on its social and welfare policy, and poverty became an area that the government would put an emphasis on when formulating policies. Hence, the policy change led to the distribution of public assistance in the form of cash, an effort that the government hoped would appease the disgruntled low-income group, which made up the majority of the local population. Policy 2.0 – namely the distribution of



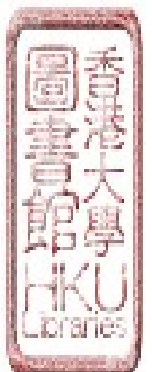
public assistance in cash – was formed in response to the political instability and the 1967 riot. The turbulent social context played a huge part in leading to the policy change.

The economic growth of the city is another external factor contributing to the policy change. According to the World Bank (2016), Hong Kong's GDP per capita more than doubled from 1960 to 1970, from US\$429,400 to US\$960,000. Through the 1960s, Hong Kong began to develop and expand its labour-intensive manufacturing industry. While people were still generally poor, the developing manufacturing industry led to an emergence of the so-called “middle class” – people with a job and relatively stable income, and children who could afford to receive education. While the income gap between the rich and poor was widening, the economic inequality was still not the focus of the society; it nonetheless made the Government notice the importance of catering for the less affluent people in the society, especially for those who could not benefit from the opportunities made available by market economy (Haddon-Cave, 1980, in Chan, 2011).



## **Pre-Policy 2.0: Governance Arrangement**

In the early 1950s, there were no concrete Government policies which specifically tackled the poverty problem, owing to fiscal constraints of the colonial government. The Government merely maintained and distributed basic supplies, without providing further assistance to the poor and needy; the non-existent welfare policy of Hong Kong at the time gave the impression that the Government's guiding principle was "laissez-faire" (Chan, 2011). The poor often had to rely on supplies from social welfare organisations and churches. The colonial government left the task of providing welfare services to three charitable organisations: the District Watch Force, the Tung Wah Group of Hospitals, and the Po Leung Kuk (Chan, 2011). The state of social welfare showed that the modes of governance were mainly Private self-governance, with a lack of public-private cooperation and limited legal obligation. The task of assisting the poor was mostly left to non-government sectors. It was only until the Shek Kip Mei fire occurred in 1953 that the Government took action to cater for some of the less advantaged groups in the society.

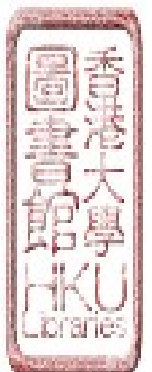


## **Pre-Policy 2.0: Evolving Social Culture**

During the course of Policy 1.0, in the absence of an intended and well-designed poverty alleviating policy, it did not impose much impact to the social norm and value, or the development of institution (for policy implementation). In the first generation of policy, the factor of social construction did not stir up significant reaction in the (poverty alleviation) policymaking dynamics. Therefore, it is argued that the evolution from Policy 1.0 to 2.0 was still mainly motivated by the change of socio-political background and governance arrangements.

## **Pre-Policy 2.0: Evolving Target Population**

Though the Government had taken measures to alleviate the adverse conditions of the poor, no evidence was shown that a well-structured, target-oriented poor alleviating policy was formulated. Subject to the patchy mode of the policy initiatives, no explicit and intended social construction of the poor was identified in Policy 1.0. The underlying and subtle construction accompanied with the policy did not trigger strong stereotyping of the poor people, and thereby having

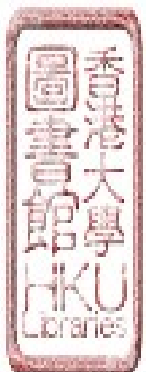


not invoked their strong participation in certain government responses.

### **Pre-Policy 2.0: Policymaking Dynamics**

In the course of evolution of Policy 1.0 to 2.0, the Government was the only dominant player in the policymaking dynamics. There were limited direct interactions between the government and the poor in the government's policy formulation and implementation. It is argued that this is the symbolic effect of the policy designs that effectively suppress the initiative of the recipients to engage in the policy arena for meaningful discussion, bargaining and negotiation. The policy evolution can be view as a self-initiated response by the government to the external environment.

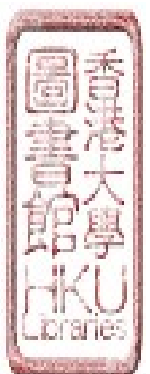
Multiple factors are observed that triggered the formulation of Policy 2.0 – namely, the distribution of public assistance in cash. The turbulent political situation and social unrest, the economic growth, and the need for the Government to cater for the poorest people in the society, were all factors leading to the policy change. Among these factors, the 1967 riot was the driving force



behind the policy change. It caused the Government to carefully evaluate the social and economic situation, and reflect on how to make Hong Kong a peaceful and stable colony which was beneficial to economic development. The Government's conclusion was to strengthen its welfare policy, and take concrete action to tackle the poverty problem, instead of leaving the job to charitable organisations. The result was the distribution of public assistance in cash to needy families – a major step taken by the Government to cater for the poor.

### **Policy 2.0: Major Contents**

After the 1967 riot, public assistance in cash was introduced. The assistance was based on a family means test, and unemployed citizens between the age of 15 and 55 were not qualified to receive the assistance (Chan, 2011). The assistance was provided using family as a unit, because family was an important element in society and in Chinese tradition (Lee and Edwards, 1998). The assistance provided was very limited, and owing to the strict means-tested criteria, the number of people receiving the assistance was very limited. In addition to controlling the public expenditure, the distribution of public assistance to citizens

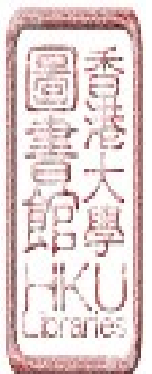


with a job showed that the Government did not intend to assist unemployed people – sending a message to the public that they were expected to work and earn an income, instead of relying solely on the Government.

In addition to the CSSA, the Disability and Infirmity Allowance Scheme, later known as the Special Needs Allowance Scheme, was introduced in 1973, making up of four components: an old age allowance, a higher old age allowance, a disability allowance, and a higher disability allowance (Chan, 2011, p.122).

While this allowance scheme showed that the Government was improving its social welfare policies, and was a step towards taking care of the less advantaged group in the society, including poor elderly, it was not a policy aiming directly at assisting the poor. For the purpose of discussing Policy 2.0, the focus would remain on the public assistance distributed in cash.

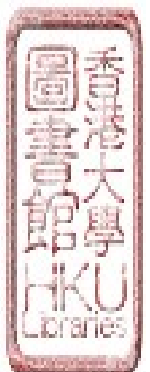
With the introduction of the public assistance, it brought about changes in and influences to the governance arrangement, construction of the target population, and culture and institution.





## ***Governance Arrangement of Policy 2.0***

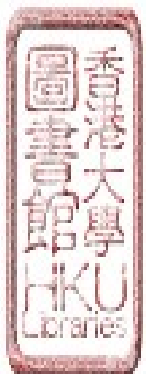
Given the rapid economic development, the dramatically increased public revenue allowed to government to adopt the more proactive approach to govern. In the 1970s under the lead of MacLehose, he took the lead to expand the government and enhance its capacity in order to provide more public services in order to meet the needs and expectation of the community (McKinsey Report, 1972). Instead of maintaining Private Self-governance only, the distribution of public assistance showed that the Government also applied Interventionist Governance. Still, it should be emphasised that the intervention was limited – the Government only intervened when necessary, as the colonial government embraced an open and free economy – an economy policy which was known as positive non-interventionism. The same idea applied to welfare policy as well – instead of implementing a comprehensive welfare policy, the distribution of public assistance was minimal assistance to the poor. Nevertheless, it was a clear attempt of the Government tackling the poverty problem, instead of leaving the issue at the sole hands of social welfare organisations. It meant that the social welfare organisations and the Government would play a role in tackling poverty, but they were not cooperating together to solve the problem. It was a



combination of Private self-governance and Interventionist.

### ***Target Populations under Policy 2.0***

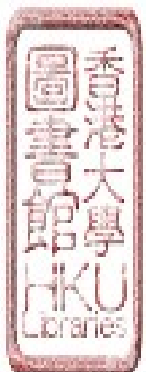
The Government clearly defined and restricted the group of people deserving public assistance. The intention of the Government distributing the public assistance could be learnt from the 1979 Government Publication, “White Paper – Social Welfare in the 1980s” – social welfare provided economic assistance to those could not help themselves, and recipients of the assistance should be mainly composed of people with low income, the elderly, ill and disabled people requiring assistance (Wong, 2001). This showed how the Government identified and constructed a particular group of people that should receive the public assistance. People who fit into the above categories were initially considered disadvantaged groups in the society, and with the development of the economy, it was the responsibility of the society to provide help. These groups were labeled as “deserving” to receive the assistance from the Government – in contrast to healthy adults at the working age, who were supposed to go to work and earn a living, instead of relying on the public assistance. The groups which were considered to be having low political power gained more power after the 1967 riot,



making it necessary for the Government to cater for their needs.

SCT states that policy designs have both material and interpretative effects. The Government had to limit the group of people receiving the public assistance in cash, and the intended group of people receiving the public assistance could be identified from the aforementioned 1979 Government Paper. People receiving the assistance were considered to be the needy – people who were unable to help themselves, thus requiring assistance from the society. This construction showed that the Government defined particular categories of people as the “needy”, and the public assistance was not intended for everyone in the society. For instance, if a person is able to take care of himself by earning an income, then he should not be applying for the public assistance. The same applies to people who only used to be needy – once a person no longer needs the assistance and can earn his own income to sustain life, he should refrain from receiving further public assistance. This essentially sent a message to the society that the public assistance was only intended to be a safety net for a limited number of people, and people should not expect to receive the benefits if they had the ability to make a living.

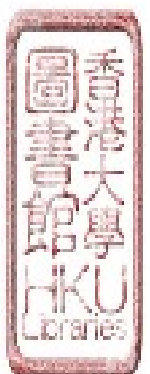
The difference between distributing only basic supplies and distributing cash is



huge – in terms of material effects, it consumed government’s monetary resources to construct a social safety net, at the expense of taxpayers. In terms of the interpretative effects, the Government also wanted to make it clear that the public assistance was not for healthy adults at the working age – it was only meant for the needy, people who could not help themselves to earn the income to sustain life. In addition, owing to the low levels of public assistance distributed, the poor receiving the assistance were often stigmatised (Chan, 2011). This was a message to the public that it was undesirable for one to receive public assistance from the Government, as it was not possible for a person to rely solely on the assistance to meet the most basic standard of living (Chow, 2014).

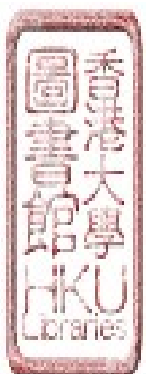
### ***Culture and Institution of Policy 2.0***

Social construction of target groups can be changed, but the change is difficult to induce. With the Government limiting the groups of people requiring public assistance, the Government constructed an image of the poor. The society formed an impression that it was not very desirable for one to receive public assistance, as the assistance was only dedicated to people in need. The construction of this undesirable image lingered on, even up to the present day,



with Government officials openly admitting in 1998 that CSSA took care of lazy people. It showed that when a social construction is formed, it is very difficult to change the construction.

