Hong Kong Institute of Asia-Pacific Studies

The Hong Kong Institute of Asia-Pacific Studies was established in September 1990 to promote multidisciplinary social science research on social, political and economic development. Research emphasis is placed on the role of Hong Kong in the Asia-Pacific region and the reciprocal effects of the development of Hong Kong and the Asia-Pacific region.

Director: Yeung Yue-man, PhD(*Chic.*),
Professor of Geography

Associate Director: Sung Yun-wing, PhD(*Minn.*),
Professor, Department of Economics

HK$20.00

ISBN 962-441-144-1

Occasional Paper No. 144 *March 2004*

Global City, Dual City?

Globalization and Social Polarization in Hong Kong since the 1990s

Stephen W. K. Chiu
Tai-lok Lui

香港亞太研究所

Hong Kong Institute of Asia-Pacific Studies
The Chinese University of Hong Kong
Shatin, New Territories
Hong Kong

Global City, Dual City?

Globalization and Social Polarization in Hong Kong since the 1990s

Stephen W. K. Chiu
and
Tai-lok Lui

Hong Kong Institute of Asia-Pacific Studies
The Chinese University of Hong Kong
Shatin, New Territories
Hong Kong

About the Authors

Stephen W. K. Chiu and Tai-lok Lui are professors in the Department of Sociology, The Chinese University of Hong Kong.

Acknowledgements

We would like to acknowledge the financial support received from the Research Grants Council of the University Grants Committee through the project on "Flexible Employment and Social Life in Hong Kong: Tracing the Impact of Globalization" (RGC Ref. No.: HKUST6054/02H) for the data analysis portion of this paper, and from the Department of Sociology, The Chinese University of Hong Kong through a departmental small grant for the write-up of this paper. We are also grateful to the Census and Statistics Department for generating statistical tables for us and for the kind assistance of its staff on our analysis of the public-use data file. The able research assistance of Winnie Chan was also indispensable.

ISBN 962-441-144-1

Global City, Dual City?

Globalization and Social Polarization in Hong Kong since the 1990s[1]

Introduction

The relationship between the development of a global city and social polarization has generated a rich literature debating and testing the validity of the thesis. Most studies have focused on global cities in advanced Western societies, such as London and New York; or in regions such as the Randstad region of the Netherlands (Hamnett 1994; Sassen 1991, 2001). The studies of Baum (1997, 1999) are among the few examples that go beyond North America and Continental Europe. This paper attempts to add to the above ongoing discussion by examining the case of Hong Kong, another indisputably global city outside of the primary axis of London, New York and Tokyo. In particular, Hong Kong is an ideal site for testing the dual city thesis because it has undergone, in the most striking manner, the critical transformation postulated in the literature on global cities, that is, the decline of secondary production and expansion of services and especially producer services has been rapid and tremendous. Thus, if social polarization is indeed an outcome associated with the development of global cities, Hong Kong should be no exception. Moreover, by using micro-level data from the population census rather than published aggregate data, we should also be able to conduct a more direct test of the polarization thesis by looking at the relationship between structural and occupational changes in global cities and social polarization.

The Global City Thesis and Social Polarization

The link between social polarization and the rise of the global city has been pushed to the forefront of social analysis since the 1980s. Scholars like Sassen (1991, 2001) and Friedmann (1986; also Friedmann and Wolff 1982), seeking to capture the structural transformation of the world economy towards accelerated globalization and increasing integration, have forcefully articulated a thesis of the "global city" or "world city." As Friedmann (1995b) put it, the radical break in the world economy began in the 1980s with four major characteristics:

> the functioning of industries of a world scale through the medium of global corporate networks; an increase in oligopolistic, progressively centralized power; an ongoing process of corporate decentralization through new forms of subcontracting, joint ventures, and other forms of networked organization and strategic alliances; and finally, a new, more volatile balance of power between nation-states and corporations (p. 26).

Against this background, a network of global cities has arisen from the spatial manifestation of capital accumulation in the new global economy (see also Hall 1998; Yeung and Lo 1998, focusing specifically on Asia). As Sassen (2000) pointed out, today's global cities are:

> (1) command points in the organization of the world economy; (2) key locations and marketplaces for the leading industries of the current period — finance and specialized services for firms; and (3) major sites of production for these industries, including the production of innovations in these industries (p. 4).

A dual process of dispersal of economic activities and centralization of control and coordination is typically cited to be the engine behind the emergence of global cities. As the global mobility of capital and commodities has accelerated, production (and manufacturing production in particular) has become geographically dispersed. In the 1980s, in search of cheaper labour and lucrative markets, firms began an aggressive drive to

globalize. American and European firms had long been key players in the global economy, but Japanese firms caught up rapidly. Not only firms originating from the core developed countries, but also those from developing semi-peripheral areas of the world began to globalize. For example, under major companies such as Ford, General Motors, Toyota and Honda, automobile production has come to be organized in several hierarchical networks of nodes. In the apparel industry, the diversification of production across a wide spectrum of locations via the formation of multinational subcontracting networks has become even more apparent. Leading brands in the American market, such as Gap and Nike, no longer have any local production, but have contracted out their production to a multitude of specialized manufacturers in Mexico, China, Indonesia and numerous other countries. Gradually, not even material production, but other kinds of economic activity such as financial markets, have become more dispersed.

With this spatial dispersal has come pressure for a higher level of centralization of coordination and control. The concentration of ownership in a smaller number of mega corporations has reinforced this trend, but the scale and complexity of transnational transactions has also necessitated the expansion of top-level multinational operating headquarters and the concomitant growth of the firms that serve them in such areas as insurance, banking, financial services, real estate, legal services, accounting, consultancy and professional associations. Sassen (1991) grouped these firms under the category of "producer services" including "not only services to production firms narrowly defined but also those to all other types of organizations" (p. 91). The distinctive feature of producer services is therefore the fact that they are intermediate outputs produced not for final consumers but for other organizations. While producer services do not typically depend on proximity to consumers, they need to benefit from a constant circulation of knowledge of information from *other* firms and organizations. Producer services therefore often exhibit a tendency towards locational concentration. New York and London are global cities basically for their extraordinary concentration of a variety of service firms. A related advantage of agglomeration is the "amenities and lifestyles that large urban centers can offer the high-income personnel employed in the producers services" (p. 105).

One of the most interesting and controversial aspects of the global city thesis concerns the impact of the emergence of global cities as "postindustrial production sites" and the ascendance of finance and producer services on the broader social and economic structure of major cities: the so-called polarization thesis. Friedmann and Wolff (1982) argued this point cogently:

> A primary fact about world cities is the impact which incipient shifts in the structure of their employment will have on the economy and on the social composition of their population. The dynamism of the world city economy results chiefly from the growth of a primary cluster of high level business services which employs a large number of professionals — the transnational elite — and ancillary staffs of clerical personnel (p. 320).

Allied to this primary cluster are other poles of employment growth. One is the personal services and other amenities catering to the new elite: restaurants, hotels, luxury boutiques, entertainment, real estate, domestic services and security. The other growing sectors are international tourism and government services.

All of these sectoral and occupational trends are argued to have negative consequences in terms of social equity and income distribution. Sassen (1998) summarized the polarization thesis succinctly in terms of three dynamic processes:

> 1) the growing inequality in the profit-making capacities of different economic sectors and in the earning capacities of different types of workers; 2) the polarization tendencies embedded in the organization of service industries and the casualization of the employment relation; and 3) the production of urban marginality, particularly as a result of new structural processes of economic growth rather than those producing marginality through abandonment (p. 137).

In global cities, "class polarization has three principal facets: huge income gaps between transnational elites and low-skilled workers, large-scale immigration from rural areas or from abroad, and structural trends in evolution of jobs" (Friedmann 1995a:324). Employment expansions tend to cluster at the top and bottom ends of the occupational/income distribution at the expense of the middle. The processes of de-industrialization and the expansion of service industries have both contributed to this phenomenon. Manufacturing jobs with middle income have therefore been replaced by a duality of jobs in services, with positions that are either a relatively high paid or poorly paid. At the lower end of the labour market and in the labour-intensive service industries, Sassen (1998) also pointed to the casualization of employment relations in the form of rising job insecurity and part-time jobs. The requirements of the jobs in the new service economy are also becoming polarized in terms of credentials in education and skills. Often, jobs at the bottom are also filled by marginal workers, primarily documented or undocumented migrants from countries with a lower level of development. Sassen (1998) called this the dualization in the organization of service industries. The image of the "hour glass" was also invoked to describe the social structure of the global city (Marcuse 1989:699).

The polarization thesis has been subjected to considerable critical review (see especially Hamnett 1994, 1996). Several points on the issue of the validity of the thesis emerged from the ensuing discussion. First, the concept as presented by Sassen has been found to be ambiguous and ill-defined. To test whether polarization has developed, we need to distinguish between relative or absolute polarization, that is, whether polarization means a widening of the gap between the top and the bottom in the occupational hierarchy, or whether globalization will create a larger number of low-skilled and/or low-paid jobs in addition to the increase in professional and managerial jobs. Furthermore, it is also necessary to see whether polarization occurs in the occupational structure or is largely manifested in incomes. Second, the polarization thesis is also said to contradict the wider literature on the changing occupational structure in advanced capitalist societies, especially the growth of professionalization and the new middle class. Third, it is also doubtful whether the idea could be generalized to other advanced countries because it could be contingent on the experiences of New York and Los Angeles, where high levels of immigration have accentuated the processes of dualization and casualization in the service sector. A more general point, therefore, is the extent to which polarization is caused by economic restructuring resulting from globalization, and how much it is shaped by local institutional contexts. Finally, there is the issue of the extent to which the growing inequalities in a global city are gender-specific.

