

An Investigation into 'Capitalist Democracy' in Hong Kong

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The project aims to present the effects of the Hong Kong government's fundamental pro-business agenda and why it is currently facing little opposition.

Introduction

The political system of Hong Kong is unique to a few East Asian economies, having evolved parallel to the development of capitalism. Established as a free-port, separate customs territory and based around the principle of positive non intervention by the British sovereign, it had become known as a 'capitalist paradise'. The provision of welfare was limited to providing a stable environment for business to flourish. This cultivated a highly adaptable workforce and a voluntarist tradition of employment regulation. Despite the transference of economic responsibility to the Chinese capitalists, labour still remained subsistent to a pro-business power structure. Though Hong Kong is a leading capitalist economy, it has not witnessed a politicized workforce throughout its development, causing significant underdevelopment in the fields of labour rights and democratization.

Methodology

The project is based almost entirely on elite interviews. Interviews have been conducted with trade union leaders, local academics, legislators and NGOs. Supplementary information has been taken from books and journals in order to set the background and verify information given by interviewees

Findings

The government's economic rule has caused a continuous problem of a widening wealth gap. In its extremes, real estate developers are amassing wealth, while 1.2million currently live in abject poverty, resulting in one of the highest Gini indexes in Far East Asia.

Subject to neoliberal forces of globalization, employers have been relentless in cutting and controlling costs to assure their competitiveness on the global market. Flexible employment practices such as lengthy working hours (often with unpaid overtime), self-employment and shortened employment tenure have become commonplace, resulting in lower wages, a withdrawal of work benefits, disruption in the work- life balance and job insecurity.

Despite their enjoyment of civil liberties, the population is deprived of a political channel to demand change; the Chief Executive of the SAR is currently appointed by a group of Beijing loyalists, and the central government has failed to put forward concrete plans to the implementation of universal suffrage. Legislative Councillors are elected both by geographic constituencies and leading business sectors, which generates support for economic elites.

The trade union movement is divided between pro-China and pro-democracy groups, reflecting the territory's ongoing power struggle— the Hong Kong Federation of Trade Unions (FTU)- holds a dominant, patriotic role in supporting the Chinese government on behalf of the workers and promoting sound industrial relations, while the weaker, yet more militant pro-democratic Hong Kong Confederation of Trade Unions (CTU) is persistent in fighting for labour rights, economic justice and democratization; or the 'rice bowl and the ballot'.

CTU's success is undermined by a number of factors:

From a legal point of view, the struggle takes place in a context where unions have no collective bargaining mandate rendering them irrelevant in workplace negotiation. Moreover, workers are not safeguarded from the possibility of dismissal if engaged in trade union activity.

The CTU alienates the majority of the working class, which treasures sound relations with mainland as one of the fundamental principles and thus shies away from taking part in a pro-active labour movement. To date, the government's policies on Hong Kong-mainland relations have earned a 88% approval rating.

Professional and white-collar workers that share CTU's pro-democratic approach have established their own niches of well-organized unions away from the more vulnerable, and less mobilized working-class.

Due to the virtual absence of the secondary sector in Hong Kong (and thus an obvious power base), unions have had to adapt to the difficult task of organizing and mobilizing the ever-expanding service, information and financial sectors. Irregular and long working hours, the growth of small businesses, the outsourcing of labour, and the dominance of Human Resource Management (HRM) pose a continuous challenge to unionisation. However, exploitation in the private sector is not uncommon and thus, these are precisely the 'grey areas' that labour legislation must seek to address.

Additionally, the passivity and unconflictual nature typical of Hong Kong people, as well as the growth of individualism has bred apathy to collective action (notably, cases of the infringement of personal freedom are an exception; the population responded strongly to China's actions in The Tiananmen Massacre and the imposition of Article 23).

Indeed, while the union leaders are engaged in fierce competition in recruiting members and securing a public image, workers are rarely loyal to their unions; seeking benefits and discounts from the FTU and CTU's intervention according to their needs. CTU leaders call themselves a 'fire department' given their ad hoc involvement and their inability to encourage members to sustain active unions.

Unions have a minority position within the LegCo, and so are better described as pressure groups. Pro-democratic parties have held back from showing full support to CTU, fearing the loss of middle-class support, which has vested interests in the current operation of the economy. Thus, there is currently no credible alternative to the capitalist rule of the government. The FTU, however, gains from its strong alliance to the DAB, the largest pro-government party and *de facto* ruling party.

The polarization of the LegCo and the supreme authority of the Chief Executive and the Executive Council explain the slow progress in improving the welfare of workers. When faced with unrest (for instance following the Asian financial crisis), the government has failed to address long-term strategies and responded only with appeasing piecemeal policies.

However, the Article 23 protest of 2003, has exerted considerable pressure on the government to be more accountable and respond to the needs of various groups, setting a valuable precedent of civic responsibility for the population. In September 2006 Chief Executive Donald Tsang has announced that Hong Kong was no longer leading a policy of positive non-intervention, with legislation on minimum wage on the negotiating table. Even though, as it stands, the legislation is presently defective and discriminatory.

Conclusion

The legacy of British management of the labour market has led Hong Kong's employers to take for granted that workers exist to serve the economy, not vice versa. Defective legislation, a long-standing tradition of positive non-intervention and a polarized LegCo have meant that minimal progress has been made to establish statutory labour rights. Political divisions are also evident in the trade unions which are faced with the task of organizing a reluctant workforce in an economic environment that is hostile to unionisation. However, Hong Kong people have recently learned that by acting collectively they are able to pose a threat to the government and set demands. What Hong Kong needs is an active and committed workforce in order to assure that the government adopts long-term strategies to promote equal opportunities for its people, instead of appeasing discontented groups with piecemeal and ineffective policies. It must be remembered, however, that the starting point of government intervention is low.