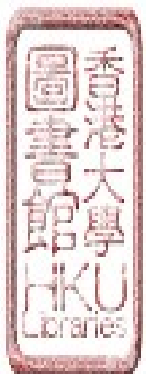
For people receiving public assistance, the Social Welfare Department would arrange home visits, as a way to determine the needs of the poor families and to ensure that public resources were not abused. The government employees, who were not professional social workers, would suspect recipients of the public assistance as taking advantage of the scheme (Chan, 2011). Given that recipients of public assistance had to be means-tested on a family basis, and the home visits served as an embarrassment for people receiving the assistance, a negative image was already formed in the early stages of distributing public assistance. In the Chinese culture, “face” is very important. For people receiving the public assistance, “poor was already a cause for shame” (Chan, 2011, p.126); being questioned by the officials on the families’ economic condition during the home visits only served to make the shame even more unbearable, as the recipients would feel they were losing face. Therefore, there was a general impression among the citizens – no matter they were recipients of public assistance or not – that receiving the public assistance was not desirable, and



recipients should find a way to make a living and stop receiving taxpayers' money when they can.

## **Policy 2.0: Policy Tool Analysis**

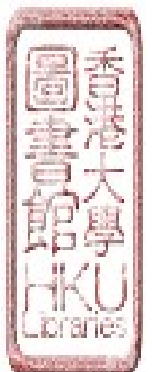
In 1971, the Government began to distribute public assistance (later renamed Comprehensive Social Security Assistance (CSSA) in 1993) in the form of cash. This marked a significant change in the Government's policy, as the allowance was direct assistance to the poor. The allowance can be regarded as a kind of inducement tool (Elmore, 1987) with a view to attain the goal for short-term alleviation of the poor's adverse conditions. The adoption of the instruments can be attributed that the Government was aware that mandates and sticks could be used to maintain the social order, as was the case in 1956 and 1967 when the Government used forces to quell the riots; however, the Government moved towards less confrontational measures in order to gain the support of citizens, which was an important tactic to mend the wounds of riot suppression and ensure that the colonial government could maintain firm control of the city.



## **Policy 2.0 to 3.0**

Policy 2.0 was mainly characterised as the provision of CSSA. Other measures, such as public housing and compulsory education, which aimed at serving many other social purposes, were the poverty alleviating measures of Hong Kong from 1971 – 1997. There was not another major policy change up to the return of sovereignty to China, with only gradual improvements to existing policies. However, in these 26 years, the steadiness of the policy gradually collided with the increasing social awareness on poverty handling. People perceived poverty as a social problem which required better policies to solve. Basically, the rapid changing macro socio-political conditions, economic frustration, change of demographic structure, etc., once again, served as the driving forces that paved the way to Policy 3.0.

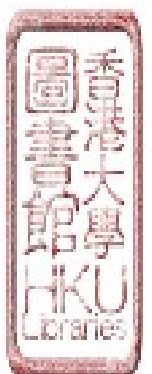
With the rapid economic and social development of Hong Kong, some became more affluent, gradually leading to the emergence of a middle-class population – as evidenced by Hong Kong's GDP breaking the US\$10,000 mark in 1988. More people could afford entertainment, better educational and recreational



opportunities, and even luxury goods. However, the economic development did not benefit everyone. With the economic revolution of Communist China, a lot of factories relocated to the mainland to save costs, causing the demise of the once-prosperous local manufacturing industry. A significant amount of low-skilled manufacturing jobs were lost, hence the other industries were flooded with low-skilled workers. The low-income jobs took a hit, and the wages became even lower. This did not hold well for the less affluent population in the society. The widening of rich-poor gap could be felt by the less advantaged group.

Not only did the poverty problem become more apparent to the general public, but it also received a wider recognition in academic researches. For instance, the 1997 Caritas research report quoted 8 researches on poverty – such researches were more sporadic in the 1970s and 1980s, and were also less accessible owing to less channels of information distribution.

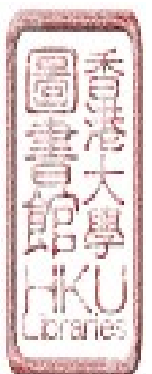
It should be noted that the Government did attempt to revamp the CSSA in the 1990s. The CSSA was criticised for lacking behind the living standard of Hong Kong people, as evidenced by the recipients spending 60-70% of the CSSA on





purchasing food, the most important expense to ensure survival. After growing social pressure and hearing from scholars that recipients of CSSA could not maintain acceptable living standard in the early 1990s, the Government tried to determine the level of CSSA using a new calculation standard, by taking into account the “basic needs” and “family consumption style” (Wong, 2001). This led to an increase in the level of CSSA in 1996, but this adjustment was quickly rescinded in 1998 when the Government cut costs in face of the economic crisis.

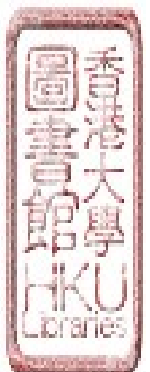
The increasing Gini coefficient was an objective indicator that the rich-poor gap was widening. In the era of 1971 - 1997, it can be observed that the poor were becoming more and more dissatisfied with the economic situation, as they gradually came to realise that they could not benefit from the substantial economic development in the 1970s and 1980s. With the poverty problem gaining more exposure in the media, and with more and more people receiving CSSA, the society also became more aware of the problem. This set the scene for the policy change that was to come after the handover.



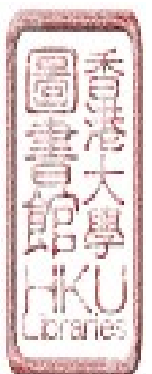
## Concluding Comments

To conclude, 1971 marks the most significant change of poverty alleviation policy in the colonial era – the start of distribution of public assistance in cash, in response to the riot in 1967. Instead of maintaining Private self-governance, as was the case in 1950s and 1960s, the Government took up the responsibility of taking care of the poorest and most disadvantaged families in the society, governing using a combination of Private self-governance and Interventionist governance.

When the monetary assistance was first distributed to a selected few of means-tested families, it was far from sufficient to sustain life, but it was a remarkable change in the Government's social welfare policy. It marked the beginning of concrete poverty alleviation policies, and the use of public expenditure to assist the poor. The expenditure on the public assistance continued to grow, gradually taking up a larger and larger chunk in the public expenditure, and became a recurrent expense item of the Government.



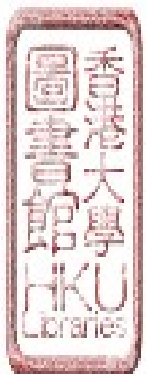
What is more important in the pre-handover period is that the social construction of the poor was formed with the public assistance. Before 1971, people were generally poor, and there was no explicit or official labeling of poor people. However, since 1971, with the introduction of public assistance in cash, people receiving the public assistance were labeled as the “needy” group in the society – a label that carries negative connotations even up to the present day, as the public assistance was not meant to allow a person to maintain a good standard of living, but was only meant as a last resort. Despite the labeling, the monetary public assistance, later renamed CSSA in 1993, became the centrepiece in the Government’s poverty alleviation policies, even after the handover of Hong Kong’s sovereignty back to China.



## **CHAPTER 4      POST-HANDOVER: 1997 – 2012**

### **Overview of Policy 3.0 Formulation: Commission on Poverty (1<sup>st</sup> CoP)**

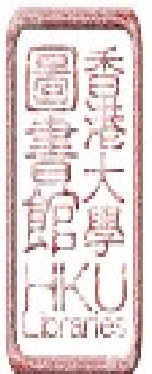
First and foremost, it is important to note that all events presented in the preceding chapter and the present chapter is a continuum. This chapter will analyse the establishment of Commission on Poverty in 2005 as Policy 3.0, using the refined analytical model adopted in this project. Thus, in the first part of this chapter, the contents before the appearance of Policy 3.0 would be introduced. A number of sections will be included to describe how Policy 2.0 was transformed to Policy 3.0 (it may be regarded as the period of Pre-Policy 3.0; the reason why the Policy 2.x was not used was because it is argued that Policy 3.0 is another drastic leap forward rather than a gradual evolution). Based on the refined model, the sequence of analysis would be first to discuss the changing macro social context and governance arrangement (with institutional settings), followed by evolving social construction of the target populations of the pre-Policy 3.0 period. Then, the events in the policymaking dynamics that led to the eventual formulation of Policy 3.0 would be illustrated. However, since the government



was still the sole dominating agent in the dynamics, only trivial interaction was observed. After that, the content of Policy 3.0 would be described. Lastly, as a continuum of policy development, Policy 3.0 will be briefly discussed, again paving the way for Policy 4.0 as an evolving process.

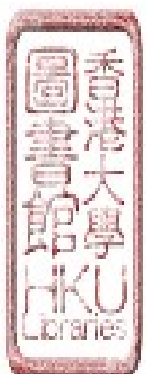
As a quick recap, the preceding chapter argued that the formulation of Policy 2.0 was to respond to the social unrest in the 1960s that threatened the legitimacy and governance of the British colonial government. Given that the social construction at the previous stage did not arouse drastic political participation of target recipients, the contents of Policy 2.0 remained steady for nearly 30 years. However, as time went by, the social circumstances, demographic structures, economic landscapes underwent tremendous changes, the policy which was once effective could no longer meet the needs under the vibrant socio-political environment immediately preceding and after the handover.

One of the insights of SCT is that the degenerative form of policy usually maintains even when people's welfare is dampened by it (Schneider and Ingram, 1997). In fact, there was a long and miserable process for Policy 2.0 to be evolved to Policy 3.0 (i.e. the Pre-Policy 3.0 period). In this section, Policy 3.0



was labelled as the setting up of the Poverty (in order to distinguish it from the recent Commission on Poverty reinstated in 2012, hereinafter the Commission formed in 2005 is referred to as the “1<sup>st</sup> CoP”). Policy 3.0 was marked as the turning point of government policy from a passive, retaining style towards a proactive and comprehensive approach in handling poverty problems. Compared with Policy 2.0, which was characterised as issuing cash allowance to the poorest population, Policy 3.0 was a milestone because since then the Government would proactively seek the origins of the problem and then introduce measures to address them. It was another major leap of policy development since the 1970s.

Policy 3.0 also possessed other significant impacts. Firstly, it was the first time which the Government officially admitted poverty was a serious social problem (Wong, 2015, p.349); secondly, the Government inclined to agree that poverty was due to certain structural weaknesses rather than merely temporary conditions caused by periodical economic fluctuations (HKSAR Government, 2000, paragraph 83); thirdly, the identification of such structural weaknesses was important as it helped the Government to have comprehensive poverty alleviation planning; and lastly, an integrated approach including collaboration of various

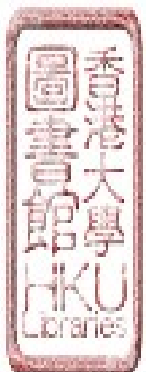


sectors should be used to handle the problem at different dimensions, i.e., the formulation of a target-oriented, well-designed and sophisticated policy was implied.

### **Pre-Policy 3.0: Socio-political Background (1997 – 2005)**

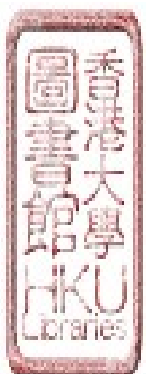
In gist, the social background of Pre-Policy 3.0 could be summarised into the following factors: highly uneven distribution of wealth; widening gap between the rich and the poor; the stunt of the social upward ladder (Goodstadt, 2013); and the community was battered by a series of economic downturn but the government failed to produce appropriate policies to tackle the adverse situations of the people.

Right after the handover in 1997, Hong Kong was strongly impacted by the Asian Financial Crisis, leading to the decline of asset prices by about 44% between October 1997 and December 1998 (Information Services Department, 1998), and shrinking of stock market with the average daily turnover in the local stock market plunging from \$15.5 billion in 1997 to \$6.9 billion in 1998 (Information



Services Department, 1998). The Composite Consumer Price Index also dropped since November 1998 and the drop percentage reached 6.1% in August 1999 (Census and Statistics Department, 2002). The financial crisis forced Hong Kong to experience a lingering, vigorous and miserable economic reconstruction. The resulting force of the reconstruction led to numerous companies going bankrupt, accompanied by a large number of people being laid off from their jobs. Thus, the unemployment rate soared from 4.7% in 1998 to 6.3% in 1999, compared with 2.2% in 1997 before the handover (Census and Statistics Department, 2000). The recovery in 2000 was just a short term upward trend during a prolonged downward slope of the economy. The economy deteriorated again in 2001 owing to the Dot-com Bubble burst in the information technology industry.

