In Hong Kong, some sociologists such as Leung Kwok-ping (1996) claimed that the laissez-faire, minimal interference and positive non-interventionism led to the economic miracle of Hong Kong between 1960s and 1970s. On the other hand, some sociologists and journalists such as Chan Cheuk-wah (1998) and Lau Chi-kuen (1997) objected Leung's argument that laissez-faire and positive non-interventionism are the narrow sense of words in describing the approach to social policy in Hong Kong as the government plays a chief role in providing housing, health and education services since the post-war years.

After the Second World War, Hong Kong government concerned for the promotion of economic development. The doctrine of laissez-faire, which refers to the Hong Kong government plays the role of least interventionist to the minimal duties of maintaining social order and safeguarding the operation of the market economy from upholding the free play of market forces (Lau and Kuan, 1991; Leung, 1996), employed by the Hong Kong government to justify the inclusion of limited economic functions, and thereafter ‘positive non-interventionism’, invented by the former Financial Secretary, Philip Haddon-Cave, confirmed the more active role the government was prepared to assume in the provision of those services and facilities essential to life in a civilized community. Government intervention is required when an interventionist attempts to frustrate the operation of market forces only. Simply speaking, according to Chan Cheuk-wah, ‘positive non-interventionism’ assumes that ‘(i) the policy orientation of the government is neutral, and prevents the monopoly situations; (ii) the government has long-term planning horizons.’ (Chan, 1998)

Haddon-Cave attempted to give explanation for the laissez-faire or non-interventionist as positive and good for Hong Kong. However, Chan Cheuk-wah pointed out the reality that the colonial government did not want to invest too much in Hong Kong in the 1840s for the reason that the small city was ‘a borrowed place in a borrowed time.’ At the same time, the British government would not encourage the colonial government to spend too much revenue in equipping Hong Kong for unclear future (Chan, 1998). Thus, the British hongs became more important in the investment of developing Hong Kong. Based on this reason, the British hongs and their merchants became more powerful in influencing the social policy within the Hong Kong polity. Ian Scott noted that the British merchants united in the
1840s to press the already minimal and laissez-faire government for a reduction in taxes and consequently in government spending (Leung, 1996). The result was that the colonial government co-opted two prominent members from British merchant houses into the Legislative Council in 1850. After the co-optation, the merchants became to play an important role in the Hong Kong government and the senior government bureaucrats had to consider carefully and seriously the interests and demands of the British merchants in government policy-making process. The influence of the British hongs in 19th century affected and paved the way for adopting laissez-faire or positive non-interventionism after the Second World War.