Hamnett (1994) cast doubt empirically on the thesis through an examination of the Randstad region of the Netherlands. His findings suggested that professionalization, rather than polarization characterized the main thrust of socioeconomic changes in the region. Baum (1997, 1999) looked at the Asia-Pacific cases of Sydney and Singapore. In Sydney, Baum (1997) found evidence of polarization, especially when gender and migration are taken into consideration. In the case of Singapore, however, he (1999) suggested that "rather than the development of a polarised structure, there is a trend towards a professionalised occupation structure and a growing middle-upper income-group" (p. 1095).

This paper seeks to add to this growing empirical literature by looking at another Asian global city, Hong Kong. The case of Hong Kong is most relevant not only because it always appears in listings of world cities or global cities (Friedmann and Wolff 1982; Beaverstock, Smith and Taylor 1999; Taylor, Catalano and Walker 2002) but also, given the specificity of its local institutional configuration, namely an economy largely driven by unfettered market forces, that it is a case in which the impact of globalization (de-industrialization and resulting sectoral changes) would be found to be most pronounced. In other words, if one is to look for an ideal test case for the global city hypothesis, Hong Kong should stand out among other oft-cited

cases like New York, London and perhaps Tokyo. Equally significant is that we shall seek to go beyond previous tests of the polarization thesis by using the micro-level data generated by the population censuses of 1991, 1996 and 2001. With this source of information, we could offer a more nuanced view of the tendencies of polarization and their relationship to the structural and occupational changes unleashed by the forces of globalization over the past decade.

Globalization, De-industrialization and the Rise of Producer Services

Hong Kong actually began plugging into the larger picture of the global economy when it was colonized by Britain in the nineteenth century. It performed the role of a regional trading port and a commercial city, occupying a key position in the economic networks of overseas Chinese in the early decades of the twentieth century (Hui 1996; Hamilton 1999:23; Meyer 2000). However, because of the establishment of the Communist regime in mainland China in 1949 and the Korean War (and the resulting trade embargo on China) in the early 1950s, Hong Kong's entrepôt trade suffered tremendously. However, the 1950s also marked a new phase in the development of Hong Kong's manufacturing industries. With modest beginnings, Hong Kong, based upon export-oriented, labour-intensive production, was quickly transformed into a successful industrial city in the 1960s and 1970s. Starting from the late 1960s, Hong Kong emerged as a regional financial centre (Jao 1997:39). The rest is the familiar story of Hong Kong's success in climbing up the hierarchy of global cities (on Hong Kong's economic development, see Chiu, Ho and Lui 1997).

But the narrative of Hong Kong as a global city does not stop there. The latter half of the Hong Kong story is about its economic and political restructuring in the context of intensified economic globalization, the ending of its colonial status and the return to China in 1997. On the economic front, a new phase of globalization began with the dispersal of local production in the form of the massive relocation of the manufacturing industries. Squeezed between high production (labour and land) costs and stiff competition from other newly industrialized economies, local manufacturers began to search for greener pastures abroad (Lui and Chiu 2001). Starting from the mid-1980s, relocation has become a leading strategy of production for Hong Kong's manufacturers.[2] While many Hong Kong manufacturers have extended their production arms to places like Southeast Asia, Sri Lanka, Mauritius and as far away as Poland, it is mainland China (particularly the area around the Pearl River Delta, PRD) that has come to constitute the main destination of their offshore production. With its abundant supplies of low-cost land and labour, mainland China fits in very nicely with the strategy of local manufacturers of expanding production without carrying out rigorous technological upgrading (Lui and Chiu 1993; Chiu and Lui 1995).

According to official sources, Hong Kong capital accounted for some 70.8% of total foreign investment into the PRD region during the period 1985-1999, and totalled US$80,473.8 million (Enright et al. 2003). It is easily the largest foreign investor in the region. Another estimate suggested that Hong Kong firms were employing 26 times as many workers in Guangdong as in Hong Kong proper at the turn of the twentieth century, ranging from 1 to 6 in the software industry to 1 to 55 in the toy industry. It was then estimated that Hong Kong firms employ approximately 10 to 11 million people in the PRD region (Enright et al. 2003). Another study, by the Federation of Hong Kong Industries (2002:5), estimated the number of Hong Kong manufacturing and trading firms in the mainland to be 25,000, with another 34,000 factories serving Hong Kong manufacturing operations as subcontractors or suppliers. In the PRD alone, there were 21,000 Hong Kong-invested factories and another 32,000 under some form of subcontracting and outward processing arrangements with Hong Kong firms. An MIT team studying the local industry thus coined the term "Made by Hong Kong" as against "Made in Hong Kong" to describe the shift in the pattern of production (Berger and Lester 1997).

The change in Hong Kong's role from a site of production to an operating centre controlling a widely dispersed network of sites of extra-territorial production has led to other changes. First, the re-export trade from China has expanded exponentially. As Hong Kong manufacturers relocated their production base to China by setting up factories there or subcontracting parts of the production process to Chinese factories, the volume of outward processing arrangements has surged dramatically. The usual outward processing arrangement is to export raw materials or semi-manufactures from or through Hong Kong to China for processing, with a contractual arrangement for subsequent re-importation of the processed goods into Hong Kong (Census and Statistics Department 1995a:F2). Re-exports originating in China and involving outward processing almost doubled from HK$221 billion to HK$423 billion in the four years before 1995 (p. F7). Labour-intensive products such as clothing, electrical appliances and toys were among the major items. Commodities involving outward processing in China accounted for approximately 82% of all re-exports from Hong Kong in 1994 (p. F13).

The growth in cross-border trade and other transactions stimulated the growth of other producer services such as finance and trade-related services, insurance, communications, port services, transportation and logistics. What is more relevant to our discussion here is the further development of Hong Kong as a locale for coordinating and managing such transnational flows of economic activities. One indictor is the regional representation of overseas companies in Hong Kong.[3] The number of regional headquarters (RHs) rose from 602 in 1991 to 944 in 2001. In the same period, the number of regional offices increased from 278 to 2,293 (Industry Department 1992:8, 11; Census and Statistics Department 2001a:8, 12). The available information on the Hong Kong-based regional representation of overseas companies does not really allow us to say too much about the changing pattern of their activities and the complexities of regional coordination and control. However, it should be noted that there are significant differences among the multinational corporations (MNCs) of different origin countries in using Hong Kong as a centre of regional representation, coordination and control (Thompson 2000).[4] For example, for Japanese MNCs, "Hong Kong is most important as a location for marketing, sales and customer service functions.... [F]or US MNCs, Hong Kong would seem very important for coordinating, supporting and reporting on regional operations" (p. 182).

In 1991, 43.4% of the parent companies of the RHs were engaged in manufacturing. However, in terms of their Hong Kong operations, only 11.5% of the surveyed firms were involved in manufacturing; the majority (51.7%) were engaged in wholesale, retail and import/export (Industry Department 1992:9). In the period 1991-2001, an increasing number of RHs (either in terms of the business of their parent companies or their Hong Kong-based activities) were found to be in wholesale, retail and trade-related services. In 2001, the second-most important line of business was financial services (Census and Statistics Department 2001a:10). This picture is largely consistent with our earlier discussion of the restructuring of Hong Kong's manufacturing. If Hong Kong is to play a part in global production (either as a source of offshore investments, as a gateway of global outsourcing, or as a hub of the global coordination and control of production of MNCs), its significance falls primarily in the areas of commerce, trading and management.

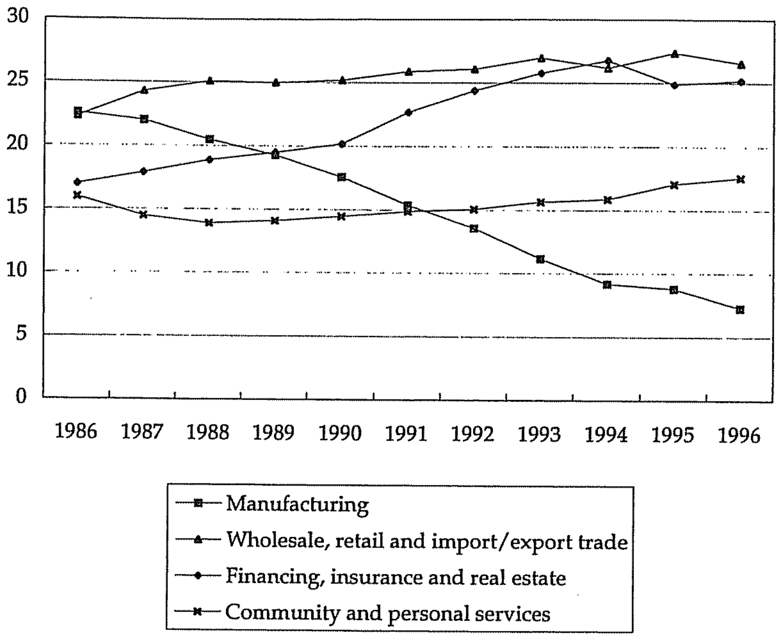
Allied to this is the global increase in the mobility of capital and the rise of Hong Kong as a regional financial centre (also see Meyer 2000:197-218). For example, the number of foreign-incorporated banks increased from 138 in 1990 to 154 in 1995. By 1995, Hong Kong had emerged as an indisputable centre of regional and international finance. Hong Kong was in the top five of most lists ranking financial development in the Asia-Pacific and among the top 10 in the world (Table 1). The net result is that business services are making up a rising share of gross domestic product (GDP) at the expense of manufacturing, and that financial services, trade and commerce have become prominent sectors of Hong Kong's economy (Figure 1).