The poor global economic conditions caused serious damage to the Hong Kong economy. Worse still, the outbreak of the Severe Acute Respiratory Syndrome (SARS) in early 2003, which killed 299 people (Department of Health, 2006), became another dose of poison to the Hong Kong economy. The economic recession caused social unrest, invoking needy people to request for assistance from the government. Under such circumstances, the CSSA alone could no

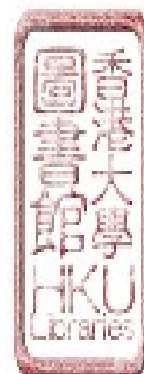




longer cater for the social demands. People expected the Government to introduce policies that can cure the root causes of poverty. Unfortunately, a comprehensive poverty policy was exactly the missing ring of the government policy. There was a tradition that the Government made no attempt to admit the existence of poverty problem, let alone giving it an official definition or assessing its severity. As mentioned before, the Government only adopted the haphazard approach to address the problem, lacking the vision to solve the problem in the long run.

It was only until in 2000 which the former Chief Executive TUNG Chee-hwa (“CE TUNG”) admitted there was poverty in Hong Kong, and therefore requiring comprehensive strategies to deal with the issue. In his Policy Address in 2000, he reserved 16 paragraphs introducing the vision and initiatives of the HKSAR Government that would be adopted to alleviate poverty. In paragraph 84 CE TUNG stated that:

“Over the past few months, many concern groups have put forward their ideas on helping the poor. I share the views expressed by many members of the community that the problem should be tackled by holistic and



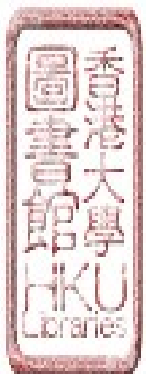
integrated social and economic policies.”

(Paragraph 84 of Policy Address 2000, in HKSAR Government, 2000).

Though CE TUNG demonstrated his determination in poverty alleviation in such a high profile manner, the policy initiatives did not jump out of the box, and the so-called new ideas were still the conventional ways which the Government had been applying to handle social issues in the past, such as training and job creation. The Government produced no new measures in view of the emerging needs of poverty alleviation, but there was keen expectation from the public that urged for a novel and more effective poverty policy. The tensions remained until the tipping point – the massive protest on 1<sup>st</sup> July 2003 – induced a new round of the (poverty) policy evolution: Policy 3.0 – the establishment of the Commission on Poverty (1<sup>st</sup> CoP).

### **Pre-Policy 3.0: Governance Arrangement**

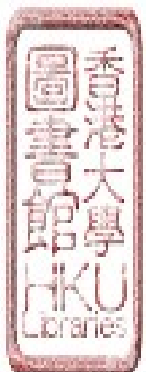
The governance arrangement after the handover was mainly a combined form of Interventionist governance and Regulated self-governance approach. In term of



legal obligation, the Government has the authority and capacity to set and enforce rules under the executive-led governance arrangement (Burns, 2005). From the perspective of public-private cooperation, the Government played a dominant role in their collaboration since most of the social programmes were directly funded or subsidised by the Government. The Government always had the final veto power, and those sponsored organisations may be regarded as an executive arm or agents of the Government. Moreover, the implementation of the Principal Officials Accountability System (POAS) in July 2002 only led to further concentration of policy making power at the hands of the Government (Scott, 2010).

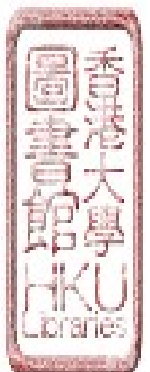
### **Pre-Policy 3.0: Evolving Social Culture**

Policy 2.0 was the product in the 1970s. Its creation was to resolve certain social problems at the material time and the measure was proven to be reasonably effective. Initially, the measure (a mean-tested scheme) was to provide a safety net to the needy in the form of cash allowance. The intention was relatively simple and pure. Government officials seldom openly commented or criticised



the policy recipients, and they did not take much action to further tighten the CSSA issuing mechanism since it was first launched. The implementation of the policy gradually reached equilibrium, as it did not trigger strong social concerns or reactions from the target populations.

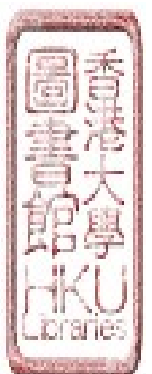
The balance was broken until CSSA underwent a comprehensive review in 1998. During this review exercise, the Government made its stance very clear: firstly, there was a huge increase in CSSA expenditure, which rose from \$860 million in 1994/95 to \$2,640 million in 1997/98 (Social Welfare Department, 1998), casting a heavy burden on the public finance. Secondly, as stated in paragraph 9 of Report on Review of the Comprehensive Social Security Assistance Scheme, “There is also an increasing perception that some people are abusing the system” (Social Welfare Department, 1998), thus the Government proposed to have tighter monitoring. Thirdly, to solve the above problems, the Government encouraged the CSSA recipients to join the workforce and promoted self-reliance. In paragraph 32 of the same document, the Government intended to deliver the message: “ ‘Any job is better than no job’, ‘Low pay is better than no pay’, and ‘CSSA is a safety net and a last resort’ ” (Social Welfare Department, 1998). All these three messages pointed to the theme of the CSSA review report: support for



self-reliance. The Government strongly advocated that the CSSA recipients should be “self-reliant” as it worried about the spread of a dependency culture in the community.

Mr. Andrew LEUNG Kin-pong (Mr. LEUNG), the Director of Social Welfare at that time once mentioned in a radio interview that, “In order to be qualified to receive CSSA, some capable people gave up their jobs. In this regard, Social Welfare Department had to lower the assistance rates and encouraged the unemployed to seek jobs.” (Tin Tin Daily News, 10 November 1998). The impact of the discussion on CSSA was huge and extensive. Mr. LEUNG stressed on the CSSA fraud cases (Hong Kong Standard, 2 August 1998) and the local press put “CSSA makes people lazy” as the headlines (Wong, 2000).

The comments of Mr. LEUNG reflected the view and preference of the Government. The speech also served as an information tool which conveyed the message that (i) the present situation was no longer tolerable, (ii) the Government would take action to change, or rectify, the situation. Another symbolic effect of the policy was that the Government began to openly stigmatise the target populations – CSSA recipients – with attributes such as incapable, lazy and

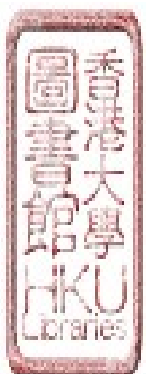


cheating. And the actual effect was to suppress and discourage people, even the genuine needy ones, from applying CSSA (Wong, 2015). The shift of policy successfully aroused the concern of public who were not receiving CSSA, and even led to some of the public's hostile attitude towards the CSSA recipients. Since then the public became less sympathetic towards the CSSA recipients.

### **Pre-Policy 3.0: Evolving Target Population**

SCT proposes that policy contents contain both material and symbolic effects that shape the social construction and political participation of the target populations (Schneider, Ingram and DeLeon, 2014). The contents of CSSA review (Pre-Policy 3.0) consisted of the following designs: firstly, the issuing of cash (an inducement) as the original scheme did; secondly, it was the senior government official's comments and the new assessment mechanism serving as an information tool to reshape the image of target recipients.

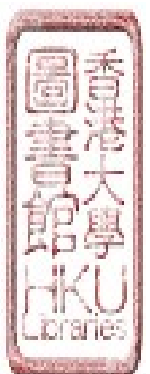
In terms of the material effect, the amount of cash delivered from the scheme was largely constrained by the economic situations and financial stance of the



Government. The amount of cash was not adjusted for a number of years owing to rising price level of the commodities. The allowance could only barely cover the daily expenses. Recipients had to tighten their belts in order to pay the bills for necessities, such as rent and transport expenses. As a result, the material effect of non-adjusted CSSA, as the main body of poverty alleviating measure, could only allow the recipients to maintain their basic livelihood.

For the interpretative effects, though the poor and unemployed were still described as dependents, many negative attributes were also attached to them by the Government and the society. Under the strong advocacy of “self-reliance”, the public considered though the poor deserved help, the assistance should be imposed with more stringent conditions. Subject to the negative portrayal of the target recipients under the revised policy, the community generally became more indifferent, skeptical and even hostile towards CSSA recipients.

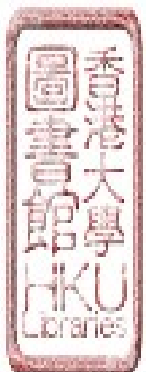
The combined effects of the revised policy shifted the social construction of the CSSA recipients significantly. First, it strengthened the feeling of shame of CSSA recipients towards getting assistance from the Government; second, it dampened their self-esteem and confidence, thereby suppressing the willingness



of some needy to apply for CSSA (Wong, 2015). Third, the policy induced the CSSA recipients' anger and opposition towards the Government as they found themselves being alienated by the Government and marginalised by the society while their living standard was not improved. What made the situation even worse was that their weak political power and poor organisation caused their continuing desperate situation to be even more unbearable.

### **Pre-Policy 3.0: Policymaking Dynamics**

As mentioned before, policymaking dynamics can be regarded as the platform where the interaction among stakeholders of the policy happens, including the expression of political rhetoric, bargaining and negotiation. The result of such interaction would become the new version of policy. However, since the target populations (CSSA recipients) were politically weak and they were under-represented, it is argued that the Government was the sole major player in the dynamics. In a nutshell, Policy 3.0 was not the output of bargaining and negotiation with its counterparts in the policymaking dynamics. Instead, it was the Government's response to the changed external environment after concluding

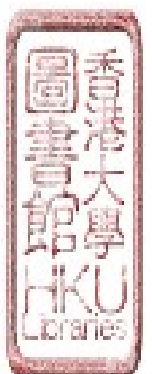




the failures and pitfalls of the administration in the first few years after the handover (HKSAR Government, 2005, paragraphs 14 – 16). In assessing the shortcomings in the past, the Government came to following conclusions:

Firstly, the Government opined that the economic recession, though not the sole reason, was the major cause of poverty and people's hardship. The Government reckoned that the poverty would become a less pressing issue when the economy recovered (HKSAR Government, 2005, paragraph 35). In order to restore the momentum of the economy, the Government should keep investing in human capital, i.e., life-long learning and continuous training. Through training and skills enhancement, more layoff labour may join the work force again, and in turn reducing the number people who needed to rely on social security.

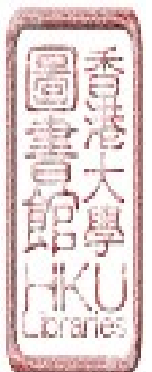
Secondly, in face of financial instability and budget deficits, the priority to conform to prudent financial management overwhelmed other governance objectives, i.e. poverty alleviation. Thus, any policies crafted for poverty alleviation must adhere to this principle. Hence, the option for a sharp increase in welfare expenditure was basically ruled out. However, since the demand on social welfare kept on increasing, in 1998, the number of CSSA cases was



227,454, and it gradually increased to 298,011 in 2005 (Census and Statistics Department, 2009), it imposed a huge burden on the public finance. From the perception of the policymakers, the tendency for increasing the welfare expenditure should be controlled.