Stephen Chiu further explains the reasons underlying the adoption of laissez-faire policy or non-interventionist approach in the 1950s and 1960s. In these two decades, the rapid industrialization led the capitalists and industrialists to concern about the assistance of government in the industrial development. They expected that the government have a responsibility in helping industrialists to assist Hong Kong’s industrial development since other governments of the rising “Four Little Dragons” in Asia did it at that time. Again, the government was reluctant to offer such assistance. The government held the positive view in the prevention of the government intervention in a matter as important as industrial development. Chiu thinks that the colonial government has to follow the established or institutionalized, rules and practices in the process of making social policies. In fact, as mentioned above, the already minimal and laissez-faire government was unwilling to invest in the social policy in Hong Kong under the institutionalized practice of financial conservatism because of the unclear future. Chiu analyzed the practice of institutionalized practice of financial conservatism partly as the outcome of pressures applied during 19th century and early 20th century by the merchant class on the state to minimize its public expenditure, and partly as a legacy of British colonial policy of ensuring the financial solvency and self-sufficiency of its colonies. Additionally, in the institutionalized links with the colonial government, the commercial capitalists and the financial capitalists were more powerful than industrial capitalists in social institutions in Hong Kong in 1950s and 1960s. Chiu examined that almost all of the unofficial members in Hong Kong’s highest policy-making bodies, Executive Council and Legislative Council, were commercial capitalists and financial capitalists and none of them was an industrial capitalist. Based on the reason that the established capitalists bloc opposed the government to subsidy the rapidly growing manufacturing industries, the government tended to adopt the laissez-faire policy or non-interventionist approach in industrial and other social policies. Moreover, Chan Chuek-wah elaborated that the importance of British merchants and the ignorance of Chinese manufacturers as mentioned above provided the evidence of acting the role of maximizing the interest of Britain and British hongs (Chan, 1998).
In addition, a large influx of immigrants came from Mainland China after the Second World War. The colonial government kept to its laissez-faire policies to provide only meager social welfare and social services to Hong Kong people and was both unwilling and unable to look after the needs of a quickly expanding population. It reinforced “utilitarianistic familism”, the dominant familial ethos was termed by Lau Siu-kai, in Hong Kong. The thesis suggested that an individual tended to place his familial interests above the interests of society. This forced the individual to extend the boundary of family to include distant relatives and even friends if they were important in advancing the family’s material interests and fall back on their families and relatives for material support. The dominant familial ethos impacted on the colonial social and political structure that a significant extent of the government responsibilities were absolved. The family lastly functioned to depoliticize the Chinese community by resolving potential politically relevant issues with the familial context and by rendering mobilization for collective political action difficult in the resulting atomistic society. This depoliticizing policy was reflected in the positive non-interventionist approach to the affairs of the Chinese community as well. The colonial government kept a low profile in the Chinese community by making the tradition of self-reliance among the Chinese and by limiting itself largely to the role of maintaining social order and the provision of essential goods and services for building up its legitimacy. The legitimacy of the colonial government was gained mainly in facilitating the growth of affluence rather than its constitution or its attention to the affairs of the society since Governor Alexander Grantham said that “we cannot permit Hong Kong to be the battleground for contending parties or ideologies. We are just simple trader who want to get on well our daily round and common task.” (Leung, 1996)

Based on the above reasons, some scholars regarded as the underlying reasons for adopting the laissez-faire or positive non-interventionism. Nonetheless, many scholars argue that the Hong Kong government’s approach to social policy cannot be described as laissez-faire or positive non-interventionism since some studies showed that Hong Kong Government has been more interventionist that the laissez-faire description suggests.

Ian Scott found that laissez-faire and positive non-interventionism would not be considered as an appropriate description of social policy in Hong Kong. The argument is that Hong Kong’s social policy has been far more interventionist than either of these description suggests, as is seen most clearly in the comprehensive housing scheme, its extensive investment in public works and transport facilities, and its provision of nine-year of free and compulsory education and low-cost medical and health services. Scott intends to put an interpretation of the Hong Kong’s social policy in the context of a
capitalist state and analyze the social policy in terms of the three main features of the Hong Kong state's bureaucratic practice: ‘value for money’, ‘effective line implementation’ and ‘crisis management’ (Leung, 1996). First, the colonial government adopted the feature of ‘value for money’, which is similar to Chiu’s idea of ‘financial conservationism’, to ensure the financial independence of Hong Kong as a colony and minimize government expenditure so as to placate the capitalist class. Second, the feature of ‘effective line implementation’, which refers to line officials effective implementation of policies formulated by the senior administrative staff of the government bureaucracy, shows that the Hong Kong government has focused on problem-solving in a piecemeal way and ‘getting things done’ instead of careful long-term policy planning. This shows that ‘the government’s attention has been concentrated on the immediate critical problem at hand rather than on forecasting future problems or devising long term plans’. In addition, Scott found that the Hong Kong government’s social policy changes have been aimed at managing or resolving crises in order to maintain its legitimacy and survival as a colonial government lacking popular support. According to Scott, many of the problems and crises that Hong Kong has faced were caused by factors and circumstances outside Hong Kong’s control. In other words, the Hong Kong government has made the policies to deal with these problems in ad hoc and incremental manner for the reasons that the colonial government cannot predict these major problems and crises. As a result, the policy orientation of the colonial government has been typically reactive rather than proactive.