Table 1 Ranking of Hong Kong as an International Financial Centre, circa 1995

Categories	Asia-Pacific ranking	World ranking
Banking		
Number of foreign banks	1	2
Banks' foreign assets	2	4
Banks' foreign liabilities	2	5
Cross-border interbank claims	2	6
Cross-border interbank liabilities	2	4
Cross-border credit to non-banks	1	2
Syndicated loans and note-issuing facilities (NIFs) (1994)	1	4
Forex market		
Net daily turnover	3	5
Derivatives market		
Net daily forex contract turnover	3	5
Net interest rate contract turnover	4	8
Overall	3	7
Stock market		
Market capitalization	2	9
Value traded	4	11
Number of listed domestic companies	7	16
Gold market	1	4
Insurance		
Number of authorized insurance companies	1	N.A.
Premium income	5	27
Qualified actuaries	1	N.A.
Fund management	2	N.A.

Note: N.A. = not available.
Source: Jao (1997:54).

Figure 1 Sectoral Share in GDP of Manufacturing and Major Service Sectors, 1986-1996 (%)



Sources: Census and Statistics Department (various years).

To put all of this in perspective, we could cite Beaverstock et al.'s (1999) work in constructing an inventory and ranking of global cities. Their methodology specifically measured the extent to which different cities had become "postindustrial production sites," where corporate and financial services are paramount and deeply embedded in a global network. They measured "world-cityness" by means of the development in four major global service capacities: accountancy, advertising, banking and law. In particular, they recorded the presence of major global firms in the above four sectors, and came up with a three-tiered classification: prime global service centres, major global service centres and minor global service centres. In legal services and

banking services, Hong Kong is identified as a prime global service centre; whereas in accountancy and advertising, Hong Kong is regarded as a major global service centre. The world-cityness of a roster of 122 cities were measured on a scale of 1 to 12. Hong Kong scored 10, along with five other cities (Chicago, Frankfurt, Los Angeles, Milan and Singapore); while London, Paris, New York and Tokyo achieved a score of 12. Together, these 10 cities were classified as *Alpha world cities*.

Employment and Occupational Changes

Thus, Hong Kong's recent development undoubtedly merits its inclusion into the ranks of a small number of global cities standing at the apex of the contemporary global economy. This structural change in the economy mirrored in employment (Table 1). Even in absolute terms, the number of workers employed in manufacturing have dwindled since the late 1980s. Due to the relocation of manufacturing production to low-cost countries, the number of workers engaged in manufacturing was almost halved between 1987 and 1994, sliding from 916,000 to 562,600 (Census and Statistics Department 1997:16). Based on census data, between 1991 and 1996, those employed in manufacturing dropped from 28.2% of the total workforce to 18.9%, and then further to 12.3% in 2001 (Table 2). Altogether, the sector lost close to half of its working population over the decade, from 768,121 to 400,952. Commerce (wholesale, retail, import/export trades, restaurants and hotels) emerged as the largest employment sector, with more than a quarter of the total workforce in 2001, followed by community services and business services (financing, insurance, real estate and business services). The largest employment gain, however, was recorded in business services. The working population in the sector increased by 82.1%, followed by community services (53.9%) and commerce (39.5%).

The de-industrialization process mainly affected rank-and-file workers. Similar stories have been reported in many former industrial cities in advanced Western countries. In their study of

Table 2 Working Population by Industry, 1991, 1996 and 2001

Industry	1991		1996		2001		1991-2001	
	Number	%	Number	%	Number	%	Percentage change	Percentage point change
Manufacturing	768,121	28.2	574,867	18.9	400,952	12.3	-47.8	-15.9
Construction	187,851	6.9	245,440	8.1	247,883	7.6	32.0	0.7
Wholesale, retail and import/export trades, restaurants and hotels	611,386	22.5	757,239	24.9	852,619	26.2	39.5	3.7
Transport, storage and communications	265,686	9.8	330,974	10.9	366,312	11.3	37.9	1.5
Financing, insurance, real estate and business services	287,168	10.6	408,686	13.4	522,822	16.1	82.1	5.5
Community, social and personal services	539,123	19.9	680,048	22.3	829,720	25.5	53.9	5.6
Others	55,768	2.1	46,444	1.5	32,398	1.0	-41.9	-1.1
Total	2,715,103	100.0	3,043,698	100.0	3,252,706	100.0	19.8	—

Source: Census and Statistics Department (2002a:136).

London, Gordon and Harloe (1991) observed that the decline of manufacturing may not have led directly to mounting unemployment, but its indirect impact may have been more significant.

> The indirect impact of manufacturing job loss on the structure of employment opportunities available to those without formal qualifications (some 40 percent of the London labor force) may be more important. The majority of the manufacturing employment loss eliminated relatively secure or stable work, as did closure of the upstream docks in the 1970s. Public sector employment growth partly compensated for the loss of stable jobs for unqualified Londoners, but this ended in the 1980s. Jobs in growing sectors have thus become polarized between the financial and business service sectors, which traditionally offer secure jobs to workers with some form of qualification, and the private consumer services, including the burgeoning hotels and catering sector, where jobs are highly unstable and opportunities for training or advancement limited, but which do take largely unqualified workers (p. 386).

In Hong Kong the number of skilled and semi-skilled manual workers in the "craft and related" and "plant and machine operators and assemblers" categories have plummeted (Table 3). Between 1991 and 2001, the number of craft and related workers dropped by 19.3%, while that of "plant and machine operators and assemblers" fell by 34.8%. This was the case in spite of the 19.8% growth in the size of the labour force from 2.72 million to 3.25 million during the same period. In fact, as the number of production workers (craftsmen and operatives) shrank by a large margin, the number of managerial and professional employees actually expanded. The number of mangers, for example, grew by 40.3% from 1991 to 2001, although growth actually reversed between 1996 and 2001. Professionals and associate professionals also increased substantially, by 81% and 78.2% over the decade. This signified the importance of professional workers in the provision of specialized producer services in financing, real estate and insurance. There was also a major increase in the number of

Table 3 Working Population by Occupation, 1991, 1996 and 2001

Occupation	1991		1996		2001		1991-2001	
	Number	%	Number	%	Number	%	Percentage change	Percentage point change
Managers and administrators	249,247	9.2	369,323	12.1	349,637	10.7	40.3	1.5
Professionals	99,331	3.7	151,591	5.0	179,825	5.5	81.0	1.8
Associate professionals	279,909	10.3	369,132	12.1	498,671	15.3	78.2	5.0
Clerks	431,651	15.9	512,719	16.8	529,992	16.3	22.8	0.4
Service workers and shop sales workers	359,319	13.2	419,721	13.8	488,961	15.0	36.1	1.8
Craft and related workers	397,992	14.7	373,143	12.3	321,000	9.9	-19.3	-4.8
Plant and machine operators and assemblers	365,826	13.5	259,609	8.5	238,666	7.3	-34.8	-6.2
Elementary occupations	503,832	18.5	564,682	18.6	635,393	19.5	26.1	1.0
Skilled agricultural and fishery workers; and occupations not classifiable	27,996	1.0	23,478	0.8	10,561	0.3	-62.3	-0.7
Total	2,715,103	100.0	3,043,698	100.0	3,252,706	100.0	19.8	—

Source: Census and Statistics Department (2002a:135).

clerks and service and sales workers. In fact, the magnitude of the growth in these two occupations in terms of absolute numbers far exceeded that for the above managerial and professional occupations. The most dramatic growth of a specific occupational group, however, was registered in the elementary occupations. Over the decade, their numbers had grown by only 26.1%; but because it was already the largest occupational group in 1991, the occupation had actually gained 131,561 persons, the largest among the 10 occupations. This was by far the largest growth in a single occupational group. As we shall see later, this drastic expansion was largely the result of the inflow of foreign domestic helpers (FDHs), and of course this highlighted the importance of migrant workers in the emergent global cities. In any case, the rapid expansion of service and sales workers and of workers in the various unskilled elementary occupations lends credence to the polarization thesis. In Hong Kong social polarization is clearly observable in the changes in the occupational structure. And the polarization is *both relative and absolute*. Following the changes in the sectoral distribution of the labour force as a result of Hong Kong's development into a global city, the relative share of the occupational groups at both the top and the bottom have increased, as well as their absolute numbers.