Thirdly, poverty was a complicated problem which required multi-pronged solutions. Poverty may be a symptom with numerous root causes. One of the prominent allegations for poverty was that the opportunity for upward social movement had disappeared (Goodstadt, 2013). Poor people would only be able to maintain their status quo at best, if not facing deteriorating living standards in term of their financial situation. This situation also leads to inter-generational poverty. Subject to the severity of the problem, the Government admitted that the provision of cash allowance alone was not an effective measure to cure poverty but other peripheral measures were required to tackle the root causes.

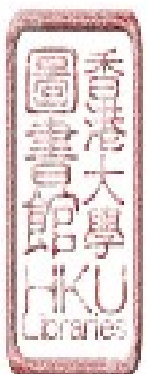
Fourthly, the bureaucracy had its limitations and it might not be the best arrangement for a single department to tackle the poverty problem. From the execution perspective, bureaucracy faced a lot of constraints which may prohibit the efficient and timely implementation of policies, and the situation may become



more obvious when implementation involved collaboration among different government departments. Worse still, heuristics adopted by bureaucrats usually hindered innovative solutions from being generated. As such, an independent agent external to the bureaucratic structure, but equipped with the power, filled with expertise, may be a better choice.

Fifthly, following the work of CSSA review in 1998, the concept of “self-reliance” should serve as the guiding principle for crafting any poverty alleviating measures. The measures designed should be focused on creating the incentive to encourage people to join the workforce.

Lastly, a meaningful collaboration with partners was critical for problem-solving. From the Government’s perspective, a new institution (an “organisation” or “system-changing” tool) which aims at developing the comprehensive poverty alleviation measures, not only inter-governmental, but also involving different sectors in the society, would be a feasible option. Under the new institutional framework, the Government can make good use of the readily available resources, and also share the responsibility among the society, such as with NGOs and the private sector.

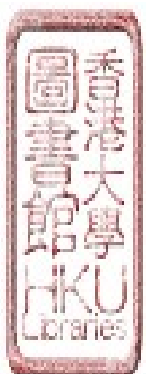


Based on the above rationale, the Government came up with the proposal of forming the Commission on Poverty (1<sup>st</sup> CoP) in 2005 which would coordinate the efforts of various stakeholders to explore the possible solutions for poverty alleviation.

### **Policy 3.0: Major Contents**

The Government gave an account of the 1<sup>st</sup> CoP. In Policy Address 2005, CE TUNG stated that:

“Dealing with poverty in a restructuring economy involves many policy areas. I have therefore decided to establish a commission to alleviate poverty, which will be chaired by the Financial Secretary and comprise Government officials, Legislative Councillors, business people, non-government organisations, experts and academics. Its task will be to study, from a macro perspective, how to help the poor in terms of financial, employment, education and training needs. It will also explore practical



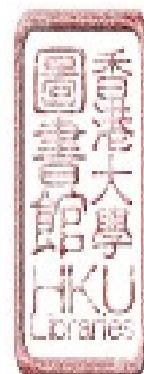
ways to assist those who suffer from poverty due to old age, disability or single-parent family, particularly those in low-income employment”

(Paragraph 44 of Policy Address 2005, in HKSAR Government, 2005).

The above statement summarised the purpose, format, members’ composition, duties and target population of Policy 3.0.

The 1<sup>st</sup> CoP was the first official body that was established to look into the poverty problem in Hong Kong, collecting data and conducting analysis on this specific topic. According to “Report of the Commission on Poverty”, its three major duties were to (i) Enhancing understanding of Poverty; (ii) Making immediate improvements; and (iii) Identifying direction for future work. (Commission on Poverty, 2007).

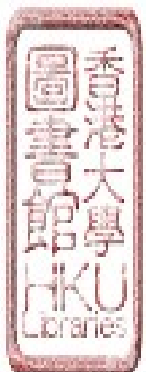
Financial Secretary Mr. Henry TANG Ying-yen was appointed as the chairman of the 1<sup>st</sup> CoP. The status of such a top government official (Financial Secretary) equipped the 1<sup>st</sup> CoP with authority and credibility, allowing the 1<sup>st</sup> CoP to have adequate power to steer the multi-disciplinary cooperation among government departments and to initiate collaboration with the community. For example, the



1<sup>st</sup> CoP collaborated with the Hong Kong Council of Social Service and some tertiary institutions to provide training course on social entrepreneurship (Commission on Poverty, 2007). This in turn empowered the social enterprise and created job opportunity.

For the institutional aspect, Policy 3.0 was established in the form of commission rather than under the existing government departments. This made the 1<sup>st</sup> CoP work with higher flexibility, both administratively and financially. This setting also allowed the Commission to act quickly in response to the pressing social needs.

To prevent the public from criticising the abuse of public resources, the Government stated clearly at the outset that the 1<sup>st</sup> CoP targeted at helping senior citizens, people with disability or single-parent families, especially those low-income families. These target populations possessed positive images and were widely agreed that they deserved help. CE TUNG highlighted the low-income family, reinforcing the principle of “self-reliance” behind Policy 3.0.

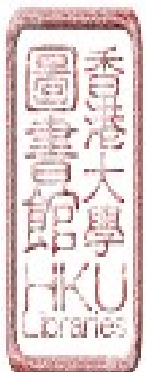


### **Policy 3.0: Policy Tool Analysis**

The 1<sup>st</sup> CoP was a kind of “organisation” or “system changing” tool but served to provide functions as the tools of “economic/ inducement” and “information”. Firstly, the 1<sup>st</sup> CoP was an institution delegated with authority and assigned with missions. The institution was set up in the form of an independent commission rather than modifying the existing government structure to accommodate the changes. As an executive arm, it steered the implementation of other policy tools. It recommended poverty alleviation measures for other government departments, public and private organisations, and other agents in the civil society.

To serve as the economic tool, the 1<sup>st</sup> CoP recommended to the Government that it should offer “inducements” with a view to promoting self-reliance, for example advocating training programmes, thus building people’s capacity to join the labour market.

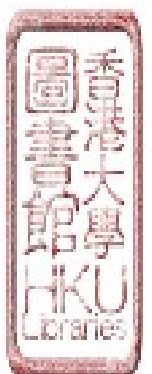
To serve the purpose of an information tool, the 1<sup>st</sup> CoP performed data collection and analysis in relation to the poverty situation of Hong Kong. The information



and insight would be produced for the Government to formulate strategies for poverty alleviation. More importantly, the 1<sup>st</sup> CoP tried to put forward two clear messages to the public that (i) the Government would no longer adopt a wait-and-see attitude towards poverty but more proactive drastic measures will be produced, and (ii) the Commission would offer solutions based on the “self-reliance” principle, thus the “welfare state” approach adopted in the West was not an option.

### **Policy 3.0 to 4.0 (2005 – 2012)**

The 1<sup>st</sup> CoP operated for 2.5 years, and then the succeeding Chief Executive, Mr. Donald TSANG Yam-kuen (“CE TSANG”) chose not to continue the CoP in his term. Although the 1<sup>st</sup> CoP was relatively short compared to the implementation of long term government policy, Policy 3.0 opened a new opportunity to introduce various policy instruments in poverty alleviation, from merely monetary to a system changing, economic and information tool. It also recommended that the Government could reallocate the readily available resources among the government departments and deploy them more efficiently.

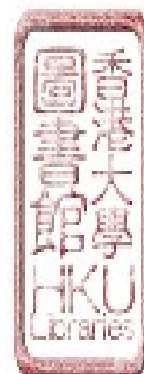




In addition, the 1<sup>st</sup> CoP officially collected and analysed the information on poverty in Hong Kong, which served as a valuable resource and foundation to the evolution and planning of the new policy tool on poverty alleviation afterwards.

During CE TSANG's administration period (21 June 2005 – 30 June 2012), though the economy started to recover, the gap between the rich and the poor became even wider. The Gini Coefficient (Original Household Income) in 2006 was 0.533 and it rose to 0.537 in 2011 (Census and Statistics Department, 2012), showing a trend that the poor could not enjoy the fruits of economic growth. Worse still, inflation followed the recovery, and the rising price level implied that the poor faced even more hardship.

During this transition period, a number of policies were introduced in different bureaux, e.g. Health Care Voucher by the Food and Health Bureau, Community Care Fund by the Home Affairs Bureau, Statutory Minimum Wage and Work Incentive Transport Subsidy Scheme handled by the Labour and Welfare Bureau. Though they had extensive coverage, they still could not meet the rapid rising expectations of the public.

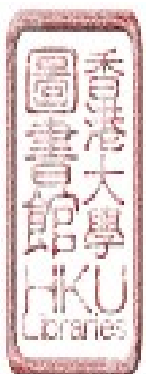


Moreover, presumably it was inspired by other social movements happened during that period, the target populations became more proactive and tactful in organising themselves to bargain with the Government. The resultant force led to the formulation of a target-oriented, sophisticated policy, i.e. re-establishment of the Commission on Poverty (2<sup>nd</sup> CoP), the Poverty Line, Old Age Living Allowance (OALA), Low-Income Working Family Allowance (LIFA), etc., which were found in Policy 4.0 period.

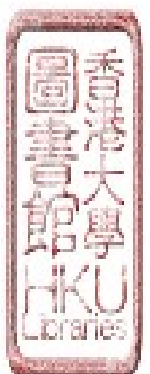
### **Concluding Comments**

Policy 3.0 was a product under vibrant environment, the fermentation process was painful: Asian Financial Crisis, economic reconstruction, high unemployment rate, SARS, the massive protest on 1 July 2003. Such adverse condition acted as a catalyst that provoked the birth of a new policy tool, the 1<sup>st</sup> CoP.

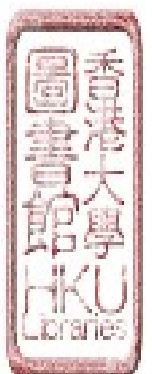
Policy 3.0 marked an important breakthrough of the Government's attitude in handling poverty. It officially admitted there was poverty in Hong Kong, only



with this could the Government start to plan for the comprehensive strategies in poverty alleviation. Although the 1<sup>st</sup> CoP only survived for 2.5 years, it contributed a lot in the feed-forward process of SCT: (i) the social construction of the target population was changed from “deserving but with negative attributes” to “deserving”; (ii) the policy design was enriched with more diversity in the nature of policy tool, from CSSA being merely an “inducement tool” to the 1<sup>st</sup> CoP which was an “organisation/system changing”, “economic/inducement” and “information” policy tool. This provided a rich breeding ground for the next policy tool to grow on; (iii) a new institution design was introduced to poverty alleviation using the format of Commission. This opened a new opportunity for a government-led body to work with higher flexibility and also facilitated the collaboration with other stakeholders in the society. This move allowed the Government to share the burden, as well as giving the stakeholders a sense of responsibility, encouraging them to participate more actively in poverty alleviation activities; (iv) the culture of “self-reliance” was further strengthened through specifying the target population of the 1<sup>st</sup> CoP, especially the low-income group was highlighted.



It was anticipated that the above changes would continue in a new government. As one could observe that after the 1<sup>st</sup> CoP was not continued, the new measures launched by CE TSANG followed a similar trend. For example, the Statutory Minimum Wage and Work Incentive Transport Subsidy Scheme encouraged self-reliance; the Health Care Voucher encouraged the collaboration between public healthcare sector and the private one. Besides, as Hong Kong's civil society was growing, it was anticipated that the target population would gain more political power and more policy dynamics could be observed in the next phase.