Andrew Wong supports Scott’s view that the nature of Hong Kong government’s social policy should be described as a process of pragmatic and situational adaptation to environmental changes without purpose. The government’s policy changes in the expanded public assistance scheme, the introduction of additional free and compulsory education, the stepping up of labour legislation for the protection of workers were mainly a reaction or an adaptation to the crisis of legitimacy caused by the 1966 and 1967 riots. In Wong’s view, the policy changes were oriented to the ‘politics of survival’ with the purpose of ensuring political stability and economic prosperity without undue government intervention and without having to pay high taxes since the Hong Kong government could reduce the risk of offending Chinese sensitivities by minimizing intervention into the local Chinese community and could consequently enhance its chance of survival. Moreover, Wong describes the success of the Hong Kong government’s social policy as ‘accidental and not intentional’ and as ‘muddling through’, which denotes ‘getting something done or achieving success without careful planning and without clear objectives’ (Leung, 1996). Wong thinks that the government made the social policies just to deal with immediate problems. He explains further that the Hong Kong Chinese understood well Hong Kong’s uncertain political circumstances and had learnt to be unchallenging on the Hong Kong
government. Although the colonial government tried to develop a better Hong Kong which based on accumulating a sizeable surplus after two decades sustained economic growth, the government aims at making its legitimacy stronger and therefore enhance the government’s ‘politics of survival’ by the passive adaptation to a crisis in the environment.

Law Kam-yee and Wong Cheung-wai review that the commonsensical view of Hong Kong Government as laissez-faire is grossly overstated because of the fact that the colonial government made a great effort in the areas of labour, housing, prisons and mental hospitals when the public demand absents before the Second World War (Law and Wong, 1997). These provisions and efforts give the evidence that it is inappropriate to consider the overall policy direction as laissez-faire or positive non-interventionism.

Chan Chuek-wah regards the social policy in Hong Kong as ‘a selective interventionist role’ instead of laissez-faire or positive non-interventionism in describing the role of the Hong Kong government in the economy from 1950 to 1970 as well. Chan cites Schiffer’s analysis that the Hong Kong government played ‘a selective interventionist role’ in the promotion of international trade; adoption of a particular monetary policy; massive provision of public housing for low-income families; intense involvement in urban and infrastructure development; and strict control in the prices of foodstuffs (Chan, 1998). Chan’s reference explains that the colonial government intervened these aspects of the economy and public life heavily whereas others lightly since the colonial government placed the interests of its home country (Britain), British hongs and the capitalist class above the rest of Hong Kong society. Chan suggests that the social policy making can be explained by the ISH Model (ISH Model stands for Institution - Strategic actions of agents - Historical contingencies), which emphasizes the strategic actions and influence of important agents in the existing institutional setting within the broader, contingent, historical context. The relative power of strategic agents can modify over time and unexpectedly as a consequence of government policies with changes and crises in the external environment.

The arguments of Ian Scott, Andrew Wong, Law Kam-yee and Wong Cheung-wai and Chan Cheuk-wah show the common features in the orientation of making social policy that (i) the government was lack of long-term policy planning; (ii) the government took action to the changing circumstances only; (iii) the government tended to modify the policy for maintaining its survival, legitimacy and managing the crisis. The common features illustrated that the colonial government goes against the principle of laissez-faire and positive non-interventionism as the government is not going to play the role in
maintaining social order and safeguarding the operation of market economy with the long-term planning horizons.

The presentation of social policy in social welfare and housing provisions additionally give evidence for adapting the ‘selective interventionist’ approach in the colonial government with the resolution of crises.