Further support for the existence of occupational polarization can be drawn from figures on the relative income differentials of the various occupational groups. Besides agricultural and fishery workers (a negligible group), the elementary occupations had the lowest median monthly income among the eight occupational groups. In 1991, this group of workers earned an average of HK$3,500; and in 2001 an average of only $5,300, representing a 51.4% rate of increase. During the same period, however, the median income of the labour force as a whole had almost doubled (93.4%), from $5,170 to $10,000. The other group that experienced a lower-than-average increase in income was the service and sales workers, at 82.2%. In fact, in 2001, these two occupational groups (elementary and service and sales) had the lowest median monthly incomes and were the two groups making less than the median income of $10,000 (Table 4). The gap between these two groups and the highest-income group, the professionals, had also widened. The median income of the professionals was 4.29 times that of the elementary occupations in 1991. In 2001 it was 5.66 times. The same ratio for professionals versus service and sales workers was 3 and 3.29 in 1991 and 2001, respectively. We should not forget the fact that they were also the groups that had experienced the largest growth in numbers during the 1990s, as mentioned earlier. Although there were signs of professionalization (as the higher-income groups saw the largest relative growth), the overall direction of the changes in occupational structures in Hong Kong appears to fit the social polarization thesis.

Table 4 Median Monthly Income from Main Employment of Working Population by Occupation, 1991, 1996 and 2001 (HK$)

Occupation	1991	1996	2001	Percentage change (1991-2001)
Managers and administrators	12,000	20,000	26,000	116.7
Professionals	15,000	24,000	30,000	100.0
Associate professionals	8,000	14,000	16,000	100.0
Clerks	5,000	9,000	10,000	100.0
Service workers and shop sales workers	5,000	8,500	9,110	82.2
Craft and related workers	5,000	8,500	10,000	100.0
Plant and machine operators and assemblers	4,500	8,500	10,000	122.2
Elementary occupations	3,500	5,500	5,300	51.4
Overall	5,170	9,500	10,000	93.4

Source: Census and Statistics Department (2002a:138).

Evidences of Income Polarization

According to its proponents, occupational polarization is but one facet of the constellation of social effects unleashed by the development of the global city. The other dimension, income polarization, is also important. As a result of the changing conditions of growth in global cities:

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

Income differentiation is a direct result of the differential earning abilities and rates of growth of firms in different sectors in the global cities. Occupational polarization in the sense of the dual expansion at both the top and the bottom income sectors is therefore the driver behind income inequality. While there are often disputes over occupational polarization, widening income inequality or polarization at the income level has often been reported in the literature on polarization in global cities (Hamnett 1994, 1996; Baum 1997; Wessel 2000). The only exception perhaps is Baum's (1999) study of Singapore, where he found evidence of a movement in income distribution towards middle- and high-income groups.[5]

In the case of Hong Kong, however, clear indications of income polarization can be observed. Our analysis is based on the three population censuses conducted over the period studied here, 1991, 1996 and 2001. Instead of simply using the published information, we have also analysed the public-use data files generated by the Census and Statistics Department.[6] First, we examined the distribution of household income. Measured at a constant price, median monthly household income increased in all but the lowest-income decile group (Table 5). The lowest decile group saw a 3.5% reduction in monthly income, but the highest-income group enjoyed close to a 30% increase. Basically, the higher up in income decile, the greater the increase in income over the 1990s. As a result, we can see that the ratios of median income in the lower deciles to the highest decile had all declined since 1991. The ratio of the lowest decile to the highest was about 0.05 in 1991, but dropped to 0.037 in 2001, for a rate of decline for 26%. The second decile declined from 0.108 to 0.084 of the highest decile, while even the third decile group saw their median income shrink from 0.15 to 0.125 of that of the highest-income group. In the relative sense, therefore, income polarization grew because of the much higher rate of income growth at the top, but absolute polarization also occurred because of a decline in the income of the lowest-income group. The Gini Coefficient, a summary of the extent of income inequality also rose precipitously, from 0.476 in 1991 to 0.525 in 2001, or by more than 10%.

This is the pattern of the distribution of household income, but the global city model specifically postulated income at the individual level. While published statistics told us about the relative changes in income of different occupations, official publications have little information on the distribution of individual incomes. The polarization thesis also concentrates on earnings from main employment, rather than on total income, which would include investment or other sources. As Baum (1999) reminded us:

> The household is important in a discussion of social polarisation due to its position as a consumption unit and the association between this role and the allocation of scarce resources in the wider social structure. Yet a discussion of global cities and social polarisation is, in the first instance, structured around individual-level incomes. The flow of reasoning is from changes in individual-level occupations to changes in the distribution of individual-level incomes (p. 1109).

To analyse this we needed to use the individual-level information in the raw data of the three censuses. We took the

Table 5 Median Monthly Domestic Household Income by Decile Groups of Domestic Households, 1991, 1996 and 2001 (HK$)

Decile group	Median monthly domestic household income			Percentage change	Income ratio of the Nth decile group to the 10th decile group			Percentage change
	1991	1996	2001	(1991-2001)	1991	1996	2001	(1991-2001)
1st (lowest)	3,084	3,042	2,977	-3.47	0.050	0.043	0.037	-26.00
2nd	6,631	7,499	6,750	1.79	0.108	0.106	0.084	-22.22
3rd	9,252	10,140	10,000	8.08	0.150	0.143	0.125	-16.67
4th	11,102	12,675	13,000	17.10	0.180	0.179	0.163	-9.44
5th	13,775	16,123	16,500	19.78	0.223	0.227	0.206	-7.62
6th	16,499	19,773	20,500	24.25	0.267	0.279	0.256	-4.12
7th	20,046	23,829	25,705	28.23	0.325	0.336	0.321	-1.23
8th	25,633	30,175	32,560	27.02	0.416	0.425	0.407	-2.16
9th	34,641	40,560	44,650	28.89	0.562	0.571	0.558	-0.71
10th (highest)	61,680	70,980	80,000	29.70	1.000	1.000	1.000	—
Gini Coefficient	0.476	0.518	0.525	10.29	—	—	—	—

Note: Figures are at constant (February 2001) prices.

Source: Census and Statistics Department (2002a:82-83).

monthly income of the working population, but excluded those who were unemployed at the time of the census and those who had no income because they were unpaid family workers. We also included only the earnings from main employment and excluded those derived from a second job or other sources because we primarily wanted to know more about the consequences of the changes in the occupational structure and labour market. Again, a similar picture emerges, as the rate of growth in income at the top was much more rapid than in the bottom. The ratio of the median of the lower-income group declined significantly relative to that of the highest-income group.

The global city-polarization thesis posited a direct relationship between sectoral changes and worsening income inequalities. Was the polarization in income that occurred over the 1990s a result of structural changes following from Hong Kong's development as a global city? We have documented earlier how occupational changes could widen income disparities by leading to lower incomes at the bottom and higher incomes at the top of the workforce. In what ways have sectoral changes contributed to the polarization in income? Table 6 presents the decile points (i.e., the cut-off points of the decile income groups) of monthly earnings from main employment of the working population classified by industry in 1991 and 2001. It is clear that there are substantial differences in the *levels* of earnings across industries. Financing, insurance, real estate and business services in general have the highest income of all decile groups. The broad sector comprised of wholesale, retail and import/export trades, restaurants and hotels, on the other hand, has a consistently low level of earnings across income levels except at the highest decile. In terms of the median (fifth decile point), financing, insurance, real estate and business services was the highest in 2001, with transport, storage and communications and manufacturing tied at second. The industry with the lowest median income was the wholesale, retail and import/export trades, restaurants and hotels.

Table 6 Decile Points of Monthly Individual Earnings from Main Employment of Working Population by Industry, 1991 and 2001 (HK$)

Decile point	Manufacturing		Construction		Wholesale, retail and import/export trades, restaurants and hotels		Transport, storage and communications		Financing, insurance, real estate and business services		Community, social and personal services		Overall	
	1991	2001	1991	2001	1991	2001	1991	2001	1991	2001	1991	2001	1991	2001
1st (lowest)	3,084	5,000	2,776	5,000	4,241	4,500	4,904	6,000	5,397	6,200	3,855	3,670	3,701	3,860
2nd	4,626	6,800	4,626	7,000	5,397	6,000	6,168	7,000	6,476	8,000	4,626	3,700	4,934	6,000
3rd	5,397	8,000	6,168	8,000	6,168	7,000	7,325	8,300	7,710	10,000	5,783	4,500	6,168	7,500
4th	6,168	9,500	7,710	9,500	6,939	8,000	7,710	9,600	8,481	11,060	6,939	7,400	6,939	9,000
5th (median)	6,939	10,500	8,481	10,000	7,710	9,800	8,789	10,500	10,023	14,000	8,481	10,000	7,710	10,000
6th	7,710	12,600	9,252	12,000	9,252	10,500	10,023	12,000	12,028	17,000	10,523	12,686	9,252	12,500
7th	9,252	15,000	10,794	14,000	10,177	13,000	10,794	15,000	14,649	20,000	13,107	17,500	10,794	15,000
8th	10,794	20,000	12,336	16,000	12,336	16,000	12,336	17,545	19,275	30,000	17,556	23,000	13,878	20,000
9th	15,420	28,750	15,420	20,000	18,504	23,000	16,962	24,000	30,840	45,000	24,672	34,000	19,275	30,000

Note: Figures exclude unpaid family workers and are at constant (February 2001) prices.
Source: Tabulations from census public-use data files, 1991 and 2001.