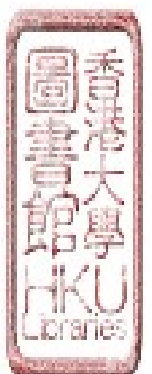


## **CHAPTER 5      POST-HANDOVER: 2012 – Present**

### **Overview of Policy 4.0 Formulation: Commission on Poverty (2<sup>nd</sup> CoP) & Poverty Line**

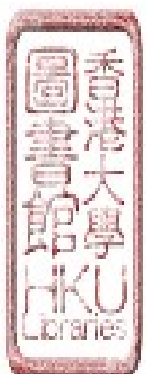
Based again on the refined model developed in Chapter 2 that composes building blocks of both macro factors and micro attributes, this Chapter 5 will analyse how Policy 3.0 evolved into Policy 4.0. To systematically describe how the evolution took place, again, the macro socio-political setting and governance arrangement are to firstly be disposed. This is followed by the illustration of the culture and institution (with an analysis of the effects of Policy 3.X). Then, this chapter will explore how the general social environment, political institution, and the (proactive) Policy 3.5 re-shaped the social construction of the target populations, and the policymaking dynamics that led to Policy 4.0. Lastly, the content of Policy 4.0 will be analysed under the policy tool approach.

The evolution process was characterised by three observations. First, various poverty alleviation measures were introduced during this transition period (after



the dismissal of the first Commission on Poverty), which was known as Policy 3.5. These instruments were of different varieties of nature and functions. Second, the process of evolution became rapid. Unlike the previous stages that required a few decades for the policy change to complete, it took only a few years for Policy 3.0 to evolve into Policy 4.0. And the scale and intensity of change exceeded those of the previous generations. Third, more active interaction was observed in the policymaking dynamics. In the previous rounds, the Government was the single agent who could determine the outputs in the dynamics. Other parties were either being passive or indifferent to engage in the bargaining and negotiation process. And they seldom tried to deliver any political rhetoric to pursue their interests. On the contrary, during the pre-Policy 4.0 period, numerous powerful stakeholders, mainly from the social welfare sectors, proactively engaged in the dynamics to bargain with the Government. As a result, some sophisticated and innovative policies were produced.

The setting-up of the first Commission on Poverty was known as 3.0. Policy 3.5 (a pre-Policy 4.0 phase) referred to the dismissal of the first Commission on Poverty and the introduction of a number of other drastic measures, such as, Health Care Voucher for the elderly, Work Incentive Transport Subsidy, minimum

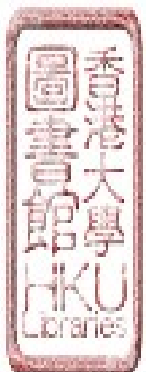


wage legislation, etc. Then, the reinstating of the Commission on Poverty and the setting up of the Poverty Line were marked as Policy 4.0. All these measures reflected that the Government was gradually taking a more proactive step to tackle the poverty issues and the approach became more and more interventional.

### **Pre-policy 4.0: Socio-political Background (2007 – 2012)**

#### ***The Economy***

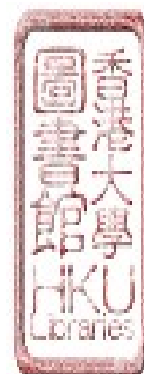
In general, the overall percentage of poor people in Hong Kong, i.e. the low-income resident numbers to total population ratio, rose from 11.2% to 17.1% in 1991 – 2011 (Wong, 2015). The poor-rich gap problem deteriorated over the course as the Gini Coefficient after a hike in mid-1980s – 1990s from 0.453 to 0.518 continued to climbed to 0.537 in 2011 (based on original household income), as reported by the Financial Secretary's Office (2012). The poor kept living in adverse conditions and they did not share the fruits of the economic recovery and improvement. This led to growing, massive concerns and grievances from the poor, social welfare sectors, and the society at large.



## *Politics*

Politics became less stable. Disputes and conflicts happened inside the Government and in the community. The relationship of the pan-democratic political camps became more hostile, suspicious and confrontational with the Government and the pro-establishment groups. New political power emerged. For instance, just a few months after CE LEUNG assumed the CE office, the Scholarism led the social movement of the anti-Moral and National Education campaign, which successfully forced the Government to shelve the policy in September 2012.

On 31 August 2014, the National People's Congress carved their decision on the methods for selecting the Chief Executive in 2017, which was seen by many, especially the pan-democratic and emerging political radical people, as the Beijing central government's failure to deliver its promise to take forward the democratic development in Hong Kong. This directly brought about the Umbrella Movement in September – December 2014, causing further division and confrontation among Hong Kong people, disruption to daily life, and a resulting society rife with political malaise. Since then the tension and altercations





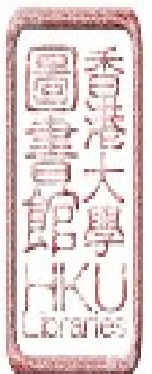
between them have never dissipated, as evidenced by frequent filibustering in the Legislative Council.

### *Societal*

According to the Public Opinion Programme of the University of Hong Kong (2016), CE LEUNG's support ratings plunged from 56.5 in May 2012 after his election to 46 in September 2012, and then spiraled down to 38.4 in June 2016.

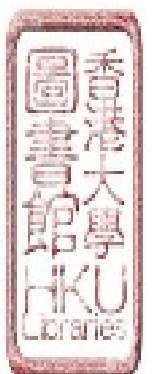
This could be attributed to the various scandals whirling around him, as well as to the political malaise and confrontation. And there were breeding discontent and mistrust towards CE LEUNG, as well as the government at large.

All of these exogenous factors had direct and substantial effects on the government's poverty alleviation policies, which was seen to be more responsive and progressive. It is argued that was one of the few areas of work that the government could do with much political discretion and financial capacity, and the government had to make it up to the socio-economically, politically and societally frustrated Hong Kong people.



#### **Pre-policy 4.0: Governance Arrangement**

The governance arrangement basically followed the structure established in Policy 3.0, i.e. a combination of Interventionist governance and Regulated self-governance, but with a greater tendency to be more proactive and dominant in the role of policy formulation. On the one hand the higher priority in the government's administration was induced by the social situations. On the other the change was due to the different governance principles brought by the new Chief Executive. The subtle change in governance was first evidenced by CE LEUNG's election manifesto in 2012 that, "We only need an appropriately proactive government which seeks changes whilst maintaining overall stability." (Leung, 2012, p.5), as well as in his first Policy Address 2013 that was titled as "Seek Change, Maintain Stability, Serve the People with Pragmatism". In particular, he in the manifesto vowed to "reinstate the Commission on Poverty to undertake an overall review of the forms and manners by which poverty is manifested and their underlying causes" in the part of his pledge of social welfare (Leung, 2012, p.46). This was seen as a subtle but important twist in poverty alleviation policy. If former CE TSANG's promise to put in place poverty

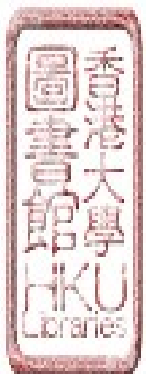


alleviation policies addressing the widening rich-poor gap was merely a slogan, then CE LEUNG made such policies one of the main planks of his governance.

### ***Effects of Policy 3.X***

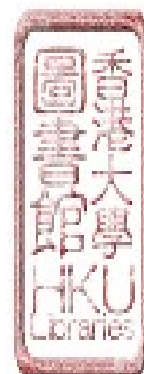
In the previous poverty alleviation Policy 3.X the main policy tools saw the establishment of the first Commission on Poverty (2005-2007), the introduction of Health Care Voucher, the set-up of Community Care Fund, the advent of Minimum Wage legislation, and the emergence of Work Incentive Transport Subsidy. They were characterised to be more diverse, more direct handout of benefits, and more direct intervention.

For diversity, they were observed to be in many different forms: monetary – payout through the Community Care Fund and Work Incentive Transport Subsidy; institution – the Commission on Poverty being a steering body and a collaborative platform for developing poverty alleviation policies and overseeing their implementation; voucher for exchange of services – the Health Care Voucher rendered to the elderly for health care services; and coercion – setting a mandatory wage floor with the legislation of a statutory minimum wage rate.



For direct handout, the Government was seen to give out transport subsidy for motivating the poor to enter or remain in the labour market. There were initiatives to ration health care vouchers for alleviating the elderly's burden on minor and common health care needs. And the care fund would pay directly to target groups, especially those working poor, who did not live in public houses or enjoy other allowances or benefits, such as CSSA, tax rebate, etc.

The legislation for minimum wage showcased another great leap of government approach to handle the poverty issue. Before the legislation, there was a Wage Protection Movement for employees in the cleansing and guarding service sectors. Given the poor response from the business sector, the former Chief Executive announced in his Policy Address 2008-09 to proceed with the legislation work of a statutory minimum wage (para. 63, Policy Address 2008-09). The minimum wage, which came into force in 2011 with a single rate for all sectors, had a widespread and mandatory influence on the labour market, on both the supply (workforce) and demand (employer) side, affecting family incomes and cost structures in business.

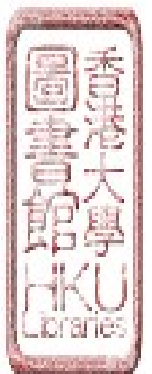


## **Pre-policy 4.0: Evolving Social Culture**

### ***Institution for Policy Formulation and Implementation***

Poverty alleviation Policy 3.X had an equally important impact on the institutional and cultural end. The 1<sup>st</sup> CoP (2005-07) had somehow suggested a designated and cross-sectoral policy steering body, being a policy tool and design, was generally recognised for effective poverty alleviation in Hong Kong. It was especially so for the fact that the policies related to poverty alleviation fell within different policy bureaus and different implementation departments (such as Labour and Welfare Bureau, Home Affairs Bureau, Labour Department, Social Welfare Department). Such institutional designs of the Commission on Poverty were conducive to collaborative efforts not only within the government, but also outside the government with academia and other related welfare sectors and communities.

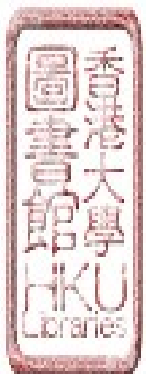
### ***Social Re-construction of the Disadvantaged and Working Poor***



It is argued that Policy 3.0 with the 1<sup>st</sup> CoP and the subsequent Policy 3.5 helped initiate a gradual social re-construction of the target populations as from the “not very deserving dependents”, to mainly “deserving dependents”, and then gradually to some extent “advantaged” groups. The image re-framing allowed them to capture a better position to pursue their interests and therefore extended their political influence.

Apart from the material and interpretative effects or benefits they had in Policy 3.5 as mentioned above and analysed in detail in following paragraphs, members of the general public began to re-think that their poverty might more likely than not have a root in societal or governance failure. It was increasingly evident that the disadvantaged or working poor became lesser and lesser penalised in the public domain that their difficulties were caused by themselves in the first place for failing to improve themselves and to work hard enough in earning higher incomes, and that they abused Hong Kong’s welfare systems to their unwarranted advantages.

The social re-construction was also observed to be in part the result of numerous and regular studies or reports on poverty by relevant advocacy bodies in welfare

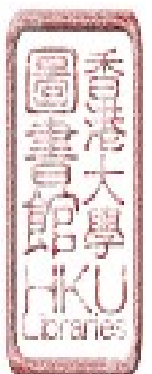


sector, such as the Hong Kong Council of Social Service (Chua, 2016) and Oxfam. These bodies also frequently held press conferences to highlight needy cases appealing for attention and support from members of the public in advocating their alleviation policies, such as setting up a poverty line.

As a result, more political powers were distributed to target populations and welfare sectors through institutionalised interactions and connections, (like the platform of the Commission on Poverty), and also through the legitimised knowledge systems of those policy advocacy bodies. The legitimisation saw their poverty research and study results being frequently used and quoted in official and formal discussions, like in Legislative Council meetings.