In the provision of social welfare, as mentioned above, the Hong Kong government promoted the tradition of self-reliance among the Hong Kong Chinese through the establishment of social networks and social welfare organizations, such as the Po Leung Kuk, the Tung Wah groups of Hospital and Kaifong Association. Such kinds of social welfare organizations, which offered mutual help among the Chinese, supported the colonial government in trying to cut down the demands on the government when the colonial government was adapting passively to the environment. However, there was a considerable expansion the provision of social welfare in the 1970s. The colonial government implemented the Ten Year Housing Programme which aimed at providing public housing for 1.8 million people by the year 1982. It introduced the policy of six years of universal free and compulsory primary education in 1971 and extended it to cover three year of secondary education 1978. Besides, a public assistance scheme was established in 1971 to accommodate to the financial and material needs of the poor, the elderly and the disabled. The announcement of White Paper on ‘The Further Development of Medical and Health Services in Hong Kong’ in 1974 paved the way for a shift in emphasis from epidemics prevention and control to the provision of more and better health services for the Hong Kong people. Such kinds of social welfare policy in education, medial and health care, public housing and services for disabled persons, elderly people, children, youth and offenders demonstrates that the increased government intervention was just oriented to ‘crisis management’ for the 1966 and 1967 riots. In other words, the colonial government did little in terms of social welfare provision before 1968 because this did not threaten its survival.

Hong Kong’s housing policy was further proved that the policy orientation of the colonial government has been characteristically reactive to adapt a crisis in the environment as the housing policy started by accident. Hong Kong government introduced an emergency housing policy in 1954 after the fire in 1953 in Shek Hip Mei squatter area left some 50,000 people homeless. In 1954-1961, the government provided about 8,523 housing units per year and 27,522 public housing units were built per year in 1962-1969 (Chan, 1998). These figures show that government intervention in the housing market
was increasing for the fact that the colonial government wanted to maintain social and political stability, make its legitimacy stronger and thus enhance the ‘politics of survival’ at that time. Moreover, a series of Housing Programme and Housing Scheme, such as the Ten Year Housing Programme in the period of 1972-1986, the Home Ownership Scheme, the Home Purchase Loan Scheme, the Housing Scheme for Middle-income Families, provides sufficient evidence that the government intervention which aims at promoting social stability and sense of belonging to Hong Kong has been increased before the change of sovereignty.

Furthermore, in the late transitional period, Financial Secretary Hamish Macleod redefined the government’s intervention strategy as the Hong Kong style of ‘consensus capitalism’, which refers to a ‘more interventionist in approach’ that ‘the government is doing more and more, and that is very much a fact of life’ (Cheung, 2000). The ‘more interventionist’ approach formed the part of state strategy and shaped the ‘new interventionism’, which employed by Anthony Cheung, after 1997. In the first Policy Address, Mr. Tung Chee-hwa, Chief Executive of Hong Kong Special Administrative Region (HKSAR), emphasized that the government tended to play a role of ‘state interventionism’ as he said that ‘Hong Kong has finally broken free from the psychological constraints brought about by the colonial era. We should have the courage to set aside past modes of thought and plan Hong Kong’s long term future with new vision.’ (Tung, 1997, para. 3) In addition, the role of ‘state interventionism’ was proved in the areas of housing, education and industrial development. In the provision of housing, Tung set an annual target of 85,000 new residential housing units for next ten years and ‘intervene’ in the land market so as to prevent land and property price from further plummeting. In education, Tung ‘have continuously increased our investment in education. Funding has surged from $37.9 billion in 1996-1997 to $55.3 billion in 2001-2002, a 46% increase over five years.’(Tung, 2001, para. 34) On the side of industrial policy, Tung assigned Financial Secretary Donald Tsang in setting up the new Strategic Development Commission and Commission on Innovation and Technology with a brief to promote Hong Kong’s industry by the application of new technology. Cheung reflects that the government has a clear desire to maintain Hong Kong’s international competitiveness and sustain the popular demands for state policy actions and interventions. Moreover, Cheung make a forward-looking view about the role of government in social policy that ‘a more indigenous SAR state, facing economic challenges unseen over the past few decades, and beginning to take bold steps in intervening in the market so as to maintain stability, is charting a new course of no return.’ (Cheung, 2000)

Succinctly, lassiez-faire or positive non-interventionism should not be considered as an appropriate description of social policy in Hong Kong since the post-war years for the reason that the colonial
government played the 'selective interventionist' in the areas of public housing, economic, financial and monetary policy, infrastructure development and prices of foodstuffs. After 1997, the SAR government tends to play a more interventionist role in the market for maintaining social and political stability in accord with the vigorous policy orientation.

Reference