Based on the information in Table 6, we calculated in Table 7 the percentage change in the decile points from 1991 to 2001 in different industries. The general pattern is of lower rates of growth at the bottom decile points as compared to the higher decile points. Surprisingly, manufacturing workers saw a consistent and significant improvement in earnings at all levels, although earnings at the top were still much higher than those at the bottom. The broad sector of community, social and personal services is the exception, as the bottom three decile points experienced a decline in real income over the decade.

In Table 8 we compute the ratios of selected decile points to the highest decile across different industries in 1991 and 2001: the first, third and fifth. From the results, it became clear that financing, insurance, real estate and business services, as well as community, social and personal services, had already been the sectors with the highest levels of income inequality and the lowest inter-decile ratios in 1991. Still, in both industries, income inequality increased further over the 1990s. In all other industries (wholesale, retail and import/export trades, restaurants and hotels, as well as transport, storage and communications) that experienced substantial growth between 1991 and 2001, the inter-decile ratio had risen during the period. Only in construction did the inter-decile ratio more or less hold constant during the 1990s. The dramatic downsizing of manufacturing should also have contributed to increasing overall inequality because income distribution *within* the industry was relatively equal in 1991, especially in the middle deciles. Not only did the inter-decile ratios in manufacturing drop over the 1990s, but the sectoral shift from manufacturing to services also contributed to overall polarization. Thus, the increase in overall inequality that has been observed is the combined effect of the widening gap between top and bottom income earners and the redistribution of the labour force from the manufacturing sector, characterized by lower inequality, to sectors (financing, insurance, real estate and business services, and community, social and personal services) with significantly higher inequality. Indeed, in Hong Kong, we can trace the

Table 7 Percentage Change in Decile Points of Monthly Individual Earnings from Main Employment of Working Population by Industry, 1991-2001 (%)

Decile point	Manufacturing	Construction	Wholesale, retail and import/export trades, restaurants and hotels	Transport, storage and communications	Financing, insurance, real estate and business services	Community, social and personal services	Overall
1st (lowest)	62.13	80.12	6.11	22.35	14.88	-4.80	4.30
2nd	47.00	51.32	11.17	13.49	23.53	-20.02	21.61
3rd	48.23	29.70	13.49	13.31	29.70	-22.19	21.60
4th	54.02	23.22	15.29	24.51	30.41	6.64	29.70
5th (median)	51.32	17.91	27.11	19.47	39.68	17.91	29.70
6th	63.42	29.70	13.49	19.72	41.34	20.55	35.11
7th	62.13	29.70	27.74	38.97	36.53	33.52	38.97
8th	85.29	29.70	29.70	42.23	55.64	31.01	44.11
9th	86.45	29.70	24.30	41.49	45.91	37.81	55.64

Note: Figures exclude unpaid family workers and are at constant (February 2001) prices.
Source: Tabulations from census public-use data files, 1991 and 2001.

Table 8 Monthly Individual Earnings Ratio of Selected Deciles of Working Population by Industry, 1991 and 2001

Industry	1991			2001		
	1st/9th	3rd/9th	5th/9th	1st/9th	3rd/9th	5th/9th
Manufacturing	0.20	0.35	0.45	0.17	0.28	0.37
Construction	0.18	0.40	0.55	0.25	0.40	0.50
Wholesale, retail and import/export trades, restaurants and hotels	0.23	0.33	0.42	0.20	0.30	0.43
Transport, storage and communications	0.29	0.43	0.52	0.25	0.35	0.44
Financing, insurance, real estate and business services	0.18	0.25	0.33	0.14	0.22	0.31
Community, social and personal services	0.16	0.23	0.34	0.11	0.13	0.29
Overall	0.19	0.32	0.40	0.13	0.25	0.33

Note: Figures exclude unpaid family workers and are at constant (February 2001) prices.

Source: Tabulations from census public-use data files, 1991 and 2001.

polarization in income to the structural changes brought about by Hong Kong's transformation into a global city. These structural changes include de-industrialization and the rise of producer services, as well as the rise of various personal and consumer services supporting these changes.

Gender and the Polarization Thesis

There have been constant pleas to bring the dimension of gender to the forefront of the debate over the global city and polarization. As Bruegel (1996) noted, "income or status differentials between occupational groups are likely to be influenced by changes in the gender composition of different

occupations" (p. 1434). In this section, we shall turn to the evidence of how the factor of gender has shaped the process of polarization in Hong Kong. Between 1991 and 2001, as the labour force participation rate for males dropped from 78.7% to 71.9% as a result of the longer period spent in education and earlier retirement, the participation rate for women increased moderately from 49.5% to 51.6% (Census and Statistics Department 2002a:129). We have already documented the overall changes in the occupational structure between 1991 and 2001 and noted the signs of occupational polarization. Yet when we separate men from women, a more nuanced picture emerged.

Table 9 detailed the changes in working population by gender and occupation between 1991 and 2001. For women, the two largest occupational groups were clerks and elementary occupations. Together, they accounted for over half of all women in the working population. As noted earlier, these occupations are at the bottom of the job hierarchy in Hong Kong, suggesting that the occupational polarization over the last decade was clearly gendered in nature. Changes at the top of the job hierarchy also had a gender dimension. The number of women managers, professionals and associate professionals registered the largest relative increase over 1991 and 2001. The numbers of female professionals and associate professionals more than doubled, while managers and administrators increased by 83.8%. All of this suggests that while women have increased their presence at both the top and the bottom levels of the workforce, they are obviously *over-represented* at the bottom, as Table 9 shows. Overall, the share of women workers in the labour force increased from 37.9% to 44.1% between 1991 and 2001. Women gained in percentage share in most occupations except in two directly related to manufacturing, craft and related workers, and plant and machine operators and assemblers, and especially in the latter group (Table 10). By 2001, clerks, elementary occupations, associate professionals, and service workers and shop sales workers could be regarded as "feminized" occupations, as women accounted for over or close to half of the total in these occupations. The most notable gains

Table 9 Working Population by Occupation and Sex, 1991 and 2001

Occupation	1991		2001		1991-2001	
	Number	%	Number	%	Percentage change	Percentage point change
Male						
Managers and administrators	198,857	11.8	257,023	14.1	29.3	2.3
Professionals	68,516	4.1	114,340	6.3	66.9	2.2
Associate professionals	164,121	9.7	265,829	14.6	62.0	4.9
Clerks	135,665	8.0	148,646	8.2	9.6	0.2
Service workers and shop sales workers	230,823	13.7	264,466	14.5	14.6	0.8
Craft and related workers	352,264	20.9	294,036	16.2	-16.5	-4.7
Plant and machine operators and assemblers	234,929	13.9	207,001	11.4	-11.9	-2.5
Elementary occupations	280,434	16.6	260,337	14.3	-7.2	-2.3
Others	20,757	1.2	7,725	0.4	-62.8	-0.8
Total	1,686,366	100.0	1,819,403	100.0	7.9	—
Female						
Managers and administrators	50,390	4.9	92,614	6.5	83.8	1.6
Professionals	30,815	3.0	65,485	4.6	112.5	1.6
Associate professionals	115,788	11.3	232,842	16.2	101.1	4.9
Clerks	295,986	28.8	381,346	26.6	28.8	-2.2
Service workers and shop sales workers	128,496	12.5	224,495	15.7	74.7	3.2
Craft and related workers	45,728	4.4	26,964	1.9	-41.0	-2.5
Plant and machine operators and assemblers	130,897	12.7	31,665	2.2	-75.8	-10.5
Elementary occupations	223,398	21.7	375,056	26.2	67.9	4.5
Others	7,239	0.7	2,836	0.2	-60.8	-0.5
Total	1,028,737	100.0	1,433,303	100.0	39.3	—

Source: Census and Statistics Department (2002a:135).

Table 10 The Changing Position of Women Workers by Occupation, 1991 and 2001

Occupation	Percentage of females		Change in percentage share (1991-2001)
	1991	2001	
Managers and administrators	20.2	26.5	6.3
Professionals	31.0	36.4	5.4
Associate professionals	41.4	46.7	5.3
Clerks	68.6	72.0	3.4
Service workers and shop sales workers	35.8	45.9	10.1
Craft and related workers	11.5	8.4	-3.1
Plant and machine operators and assemblers	35.8	13.3	-22.5
Elementary occupations	44.3	59.0	14.7
Others	25.9	26.9	1.0
Overall	37.9	44.1	6.2

Source: Table 9.

as measured by increase in percentage share were observed in the elementary occupations, and in service workers and shop sales workers.