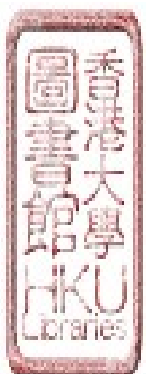
#### **Pre-policy 4.0: Evolving Target Population**

The Social Construction Model posits that policy tools and designs have both material and interpretative effects on the target populations, which were the disadvantaged and working poor since poverty alleviation Policy 3.X. In respect of the material effects, the targets simply became better off and more resourceful.



For example, the elderly's well-being in health was to some extent improved with the health care vouchers, the working poor's incomes were boosted with the minimum wage and transport subsidy, and the disadvantaged groups' living conditions were enhanced with the care fund's payouts. It is argued here that this resulted in a condition in which the target populations had more resources and capacity to take more heed of the poverty alleviation policies, and take more part in the advocacy and participation of further development policies for tackling poverty.

On the front of the interpretative effects, it is also argued that the target populations experienced more positively with the policies as their non-subsistence needs, once largely neglected, were more proactively tended to. They also experienced shifting interpretation within themselves. Many of them started to scrap the ideas and notions that their being the disadvantaged or working poor were just burdensome to the society, or were merely unlucky in ending up where they were when receiving assistance or subsidy from the government or the society at large. This front similarly led to a condition that the target populations were encouraged to have more participation in the evolution of policies for poverty alleviation.



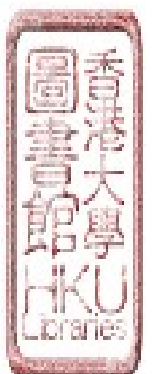


Simply put the disadvantaged and working poor, through the material and interpretative effects, became more active, participative, and enthusiastic as they found the government increasingly responded to their plight, and that their plight justly deserved to be alleviated and lessened.

#### **Pre-policy 4.0: Policymaking Dynamics**

Under the Social Construction Model, the effects of previous (especially in Policy 3.5) policy tools, target populations, and institutions and culture, which are expounded and elaborated above, affect and interact with the policymaking dynamics. It in turn structures actors' participation, resources allocation, and political orientation in producing Policy 4.0.

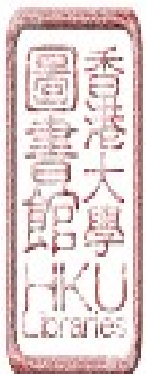
In particular, the dynamics of policy entrepreneurs and interest groups mainly lied with the Hong Kong Council of Social Service (HKCSS, 2012, p.2-7), Oxfam, Society for Community Organizations, other bodies of the like in the welfare sectors, and their advocacy and social movements for a poverty line and poverty



alleviation measures. For the dynamics of elected officials exercising their leadership, it was found to be CE LEUNG delivering his promise in his election manifesto to re-instate the Commission on Poverty and push ahead poverty alleviation measures as one of his most important policies in welfare.

Regarding the problem reframing dynamics, it was reckoned to be also the gradual shift of governance under CE LEUNG's regime that he "sought changes" with the notion of "appropriately proactive governance". Effectively the resultant tenet was that poverty problem could no longer be automatically solved or even lessened through only continued economic development in Hong Kong. It was indeed a structural and systematic problem that entailed proactive intervention from the government. As far as policy designs were concerned, path dependency and heuristic shortcut by policy makers always came into play. With this, the re-use or re-instatement of the Commission on Poverty was a natural choice.

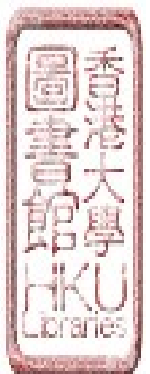
The re-instatement of the Commission on Poverty and introduction of an official Poverty Line were argued to be a marked development in the government's poverty alleviation policies as Policy 4.0 from 3.X. It was because since its



existence subsequent major policy attempts were steered or overseen by the commission, such as the following large-budget policy initiatives of the Old Age Living Allowance (OALA) and Low-Income Working Family Allowance (LIFA).

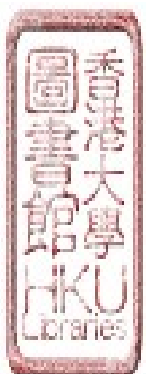
As one of the limitations of the Social Construction Model, which are elaborated in Chapter 2, the endogenous policy making dynamics are found to be insufficient in explaining drastic policy changes, like poverty alleviation policy from 3.X to 4.0. In this connection, the concepts of arrangement of governance and exogenous factors are introduced, seeking to build a refined model. It is also mentioned that other policy process theories be borrowed to explains how the policy making dynamics work.

For the leap from Policy 3.X to 4.0, the Multiple Streams Theory (Kingdon, 1995) is deployed here. In essence, the problem stream sees the worsening problems of poverty and poor-rich gap, the policy stream sees the policy tools of the Commission on Poverty and official Poverty Line, and the political stream sees the political forces of interest and advocacy groups and the change of agenda priorities out of the change of the Chief Executive from CE TSANG to CE LEUNG. For policy entrepreneurs, they are argued to be CE LEUNG and the



advocacy groups, especially the Hong Kong Council of Social Service who had been asking for the setting up of an official Poverty Line and active policy intervention for poverty alleviation. HKCSS was reckoned to have bargaining power with influence on the 60 votes belonging to the welfare sub-sector in the Election Committee for Chief Executive (Electoral Affairs Commission, 2011).

It is so argued that the policy entrepreneurs in the policy window of 2012 Chief Executive election coupled the above problem, policy and political streams in bringing about an important policy change and evolution from Policy 3.5 to 4.0, being the re-instatement of the Commission on Poverty and setting-up of an official Poverty Line. The Policy 4.0 served as an important platform and vehicle for the government to continuously work on poverty alleviation in introducing subsequent major initiatives, and to objectively measure the effectiveness of its work and the initiatives.

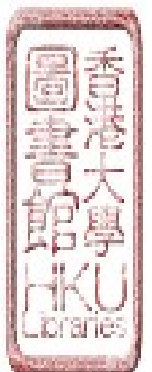


## **Policy 4.0: Major Contents**

### ***Policy 4.0: Commission on Poverty and Poverty Line***

The Commission on Poverty was re-instated in late 2012, right after the election of CE LEUNG as the Chief Executive. The commission is tasked and positioned for poverty alleviation to review existing measures, identify areas of improvement, and deliberate on long-term policy strategies (Legislative Council Secretariat, 2013). It is chaired by the Chief Secretary for Administration, having a higher authority and hierarchy than the 1<sup>st</sup> CoP (2005-07) headed by the Financial Secretary.

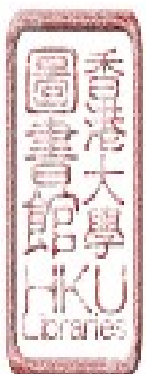
After less than one year, the Government in September 2013 announced Hong Kong's first official Poverty Line. As the concept of relative poverty instead of an absolute one, the line is set at half of the median monthly household income of Hong Kong's domestic households before government intervention, such as taxation and social welfare benefit transfers.



Since 2013, the Government has published Hong Kong Poverty Situation Report for the previous year in an annual basis. It places its analytical focus on the Poverty Line. In the report for 2012-14 (Government of HKSAR, 2012, 2013, 2014), the poverty thresholds (for all family sizes with one to over six members) went up as household income increased in general. And the poor population after government intervention of recurrent cash allowance (e.g. Comprehensive Social Security Assistance, Disability Allowance, Old Age Living Allowance) dropped from 1.018 million in 2012 to 0.962 million in 2014. And the poverty rate, also after recurrent cash allowance intervention, in the same period decreased from 15.2% to 14.3%.

***Continued Policy Evolution under the Refined Social Construction Model***

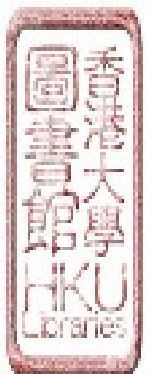
It is argued that following the milestone Policy 4.0 subsequent poverty alleviation policies have evolved and been rolled out under the refined Social Construction Model. The governance principle and arrangement and exogenous factors causing the progression from Policy 3.X to 4.0 continue to be in force. The prevailing policy tools and designs, especially Policy 4.0, continuously and progressively influence the target populations, institutions and cultures, and



collectively with the former two the policy making dynamics. These all lead to repeated cycles of policy evolution and the emergence of many substantial, in terms of budget, scope, and coverage of target populations, poverty alleviation policies. The following paragraphs analyse two substantial ones, namely the Old Age Living Allowance and Low-Income Working Family Allowance.

***Policy 4.3: Old Age Living Allowance (OALA)***

CE LEUNG announced the introduction of OALA as early as in his election manifesto, which is meant to supplement living expenses of the elderly (65 or above) in need (Labour and Welfare Bureau, 2012). From Hong Kong Poverty Situation Report 2014 and 2015 (Government of HKSAR, 2013; Government of HKSAR, 2014), since OALA being put into place in April 2013, 107,000 elderly people were reported to be lifted out of poverty by the policy (vs. 191 000 by CSSA)) with a total transfer of \$10.1 billion (vs. \$13.5 billion in CSSA) in 2013. In following year 2014, similar number of beneficiaries (107,800) and transfer (\$11 billion) were reported.

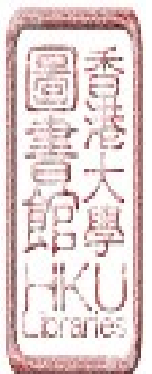


#### ***Policy 4.5: Low-Income Working Family Allowance (LIFA)***

CE LEUNG in Policy Address 2014 (January 2014) announced the roll-out of LIFA. It is meant to lessen financial burdens of non-CSSA low-income working family, encourage the working family members to remain in the labour market for self-reliance, and to mitigate inter-generational poverty (Labour and Welfare Bureau, 2014). With its implementation in mid-2016, LIFA is estimated to cost \$3 billion per year, benefiting 200,000 families involving 710,000 persons. It is also reckoned to lower the overall poverty rate by 2.1 percentage points (Labour and Welfare Bureau, 2016).

#### **Policy 4.0: Policy Tool Analysis**

The Commission on Poverty is reckoned to be the tools of “organisation” of Hood’s NATO as it stands out as an individual steering body and collaborative platform for poverty alleviation, which effectively is somehow government reorganisation in policy steering and overseeing, and use of various communities,

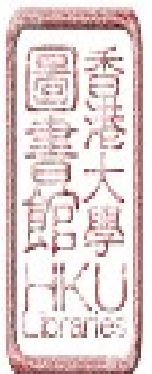




academia and voluntary organisation.

For the Poverty Line, it obviously falls within the category of “nodality” of Hood’s NATO as it comprises of information collection and publication, with advice and exhortation. It is also found to be placed in the category of “sermons” of Vedung’s Sticks, Carrots & Sermons as it serves to influence people and their action by the dissemination and promulgation of information, knowledge, reasoned arguments and persuasion. In particular, the last two poverty situation reports emphasised the need to help the working poor families, who had more dependents but relatively fewer breadwinners. It coincided with the time in which the Commission on Poverty and government were set to introduce the Low-Income Family Allowance.

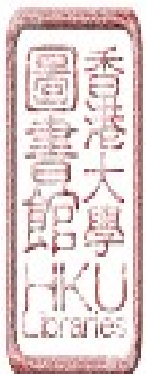
Both OALA and LIFA, especially the latter, apparently belong to the category of “carrots” of Vedung’s Sticks, Carrots & Sermons, that of “treasure” (grants) of Hood’s NATO, and that of “inducements” of Elmore’s taxonomies of policy instruments. LIFA is obviously to induce the poor to enter into, and the working poor to remain in, the labour market for self-reliance, which remains one of the guiding tenets of Hong Kong’s welfare system, especially for the able bodies. In



fact, it has to some extent strains of capacity-building for prevention of cross-generation poverty as the children in low-income working families would benefit more for their education from the additional incomes (LIFA payouts) and less likely think of relying on unemployment CSSA when they grow up with their working parents as examples.

