

**Rethinking Hong Kong's Human Resources and Competitiveness:  
A Pre-Policy Study**

**Interim Report**

**By**

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**This work is sponsored by The 2022 Foundation**

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## Introduction

In its report *Bringing the Vision to Life* (February 2000), the Commission on Strategic Development identifies elements that are vital to Hong Kong's positioning as a major city in China and as Asia's World City. Few would question the vision to make Hong Kong a vibrant, civil and cosmopolitan place, and its institutions provide a stable, transparent and encompassing environment, in which fair competition is appreciated and the rule of law respected. Business and political leaders are well aware of the basic requirements for such positioning: high quality human resources that allow for global reach and long-term competitiveness.

Two frequently asked questions in relation to these requirements are: who constitute Hong Kong's populations, and how are they prepared for present and future challenges? We highlight the fact that Hong Kong's resource rests on its people. Their lives, aspirations, cultural capital, and strategic maneuvers constitute the bulk of its institutional practices. At a time of rapid change, it is necessary to understand how its people might place themselves within an evolving institutional framework

To address these issues will take us beyond population and education policies. Appreciating the need for re-examining the fundamentals in answering these questions, we take a detour from the hardware of development to focus on softer issues – to identify the Hong Kongers in more precise terms by a critical examination of their positioning in local, regional, and global contexts, past and present.

We start with the working hypothesis that Hong Kong has been competitive for well known historical reasons. Hong Kong has never been a physically bounded entity, but “a space of flow,” a node in the crossroads of empires, trading communities, industrial assembly lines, and now global finance, consumption and media. Making use of institutions unavailable on the Mainland and elsewhere since the nineteenth century, a diverse range of people entered and exited Hong Kong during various phases of their lives and careers, and have deposited layers of value that connected Hong Kong to regional and global environments. Each layer of historical experience has shaped this city of migrants. Hong Kong's infrastructure for livelihood and business has sustained and recycled this multi-ethnic cultural capital, and been illuminated by its legal institutions, business associations, language and education, religion and rituals, family structures, and consumption. Constant infusions of talents from China and other parts of the world have added value and diversity to local society.

Our study will highlight the real but fluid borders Hong Kong shares with China and the rest of the world. Generalized concepts like Capitalism and Colonialism do not adequately describe Hong Kong's experience. Most of its residents emigrated from the Mainland. Their lives have been intimately linked to family members living in rural communities and socialist economies. Furthermore, although a colony, Hong Kong was ruled from the 1960s to the 1990s by a government with an unusual degree of autonomy.

It relied on an efficient and an increasingly localized civil service to legitimize its position. As a globally connected city, Hong Kong has inherent volatile qualities. Policy-makers have achieved an extent of social cohesion not by exclusiveness and territorial control, but strategic engagement and participation. A vibrant city culture on the move, brash and luxurious, becomes a dominant ordering framework and trend setter. Flexible positioning, based largely on the historical layers of social networks and cultural capital, has been the character of Hong Kong's human resource landscape.

In view of the severe economic downturn and deepening social strife in Hong Kong since 1997, we must ask if the ordering frameworks (economic, political, social and cultural) have fundamentally changed. There seems to be a lack of consensus on Hong Kong's positioning. The business community is frustrated because Hong Kong seems to be losing its edge over rising competitors. Various groups feel disenfranchised and displaced. Facing the pressure from a liberalizing China and a volatile global economy, an already localized population digs its heels in and turns defensive. The continuous inflow of dependent women and children from rural South China through family reunion strains societal resources and tolerance. All these processes have generated doubts on the territory's ability to attract competitive talents in times of drastic structural changes.

Understanding the changing nature of the border and the demographic patterns allows us to map more precisely the ways of life in a place that millions have identified with and to which they attach a future. If Hong Kong can capture the pulsating rhythms of transformations in China and the world today, it may turn present challenges into unprecedented opportunities. Our studies would wish to ask the following questions:

- 1. How must we take into account historical and cultural experiences in appreciating Hong Kong's competitiveness? Can historical lessons help us better understand the positioning of Hong Kong residents in relation to China and the world?**
- 2. Today, where does Hong Kong's stock of human resource stand in comparison to other world cities and in view of new regional opportunities?**
- 3. If there is a serious mismatch of Hong Kong's human resources and its service-oriented economy, what combination of policies has led Hong Kong into such an impasse?**
- 4. How can Hong Kong remain open to attract diverse talents while reinforcing its institutional integrity?**
- 5. How must we critically rethink existing assumptions, policy parameters and mindsets in order to renegotiate a new social contract and road map?**

These are some of our key questions when we try to understand the competitiveness of Hong Kong's human resources and to consider policy directions.