Next, we examine the trends in the gender gap in income over the 1990s. For the entire working population, the gender gap, as measured by the ratio of the median monthly income of men from main employment over that of women dropped from 1.412 to 1.348 between 1991 and 2001 (see Table 11). This is largely a result of improvements made at the top of the job hierarchy. In occupations at the top, women have gained relative to their male counterparts, as the gender gap narrowed for managers, professionals and associate professionals. Nevertheless, the same tendency for polarization could be observed as the gender gap actually widened at the bottom. The

Table 11 Gender Gap in Income by Occupation, Educational Attainment and Age Group, 1991 and 2001

	Median income ratio male to female	
	1991	2001
Occupation		
Managers and administrators	1.200	1.099
Professionals	1.280	1.143
Associate professionals	1.063	1.031
Clerks	1.100	1.000
Service workers and shop sales workers	1.500	1.507
Craft and related workers	1.528	1.429
Plant and machine operators and assemblers	1.833	1.667
Elementary occupations	1.333	1.943
Others	2.000	1.778
Educational attainment		
No schooling/Kindergarten	1.455	1.739
Primary	1.563	1.727
Lower secondary	1.467	1.538
Upper secondary	1.200	1.200
Matriculation	1.333	1.648
Tertiary: Non-degree course	1.267	1.307
Tertiary: Degree course	1.648	1.458
Age group		
15-19	0.947	1.017
20-24	1.111	1.133
25-34	1.300	1.238
35-44	1.750	1.500
45-54	1.686	1.714
55-64	1.500	1.500
65+	1.650	1.548
Overall	1.412	1.348

Source: Census and Statistics Department (2002a:137-39).

gender gap in the elementary occupations increased from 1.333 to 1.943, the highest among the occupational groups in 2001. Service workers and shop sales workers also experienced a moderate increase from 1.5 to 1.507. Similar differentiations in the relative positions of women were also found when we calculated the gender gap across different levels of education and age groups. Again, we see that the overall narrowing of the gender gap is the result of the gains made by women with tertiary education, as most other educational categories actually witnessed a widening in the gap between genders. The increase in the gap was most notable for workers with a low level of education. The gender gap also increased significantly for younger, and hence inexperienced, women but improved for those with more experience. For middle-aged female workers between the ages of 45 and 54, however, the gender gap shot up again. The stable and narrowing gender gap for workers older than 54, on the other hand, can actually be ignored because the labour force participation rate for women dropped significantly after that age (Table 11).

The Role of Migration

Our analysis so far highlighted three critical trends contributing to occupational and income polarization in Hong Kong: the expansion of service sectors (financial and business services and community and personal services), the absolute and relative increase in low-skilled and low-paid elementary occupations and, to a lesser extent, sales and services workers, and the over-representation of women in these occupations. Although professionalization in the sense of an expansion in managerial and professional occupations did occur, and women did gain ground at these levels, this could not off-set the effects of what happened at the bottom of the job hierarchy. The Hong Kong case thus offers considerable support for the global city-polarization thesis. The global city thesis, however, also predicts that in addition to the transnationalization of business and economic activities, the urban labour market will undergo a similar transformation.

Sassen (1991) argued that "immigration can be seen as providing labor for the low-wage service and manufacturing jobs that service both the expanding, highly specialized service sector and the high-income lifestyles of those employed in the specialized, expanding service sector.... The expansion in the supply of low-wage jobs generated by major growth sectors is one of the key factors in the continuation of ever-higher levels of the current immigration" (pp. 315-16). Therefore, on the one hand the development of a global city creates a demand for low-wage service jobs that support the services of transnational producers. On the other hand, this demand feeds into the demand for more migrant workers to take up the low-wage jobs that locals shun. For its critics, this two-step argument actually restricts the generalizability of the thesis because massive immigration is not a universal phenomenon as in New York and London, and clearly depends on local factors beyond the global trend of economic restructuring (Hamnett 1994).

Yet for the Hong Kong case the Sassen argument is highly relevant and actually greatly enhances our understanding of the polarization process. We cannot give a detailed exposition here of the trends and patterns of immigration, but most important for our discussion is that, over the 1990s, Hong Kong has witnessed a rapid growth in two types of migrant workers: those from mainland China and FDHs from other parts of Asia (but see Chiu 2003 for an overview).

Hong Kong has always been an immigrant society, with some 33.7% of the population in 2001 having been born in mainland China (including Macao and Taiwan) and another 6.6% elsewhere (Census and Statistics Department 2002a:39). Before October 1980, while immigration controls were maintained between the border of mainland China and Hong Kong, a "reached-base" policy was in place, meaning that illegal immigrants from mainland China were allowed to stay if they reached the urban areas and met their relatives. However, following a wave of illegal immigrants coming from the mainland in the late 1970s, the "reached-base" policy was abolished in October 1980 (Immigration Department 2001a).

From that time onward, only legal immigrants from the mainland have been allowed to stay. An informal agreement was reached between the authorities of Hong Kong and the mainland to allow only 75 people to come to Hong Kong each day on one-way exit permits. That meant the new system allowed a maximum of around 27,000 to 28,000 immigrants from the mainland each year. As 1997 drew closer, the daily quota was lifted to 105 in 1994, and then further to 150 in July 1995. Since the exit permits were mainly issued by the Chinese government to those with close relatives in Hong Kong, the increase in daily intake was deemed necessary to minimize the shock after 1997, when a large number of Chinese family members of Hong Kong residents would acquire the legal right to settle in Hong Kong. Therefore, the number of people from the mainland with the right to reside in Hong Kong rose steadily from 38,218 in 1994 to 61,179 in 1996 (Chiu 2003:11). Apart from Chinese immigrants, people of other nationalities with residence visas can reside in Hong Kong. In 2000-2001, a total of 13,967 did so, mostly on the ground of family reunion (Table 12). Despite the increase in the daily quota, the return to Chinese sovereignty has not changed the basic policy on immigration from the mainland, that is, it must be regulated within a limit manageable to the Hong Kong Special Administrative Region (HKSAR). Border controls have actually been implemented with greater vigilance since the handover, as reunification brought with it a higher level of cooperation between the HKSAR government and local authorities in neighbouring areas of the mainland.

As a result of the new changes in immigration policy, the absolute and relative numbers of new migrants (those who have lived in Hong Kong for less than seven years, the legal requirement for naturalization) from the mainland swelled. In 1991, the total number of new migrants was 143,944, or 2.6% of the total population. In 2001, the figure almost doubled to 266,577 persons or 4%. The majority of these new migrants were female, with the figure for 2001 being 66.9%. The new migrants were also younger than the local population, with a median age of 25, versus 36 for the whole population. This is because the

Table 12 Legal Immigration to Hong Kong, 1998-2001

Visa/Entry permits issued	1998-1999	1999-2000	2000-2001
Employment visas for foreigners[1]	14,587	15,115	19,432
Employment visas under Admission of Talents Scheme	—	8	118
Employment visas under Supplementary Labour Scheme	1,774	190	1,336
Employment visas for FDHs	38,850	48,383	62,619
Student visas	1,014	987	1,176
Dependant visas	19,156	14,755	13,967
Total	75,381	79,438	98,648

Note: 1. Figures exclude training and group visa applications.
Source: Immigration Department (2001b:99).

majority of them came to be united with their families, as many of them are the spouses and dependents of local men who married on the mainland. As a result, new migrants also had a lower labour force participation rate (44.2%) than the population as a whole (61.4%) (Census and Statistics Department 2002c:5, 11, 16).

Because of their lack of locally recognized credentials, local knowledge and sometimes language barriers (some do not speak the local dialect of Cantonese), new migrants are obviously in a disadvantaged position in the labour market. Their presence means that the expanding low-skilled and low-wage service jobs have a ready supply of willing takers. If we compare their labour market profiles with that of the entire population, a striking feature is how their occupational distributions dovetail with the characteristics of polarization as discussed earlier. In Table 13, we can see how new migrants are over-represented in the sector of wholesale, retail and import/export trades restaurants and hotels. Another noticeable trend is in the sector of community, social and personal services, which employed 7.6% of new migrants in 1991; in 2001, the figure had increased

Table 13 Proportion of Working New Migrants Aged 15 and Over by Industry and Occupation, 1991 and 2001 (%)

	1991		2001	
	New migrants	Whole population	New migrants	Whole population
Industry				
Manufacturing	48.0	28.2	10.4	12.3
Construction	5.4	6.9	11.7	7.6
Wholesale, retail and import/export trades, restaurants and hotels	31.2	22.5	51.9	26.2
Transport, storage and communications	3.4	9.8	4.0	11.3
Financing, insurance, real estate and business services	3.4	10.6	5.0	16.1
Community, social and personal services	7.6	19.9	16.2	25.5
Others	1.0	2.1	0.7	1.0
Total	100.0	100.0	100.0	100.0
Occupation				
Managers and administrators	4.9	9.2	3.0	10.7
Professionals	0.9	3.7	0.9	5.5
Associate professionals	3.2	10.3	4.1	15.3
Clerks	10.3	15.9	10.9	16.3
Service workers and shop sales workers	15.2	13.2	30.7	15.0
Craft and related workers	15.7	14.7	11.0	9.9
Plant and machine operators and assemblers	24.0	13.5	4.1	7.3
Elementary occupations	25.4	18.6	34.9	19.5
Others	0.5	1.0	0.3	0.3
Total	100.0	100.0	100.0	100.0

Source: Census and Statistics Department (2002c:33-34).

to 16.2%. As noted earlier, both industries had a lower level of average income relative to other industries. The de-industrialization process had a greater impact on new migrants, because manufacturing industries used to offer a large number of manual jobs that required fewer local credentials and less local knowledge. As a result, the percentage of new migrants working in manufacturing declined from 48% in 1991 to a mere 10.4% in 2001.

Occupational distribution tells a similar story (Table 13). New migrants were significantly over-represented in two occupational groups: service and sales, and elementary occupations. In 2001, service and sales workers accounted for only 15% of the whole population, but 30.7% of the new migrants. An increasing proportion of new migrants also entered the elementary occupations, from 25.4% of all new migrants in 1991 to 34.9% in 2001. In 2001, by contrast, only 19.5% of the whole population were in elementary occupations. As a result of de-industrialization, plant and machine operators and assemblers ceased to be a major occupational category among the new migrants, with the share of new migrants in these jobs plummeting from a sizable 24% in 1991 to a mere 4.1% in 2001. During the same period, the share of these jobs had also shrunk, with the corresponding percentages being 13.5% in 1991 and 7.3% in 2001.