### **Concluding Comments**

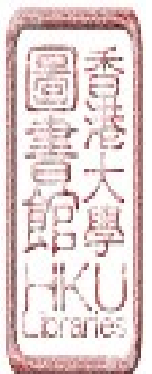
Douglass North discussed path dependency being a process constraining or setting the context of future development and choices, that “At every step along the way there are choices – political and economic – that provide...real alternatives. Path dependency is a way to narrow conceptually the choice set and link decision-making through time. It is not a story of inevitability in which the past neatly predicts the future” (North, 1990, P. 98-9). It is further argued here that out of path dependency the choice of poverty alleviation is conceptually and narrowed to largely only positive intervention from the government. The choice of positive non-interventionism is no longer a choice. And it is so argued that the choices of policy instruments of multiplicity and diversity among the



governance of positive intervention will continue to grow.

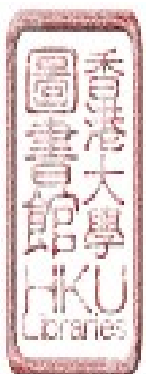
The mainly Private self-governance regime in Policy 1.0 and combination of Private self-governance and Interventionist governance arrangement in Policy 2.0 are reckoned not to be seen for a marked long period of time in the future given, which was evident since advent of Policy 3.0 and especially so since Policy 4.0. And the poverty alleviation policies in Hong Kong would continue to evolve progressively and incrementally, in a more vibrant and vigorous manner. This notion is, apart from the path dependency, based on the systematic forces and policymaking dynamics of the refined model of the analytical framework. Once the traction is gained and momentum in critical mass is reached, the policy evolution process will go on as repeated, and more importantly self-reinforcing, cycles. And the process is reckoned to be accelerating in terms of multiplicity, intensity and sophistication, as what has been observed since Policy 4.0.

In respect of the exogenous factors and macro socio-political context, which may have bearing on the policy evolution and design, are expected to remain largely status quo, or even worse in political context out of the societal malaise bred by the deadlock between pro-democracy camps/ people and Beijing central



government over democracy development in election of the Chief Executive and Legislative Councilors. While the poverty and poor-rich gap problems have small signs of alleviation in Policy 4.X, other macro socio-political backdrop remains. The government as argued in the beginning in this chapter can only resort to working mainly on improving the economic living and well-being of people, in which it has more institutional discretion and capacity. It is expected more direct cash payout and in the form of non-means-tested, or at least to be called for by many members of the public, just like the recent demand for universal retirement protection. Other forms of poverty alleviation measures besides cash payout can be required of and emerge at any time in the future.

Against the above backdrop, the forthcoming Chief Executive election in 2017 poses a big and opportune policy window for another policy evolution of substance. Would the poverty alleviation policy evolve into Policy 5.0 with another heightened level of policy prominence, budget and target coverage scale?



## CHAPTER 6 CONCLUSION

### General Observations

This concluding chapter will summarise the findings of the evolution of poverty alleviation policy of Hong Kong from 1945 to the present time. To conclude, Policy 1.0 consisted of only a few primitive initiatives which aimed at providing the basic necessities for the poor. The content and volume were by no means sufficient compared with the large amount of the needy. The piecemeal approach remained throughout the period from mid-1940s to early-1970s. The situations continued until a great leap occurred when Policy 2.0 was introduced in 1971. Policy 2.0, since its establishment, remained the major policy content which lasted for 3 decades. From 1970s to early-2000s, no major development of the policy was observed. The accelerating rate of evolution in terms of diversity, intensity and sophistication occurred only after the establishment of the 1<sup>st</sup> CoP (Figure 7). What followed the 1<sup>st</sup> CoP were the minimum wage legislation, issuance of subsidiary and allowances to target groups, setting-up of poverty line, etc.

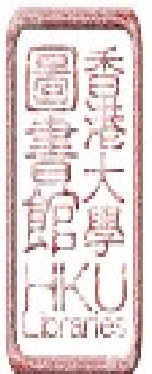
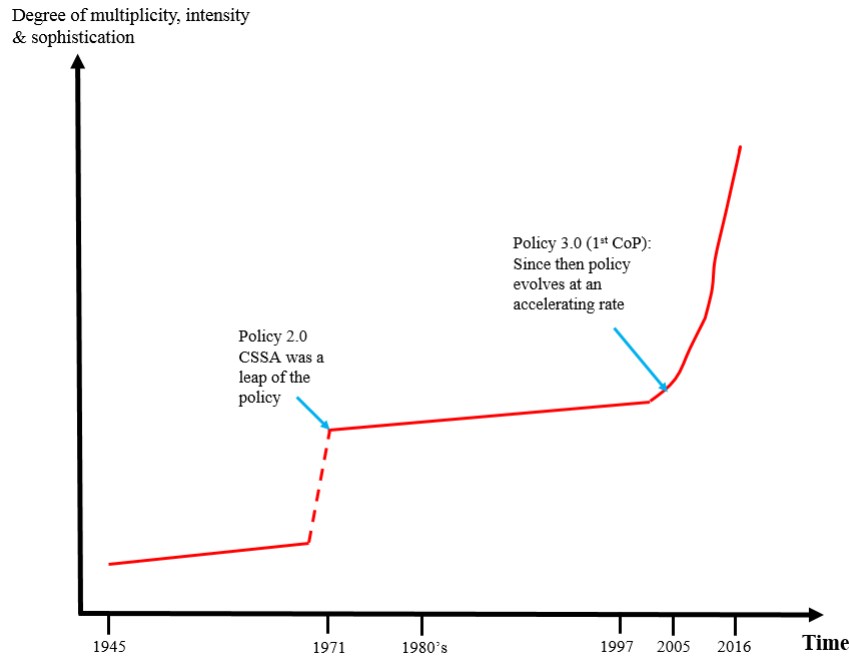
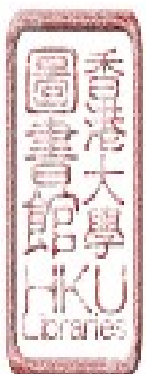


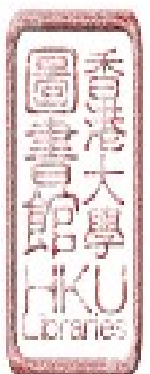
Figure 7: An Accelerating Rate of Policy Evolution



The analytical model adopted in this project is able to explain the evolution of the poverty alleviation policy despite the presence of some limitations. The research revealed that policy change was basically influenced by socio-political conditions, governance arrangements, social construction of target populations and their reactions to policy at the preceding stage. Basically, the analytical model used in this project possesses exactly the infrastructure to dispose of these relevant factors, i.e. components one and two address the macro social conditions and governance arrangements. Components three to five indicate how social construction, recipients' reactions, and interactions of stakeholders in the policymaking



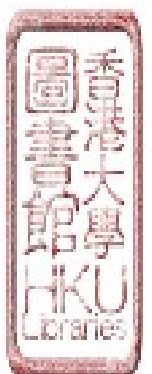
dynamics affect policy change. In general, macro social situations and governance arrangements shortlist the feasible approach for policymaker to craft the policy designs. Thus, the filtered policy contents will influence the target recipients, culture and institutions and policymaking dynamics and eventually lead to policy change (Schneider, Ingram and Deleon, 2014). It was also observed if a particular policy has triggered more active responses from the community, the more vigorous the interaction among stakeholders within the policymaking dynamics would take place, and a higher degree of policy change is likely to occur. Moreover, once the dynamics was stirred up, it attracted more attention and more frequent participation of stakeholders. The result was that policy change became more rapid since stakeholders would eagerly and repeatedly engage in the policy formulation process and provide inputs in order to ensure the outputs (revised policy) would promote their interests. Policy 3.0 and 4.0 produced both material and symbolic effects that they shaped more positive image of the recipients that encouraged their participation. The more attractive policy package also induces their frequent participation to seek further enhancement. The aggregate effects led to an accelerating rate of the policy change as shown in Figure 7.



## **A Recap of the Policy Contents**

Based on diversity, intensity and sophistication, it is argued that the development of poverty alleviation policy can be divided into four phases. Policy 1.0 was a primitive policy basket with few policy instruments included. Given that the society was largely composed of refugees and the poor, policies such as low cost public housing were provided on humanitarian ground, i.e. to shelter the refugees. The governance mode was “Private self-governance”. Due to the limited capacity of the government, it could barely deploy sufficient resources to take care of the poor, and it could at most passively respond to a portion of the welfare needs of the people. The rest of the needs would be left unattended, and the poor had to rely on welfare organisations. Since the government at the material time was incapable of producing a well-shaped poverty alleviation policy, no distinctive social construction of the poor was observed in the period of Policy 1.0.

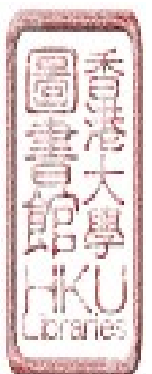
Policy 2.0 was characterised as the setting up of the safety net by distributing cash (CSSA) to the needy in 1971. As the economy flourished, improved financial





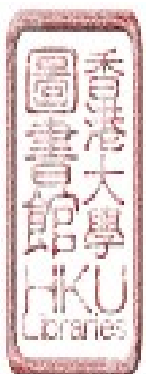
positions and for the sake of social stability, the government intently took up a more interventionist approach to handle the poverty problems, though it refrained from using the term of poverty. The CSSA recipients on the one hand were constructed as the “dependents”, on the other hand the government tactfully attached a number of negative attributes by implying the recipients as “jobless”, “people could not take care of themselves”, etc. The construction, to a certain extent, suppressed the recipients’ political participation to ask for more welfare benefits. Nevertheless, from passive to active, Policy 2.0 was a great leap on poverty alleviation measure. And the issuance of cash remained the core content of poverty alleviation for three decades until after the handover.

Policy 3.0 was known as the establishment of the 1<sup>st</sup> CoP in 2005. It marked as a milestone for the development of poverty alleviation policy of Hong Kong. It is arguably that since then the government set up a “policy” for the (sole) purpose of poverty alleviation. In fact, between 1990s – early 2000s, the social circumstances had become so complicated that Policy 2.0 could no longer cater for the needs of the poor. At the material time, the rich-poor gap widened and the community was battered by the economy downturns. CSSA recipients at the time were hence negatively constructed. The anger and worried invoked from



the public evoked the legitimacy crisis to the HKSAR Government. In response to the crisis, the Government adopted a combined form of Interventionist governance and Regulated self-governance approach (as a sole dominant agent in the policymaking dynamics). As a result, the Government came up to establish the 1<sup>st</sup> CoP as the solution. The Commission assumed both planning and steering role of the poverty alleviation policy. Though the life span of the 1<sup>st</sup> CoP was short, it opened the gate for more sophisticated and multi-pronged policy instruments being introduced, such as the minimum wage legislation (“mandate” and “information”), provision of transport subsidies (“carrot” / “inducement”), etc. Given the positive attitude and prompt action of the Government, policy recipients were socially re-constructed from “not very deserving dependents”, to mainly “deserving dependents”.

Policy 4.0 was composed of a bundle of intensive and sophisticated policy initiatives. The core content was the CoP supplemented with Old Age Living Allowance, Low-income Working Family Allowance, and other ongoing policy measures. The significance of the setting up of the poverty line expressed a very clear message to the community that it is a moral obligation for the government to uplift the people to live beyond that poverty level. As such, policy recipients are



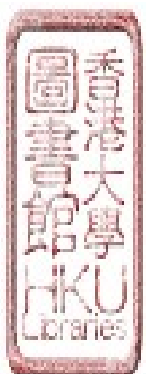
further positively constructed as the victims of inequality, which in turn invites their active participation in the policymaking dynamics to pursue more interests.

### **Momentums for Policy Evolution**

As mentioned above, it was found that socio-political conditions, governance arrangements, social construction of target populations and their reactions to policy at the preceding stage are the driving force for policy evolution. Moreover, the direction, speed and intensity of change also depend on the degree of vigorous interactions of stakeholders within the policymaking dynamics.

### ***Socio-political Conditions***

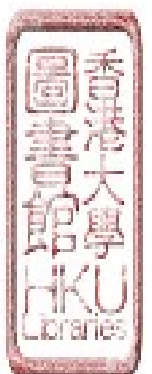
Socio-political conditions was an important but not a sufficient factor for policy change. In each individual policy phase, socio-political conditions permit certain policy options whilst filter out others. For instance, the economic conditions of the community and financial situations of the Government during



the phase of Policy 1.0 constrained it from introducing intensified policy to tackle the poverty problem. The improved economy during the era of Policy 2.0 allowed the government to issue cash (CSSA) to the needy. Again, the deteriorated economy during the pre-Policy 3.0 period (1997 – 2005) left the Government with no choice but tightened the control of issuing cash allowance. However, the legitimacy crisis and changing social circumstances in the same period forced the Government to establish the 1<sup>st</sup> CoP (Policy 3.0), which opened the gate for subsequent implementation of far more progressive poverty alleviation policy. Policy 4.0, noted as an even more progressive policy, was inherited from the social trend that developed during Policy 3.0.

### ***Governance Arrangement***

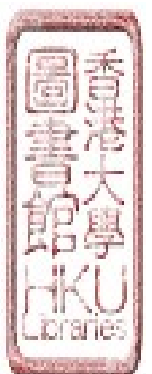
Governance arrangement also determined the approach which the government would adopt to tackle poverty problem. Private self-governance approach during Policy 1.0 period implies that the governance machine was underdeveloped to implement complex policy. The Government's priority to promote economic growth during Policy 2.0 era set the path for institutional building that favoured economic activities. The institutional development for



handling welfare and poverty matters thus fell to a low priority in the Government's agenda. The 1<sup>st</sup> CoP was the intended extension of the executive arm to cater poverty issues. Many corresponding institutional infrastructures were built to direct government resources to tackle poverty. Policy 4.0 was a further intensification of the institutional setting to promote the poverty alleviation.

### ***Social Construction and Interactions within the Policymaking Dynamics***

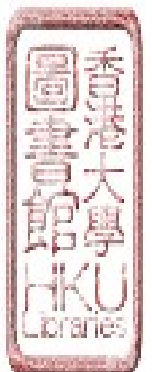
Social construction of policy recipients and their responses matter to policy evolution. It is observed that if recipients are socially constructed in a way that suppressed their political participation, the evolution of policy tends to become slow or even steady. For instance, Policy 2.0 described that CSSA recipients were the needy whilst attached a number of negative attributes to suppress their application. Their moderate participation allowed the government to control the agenda and political narratives in the policymaking dynamics. Therefore, the Government faced no pressing need on policy amendment, and Policy 2.0 persisted for a few decades. In comparison, the increasing positive construction of the policy recipients induces more active participation in the policy making



process. The Government was no longer the monopoly of the political narrative to the policy issue. More frequent bargaining and negotiation took place in the dynamics during the era of Policy 3.0 and 4.0. Thus more rapid and intensified policy changes were observed.

### **Limitations of the Study and the Way Forward**

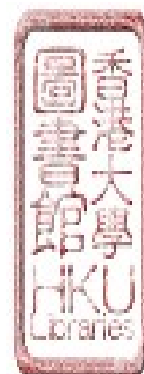
It is an important finding that the refined analytical model provides a possible explanation for interpreting the evolution of poverty alleviation policy of Hong Kong. The model refined SCT's explanatory power by introducing concepts and ideas from the theories of policy instrument and policy process. It also expands the comprehensiveness by incorporating exogenous factors into the analysis. What's more, poverty problem is something which matters to the livelihood of the public, so people's sentiment, emotion, values, expectations are all highly relevant to and directly influential to the policy formulation. Since SCT is the exact theory which focuses on how people's social construction and participation affect the policy outputs and outcomes, thus, the model becomes a proficient device to reveal the momentum of policy change.



Along the way the research is conducted, it is observed that although the current model is compelling, there is still a number of possible ways which the model might be further sharpened and refined. Subject to the constraints of time and manpower, and the confinement of the scope of the report, some additional elements were not discussed in this project. Though they were not included in the report, it is worthy to produce an illustration of these elements which are considered to be conducive for conducting further research in relation to poverty alleviation.

***Element 1: A need for a set of standardised parameters to assess the variables***

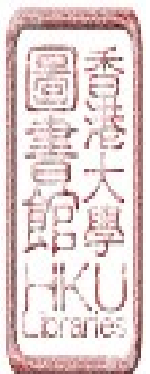
To further refine the analytical model, a set of parameters that can standardise the assessment of the magnitude and vector of variables may be included. The use of standardised parameters will assist researchers to ascertain (i) the scope of impact of a variable; (ii) how it ignites changes of various attributes; and (iii) the results of the impact, i.e. whether it multiplies or offsets the general effects of another variable. With the assistance of the standardised parameters, it allows researchers to precisely and accurately describe the resultant force among the



factors which have induced any changes.

***Element 2: Consideration about the effects of policy diffusion***

The model has taken steps by considering the exogenous factors to the policy arena. However, it can be drilled further by considering how policies from different subjects could have influenced the formulation of the poverty alleviation policy. For instance, the contents of the poverty alleviation policy, to a certain extent, must have been influenced by the financial policy, housing policy, urban planning policy, immigration policy, etc. This is owing to public resources being finite, and every government must make tough decisions and sacrifices when allocating resources for the use of different policies and purposes. In case the integrated model could take into account the possible influence that may be posed by other major policies, it would help researchers to understand what policy options have been shortlisted or omitted. They can provide a more accurate prediction to the policy outputs and outcome.



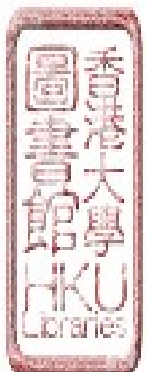


### ***Element 3: When external factors are internalised***

For the sake of simplification, the model intently keeps those external factors as exogenous variables. However, since policy contents would affect the culture and institution, it means that some exogenous variables may be internalised or incorporated into the system as the policy evolves. Though the internalised process in the analysis might complicate the analysis, it will better articulate the dynamics for policy change. As such, for future studies, researcher may try to advance the model by tracing how particulars variables evolve in parallel with the subject policy so as to reveal the more comprehensive dynamics for policy change.

### **A Concluding Remark: Implications to Governance**

Policy is the prescription to the social problems at the material time. It is also the summation of the effects of people's wishes and efforts, planning and actions, strategies and reactions, and bargaining and interaction. Policy evolves when the overall circumstances set off the ripple of a trend, then people step in to drive the

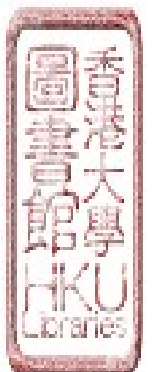


trend to a new stage. This statement applies to the evolution of poverty alleviation policy of Hong Kong.

From static to vigorous, the current policy is a reflection of the complex social situations and keen expectations from the public. Given the conditions, it is opined that the development the poverty alleviation policy will simply become more and more diverse, intensifying and sophisticated. Any trial of backward movement of the policy to its original form – such as the withdrawal or deduction of CSSA – may result in massive social unrest and cause a fatal wound to the legitimacy of the Hong Kong Government.

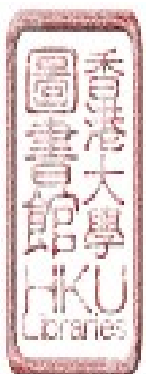
From the societal point of view, poverty had become a structural problem of Hong Kong (Wong, 2011). Channels for reasonable wealth redistribution and social upward movement are blocked. It is extremely difficult, if not impossible, for the poor to uplift their living quality in the absence of sufficient social assistance (Goodstadt, 2013). Thus, the macro socio-political situations would not allow the Government to withdraw itself from the duty of poverty alleviation.

The present governance arrangements will cause the Government to further



advance its poverty alleviation policy. Given the absence of universal suffrage and democracy, alleviating poverty and improved living standard become the sources of legitimacy for the Government. In fact, it is argued that alleviating poverty has become a core governance principle of the HKSAR Government. It is anticipated that the Government will further introduce arrangements that facilitate the implementation of the policy rather than withholding itself from tackling poverty issues.

Lastly, the policy recipients as well as other stakeholders are evoked to join the policy formulation process. They have the incentives and needs to urge and lobby the Government to introduce more drastic measures. In order to promote and safeguard their interests, the recipients may ally with other interest groups to present their political narratives and to bargain and negotiate with the Government for more favourable terms. The success in obtaining benefits now will encourage them to become even more eager to participate in the next round of negotiation. Other groups may also be inspired and more tactful strategies will be introduced. Therefore, it is anticipated that development of a more diverse, intensifying and sophisticated poverty alleviation policy will be the trend in the future.



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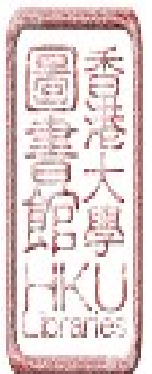
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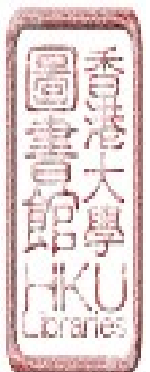
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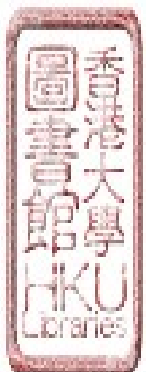
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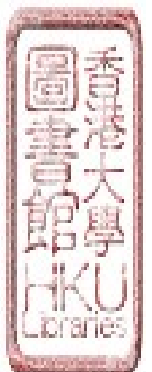
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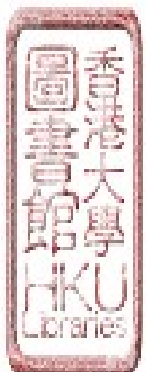
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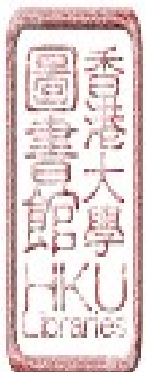
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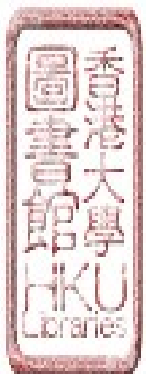
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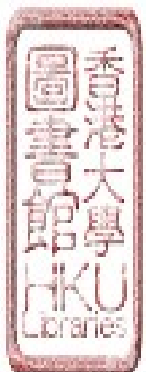
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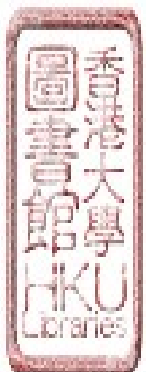
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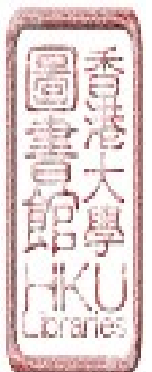
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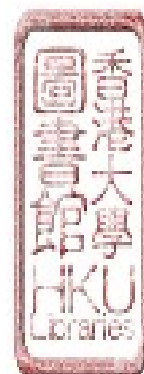
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