The end result of the skewed labour market profiles of new migrants was a skewed income distribution. In 1991, the median monthly income from main employment (at current prices) for new migrants was 69.6% of the median for the whole population ($3,600 versus $5,170). In 2001, however, the figure was only 60% ($6,000 versus $10,000) (Census and Statistics Department 2002c:35). Despite the overall increase in income, it is clear that the income gap between new migrants and the rest of the population has widened. When we classified the monthly income from main employment of the whole population (excluding the FDHs) into decile groups, we found that new migrants had actually fallen further down the income hierarchy during the 1990s. In 1991, only about 42.1% of the new migrants

were in the two lowest income deciles, but in 2001, close to 60% fell within the two lowest deciles (Table 14). If we include FDHs, the percentage of new migrants in the lowest income decile actually dropped between 1991 and 2001. Yet it is clear that the massive increase in the number of FDHs (who had an administratively fixed salary much lower than the local median) had "pushed" the new migrants slightly up the income hierarchy. The fact remained that the relative position of new migrants in Hong Kong's income distribution had deteriorated over the last decade.

Another category of people that are allowed to take up residence in Hong Kong are those with an employment visa. British citizens used to be the exception, because they were allowed to stay for a 12-month period and could take up employment during their stay. This privilege was abolished since Hong Kong's return to Chinese sovereignty. People of other nationalities who are highly skilled or have professional qualifications, can apply for an employment visa with a guarantee of employment from their company or employer. What constitutes "skilled and professional," however, often has to be judged on a case-by-case basis. The general rule is that the granting of such employment visas will be limited to professionals, specialists, administrators and managerial personnel who possess skills, knowledge or experience of value to and not readily available in Hong Kong.

The number of employment visas approved has increased steadily since the late 1980s, probably due to the local shortage of managerial and professional personnel, especially those with a high level of proficiency in English. Since 1995 the total number of employment visas approved has been declining, largely as a result of the slow-down in the local economy. Into the new century, however, the government has stepped up its efforts to attract mainland professionals to Hong Kong. The arrival of those with employment visas, therefore, has led to the opposite effect as that discussed above, as migrants from the mainland have become available to fill the ever-expanding need for professionals and managers in producer services.

Table 14 Distribution of New Migrant in Decile Income Groups, 1991 and 2001 (%)

Decile group	Without FDHs				With FDHs			
	Across decile group		In decile group		Across decile group		In decile group	
	1991	2001	1991	2001	1991	2001	1991	2001
1st (lowest)	19.3	29.9	4.5	6.8	19.6	13.4	4.5	2.9
2nd	22.8	29.8	5.3	6.8	19.7	34.5	4.5	7.4
3rd	18.0	15.5	4.2	3.5	19.9	22.1	4.6	4.8
4th	13.6	8.6	3.2	2.0	12.8	11.6	2.9	2.5
5th	9.0	5.9	2.1	1.4	10.0	6.6	2.3	1.4
6th	6.3	3.8	1.5	0.9	6.6	4.5	1.5	1.0
7th	4.3	2.3	1.0	0.5	4.5	2.8	1.0	0.6
8th	3.4	1.5	0.8	0.3	3.5	1.7	0.8	0.4
9th	2.1	1.3	0.5	0.3	2.1	1.4	0.5	0.3
10th (highest)	1.3	1.4	0.3	0.3	1.4	1.5	0.3	0.3
Overall	100.0	100.0	2.4	2.3	100.0	100.0	2.3	2.2

Note: Figures exclude unpaid family workers and zero-income earners and are at constant (February 2001) prices.
Source: Tabulations from census public-use data files, 1991 and 2001.

Table 15 reports the distribution of "ethnic minorities" in different occupations, highlighting the over-representation of foreign nationals from certain advanced countries (Japan, European countries, the United States, Canada, Australia and New Zealand) in managerial and professional occupations. Conversely, migrant workers from developing regions (the Philippines, Indonesia, Thailand and South Asia) were predominantly concentrated in elementary occupations. This shows clearly how migration has accentuated occupational polarization since the 1990s, by fuelling expansion both at the top and bottom of the job hierarchy.

The majority of migrant workers in elementary occupations are the FDHs. Their entrance is not subject to a quantitative quota; any family needing a domestic helper can apply for a permit to hire one from overseas, mainly from the Philippines, but also from Thailand and Indonesia. The number of FDHs in Hong Kong increased by over 10% in the first few years of the 1990s, only to slow down since 1996. The reduced inflow of FDHs is possibly due to two reasons. First, there has been a saturation effect as many families in need a FDH have already hired one. Second, the slow-down in the economy and the rise in unemployment in 1995 probably had a dampening effect as well. Surprisingly, the onset of the financial crisis has had no significant impact on the arrival of FDHs, as they have continued to grow in number since 1998. In 2001, the total rose to 235,280, an increase of 8.5% over the previous year (Table 16). In terms of national origin, Filipinos still make up the largest group of FDHs in Hong Kong, but the number of Indonesians was increasing rapidly in the second half of the 1990s. In 1995, they accounted for 10.6% of all FDHs, but by 2001, they made up nearly 30% of the total (Table 17).

By 2001, FDHs already had a significant presence in Hong Kong. In the population census, 179,005 FDHs were recorded, accounting for 12.5% of the female working population.[7] In fact, in the 2001 census, FDHs accounted for 47.7% of all female workers in elementary occupations, and 33.8% of female workers in community, social and personal services (Census and

Table 15 Proportion of Working Ethnic Minorities by Ethnicity and Occupation, 2001 (%)

Ethnicity	Managers and administrators	Professionals/ Associate professionals	Clerks/Service workers and shop sales workers	Craft and related workers/Plant and machine operators and assemblers	Elementary occupations	Others	Total
Asian (other than Chinese)							
Filipino	0.7	1.7	2.8	0.4	94.5	0.0	100.0
Indonesian	0.4	0.3	1.1	0.4	97.8	—	100.0
Indian	31.2	22.3	18.1	4.9	23.2	0.3	100.0
Thai	2.0	2.2	25.4	1.6	68.8	—	100.0
Japanese	65.5	23.7	10.4	—	0.5	—	100.0
Nepalese	1.1	4.3	20.7	29.2	44.6	—	100.0
Pakistani	9.2	6.9	14.2	24.4	45.2	—	100.0
Korean	59.9	21.9	17.1	0.4	0.7	—	100.0
Other Asian	16.5	20.4	20.6	5.5	37.1	—	100.0
Sub-total	5.0	3.7	5.6	2.3	83.5	0.0	100.0
European[1]							
British	39.2	53.2	5.6	0.5	1.3	0.2	100.0
Other European	56.2	34.4	6.8	0.8	1.8	—	100.0
Sub-total	44.6	47.2	6.0	0.6	1.5	0.1	100.0
American/Canadian[1]	48.1	46.9	3.5	0.4	1.1	—	100.0
Australian/ New Zealander[1]	39.4	54.3	3.6	0.7	1.5	0.5	100.0
Mixed	17.6	26.4	32.0	8.5	14.9	0.6	100.0
Others[2]	46.9	43.7	5.6	—	3.8	—	100.0
Total	9.5	8.8	6.0	2.2	73.4	0.0	100.0
Whole population	10.7	20.9	31.3	17.2	19.5	0.3	100.0

Notes: 1. Figures include the "White" only.
2. Figures include "Black" and "Latin American," etc.

Source: Census and Statistics Department (2002b:60).

Table 16 Number of FDHs in Hong Kong, 1990-2001

Year	Number of persons	Growth rate (%)
1990	70,300	—
1991	84,600	20.3
1992	101,200	19.6
1993	120,600	19.2
1994	141,400	17.2
1995	157,000	11.0
1996	164,300	4.6
1997	171,000	4.1
1998	180,600	5.6
1999	193,700	7.3
2000	216,790	11.9
2001	235,280	8.5

Note: Figures refer to the end of the year.
Source: Chiu (2003).

Table 17 National Origin of FDHs in Hong Kong, 1991-2001

Country	1991	1995	1999	2000	2001
Philippines	75,667 (91.1%)	131,176 (85.0%)	143,206 (75.2%)	151,485 (71.1%)	155,450 (66.1%)
Indonesia	1,822 (2.2%)	16,357 (10.6%)	41,397 (21.7%)	55,174 (25.9%)	68,880 (29.3%)
Thailand	5,597 (6.7%)	6,708 (4.3%)	5,755 (3.0%)	6,451 (3.0%)	10,950 (4.7%)
Total	83,086	154,241	190,358	213,110	235,280

Note: Figures in brackets refer to percentage of total.
Source: Chiu (2003).

Statistics Department 2002d:35, 43-44). They fuelled the rapid expansion of the service sector and the elementary occupations. The government has also administratively laid down a

minimum salary ($3,670 in 2001) but employers have to provide accommodation and medical benefits. This means that most FDHs are live-in servants, unlike the arrangement in other global cities where the nannies will leave after the parents come home. Since their minimum salary is significantly lower than the median salary for the whole population ($10,000 for both sexes and $8,900 for women in 2001) (Census and Statistics Department 2002a:137), the FDHs swelled the ranks of the low-income groups. With the minimum salary, they all fell into the lowest income decile. In 2001, they would therefore account for at least 55% (using the number of FDHs recorded by the census) of the lowest income decile (10% of the total working population).

As Bruegel (1996) observed, the gist of Sassen's argument is that "it is possible to see the increasing concentration of women in high-level jobs as having fuelled demand for labour-intensive services, which employ *other* women, often from migrant/ethnic minority communities in increasingly precarious jobs. Income for such jobs will only decline relatively where there is a sufficient supply of labour ready and willing to take such jobs at the levels of pay offered" (p. 1434). The remarkable increase in the number of FDHs in Hong Kong therefore offers the most striking support for this argument. The expansion of producer services and transnational commerce fuelled the rapid demand for managers and professionals, and diffusion of higher education to women and the increased supply of university graduates (including women) partially satisfied this demand (the other source being the arrival of highly skilled migrant workers).

Again, the Hong Kong case is but a variation of developments in many global cities. Susser's (1991) study of New York highlights the trend towards the separation of children from their mothers in childcare arrangements. "Among the professional, educated households of New York City there has also been a progressive separation of children from maternal supervision. In contrast to the poorer groups, children may stay in their own households. Fathers, if present, may increase their input. However, in general, highly educated, well-paid mothers hire poor women to replace themselves in the household" (p. 220). Of course, in the case of Hong Kong, these poor women come from the Philippines, Indonesia or Thailand and live in the family, instead of coming from Mexico and providing only daytime care. Between 1991 and 2001, the number of women with a university degree increased rapidly from 95,209 (4.4% of all women aged 15 and over) to 330,919 (11.5%) (Census and Statistics Department 2002d:28). Their continued participation in the labour market, however, is conditional on strategies that resolve their "double burden" of work and family responsibilities. Hiring a FDH has therefore become the solution for the majority of middle-class families with both marital partners in the labour force. As a result, some 75.7% of all women with a university degree were in the labour force in 2001 (Census and Statistics Department 2002d:40). While the labour force participation rate for university-educated women remained largely stable over the 1990s, the rapid expansion of university education for women (and men alike) therefore created the more than three-fold increase in the number of FDHs between 1990 and 2001.

Globalization and the Local Institutional Context

A number of critics have argued that there has been an over-emphasis on the global and economic determinants of the process of urban restructuring at the expense of local and institutional factors. Burgers and Musterd (2002), for example, suggested a three-layer model for analysing and explaining inequality in cities. "The global level relates to economic restructuring, the emergence of international consumer markets, increasing mobility of capital, people, commodities and information" (p. 406). The second level is the national institutional differences that mediate between global restructuring and local consequences. The local level is the particular social and economic history of individual cities. As Hong Kong has been a city-state (as a colony before but currently as a self-governing special administrative region of China), the national level and the urban level are synonymous. While we do not think Sassen has completely overlooked the local institutional configurations (see particularly her discussion of the place-ness and embeddedness of the global city, Sassen 2001:350), we do agree with Hamnett (1996) that "the forces driving polarisation in different cities differ or are mediated in various ways" (p. 1408). In other words, the local institutional contexts that mediate between global forces and local consequences need to be analysed explicitly.

One crucial aspect of the occupational changes during the last decade was the shrinkage in manufacturing employment and in middle-income manual production jobs. Again, the local institutional context and policy framework are important because Hong Kong is also known as the archetypical *laissez-faire* economy in which government intervention is minimal. Although we have reservations about this characterization and the Hong Kong government has, in fact, always had an extensive record of interventions in the sphere of collective consumption (housing, education and medical services) in the urban economy, we do agree that the non-intervention was pervasive in the process of industrial restructuring. The result is that de-industrialization has been faster and more thorough than in most other East Asian economies (Chiu et al. 1997).

Furthermore, the literature on global cities also points to the mediating effect of local welfare regimes on polarization (Wong 2000). In contrast to Sassen's argument on a generalized dismantling of the welfare state, Esping-Andersen's (1990) distinction between three enduring types of welfare regime is often regarded as offering a critical context for social polarization in different urban settings (see also Esping-Andersen 1993). In his typology, Hong Kong could be put squarely in the North American model of residual welfare states characterized by only a low social wage guarantee and a passive approach to full employment (McLaughlin 1993).

Another good example of how the local institutional context mediates the impact of globalization is migration. As critics of

Sassen's model of the global city point out, the presence of a large number of migrant workers to serve as a reserve army in the urban labour market cannot be taken for granted, and the local political economy will always create very different regimes to regulate immigration. Hong Kong has always welcomed the immigration of highly skilled and professional personnel from abroad in order to satisfy the almost insatiable demand for high-level employees under a situation of high economic growth. The coming of FDHs is also not controversial because of the clear difficulty in the 1970s and 1980s of hiring local domestic helpers due to a tight labour market and the reluctance of locals to enter this occupation. Nevertheless, another aspect of labour migration into Hong Kong, namely the importation of non-professional workers at the level of craftsmen, operatives and technicians, has stirred up a highly divisive political debate between labour and capital, with the government stuck in the middle trying to balance conflicting demands.[8] In the end, since the 1980s only a limited number of "imported" workers have been inducted under the various schemes of labour importation.[9]

Due to the general shortage of skilled labour in the local market, several schemes allowing employers to recruit a total of 14,700 skilled workers, experienced operatives and construction workers from outside Hong Kong were introduced from 1989 (Commissioner for Labour 1991:8). Subsequently, in 1992, the government expanded the general scheme for importation of labour to allow the import of a maximum of 25,000 skilled and semi-skilled workers at any point of time for a maximum duration of two years, but without specification or allocation of quotas to any particular industry. The import quotas were allocated based on the vacancy and unemployment rates reported in the industry. In 1994, the largest number of imported workers went to the retailing, restaurants and import/export trades. The decision to construct the new airport in Chek Lap Kok then led to another scheme to bring in up to 5,500 construction workers. Finally, in March 1994, another new pilot scheme to bring in employees was implemented, this time to import 1,000 skilled and professional personnel from mainland China (Commissioner for Labour 1995:33). The official reason given for this final scheme was the need to have people familiar with the situation in the mainland in order to facilitate the growing economic integration between the mainland and Hong Kong. To minimize the impact on local wage levels and to protect imported workers, the government has stipulated that these guest workers have to be paid at a level not lower than the median wage for locals in comparable jobs in the sector.

In 1995, an economic downturn and rise in unemployment fuelled public resentment over the presence of legal and illegal imported workers. After the last Legislative Council election under British rule in 1995, trade unionists and other "grassroots" representatives occupied a majority of the seats in the legislature. Legislators, trade unionists in particular, therefore moved to curb the importation of workers by threatening to introduce a bill of their own (normally new legislation is introduced by the government). "After a review of the general scheme in 1995, it was decided that the scheme should end and be allowed to run down naturally having regard to the labour market situation" (Commissioner for Labour 1998:37). Instead a Supplementary Labour Scheme (SLS) was established in February 1996 to allow imported workers to take up jobs that could not be filled locally. Yet the quota on construction workers for the new airport remained intact (Levin and Chiu 1997).

The revamped SLS took effect on 2 March 1998 and is subject to annual review. The government reviewed the scheme when 2,000 work visas had been issued under the SLS. In principle applications will be approved only when the employer can satisfactorily demonstrate that vacancies cannot be filled by local workers (Levin and Chiu 1997). In order to do this any employer applying for permission to import workers will have to participate in the Labour Department's Job Matching Programme for six weeks (or four weeks since February 2001). Only if the employer has still failed to find an appropriate worker will its application be approved.

The issue of importing guest workers keeps returning to the public agenda, however. In late 1998, some textile and garment manufacturers demanded that the number of imported workers in the two industries be expanded.[10] The reason they gave was that the rule of origin provision of the international textile quota system necessitated that production to be physically done in Hong Kong. Rather than letting the industries vanish, they demanded that the government to allow about 10,000 workers from outside Hong Kong to enter the industries to allow production to continue and the quota rules to be complied with. They also argued that the plan to import workers was part of a larger plan to revitalize the textile and garment industries in Hong Kong.

The government reacted cautiously to the demand. Regarding the request to import labour, the government maintained that its labour importation policy is anchored on the twin cardinal principles of ensuring priority of employment for local workers and allowing employers with genuine difficulty recruiting locally to import labour (under the SLS) to fill the available vacancies.[11] Furthermore, according to local newspapers, the government is concerned that the large-scale importation of workers would only allow the local textile and garment industries to maintain its current low-tech and labour-intensive methods of production rather than moving up the technology and value-added ladder. There is also no guarantee that manufacturers will cease to resort to the method of illegally transshipping mainland-made garments overseas.[12] However, the proposal to let in manual workers from the mainland and other countries has been raised by the business community from time to time since then.

This cursory review of policy changes on the importation of semi-skilled labour into Hong Kong suggests that Hong Kong has been relatively liberal in accepting highly skilled and professional workers, as well as FDHs. Again, this dual policy has mirrored the occupational polarization that occurred over the last decade. We have seen a sizable increase at both the top and bottom of the job hierarchy, and both of these trends were related to the inflow of migrant workers. Without a ready supply of foreign workers, Hong Kong's development as a global city would have been very different.

A Brief Reprise

In this paper, using data generated from the population censuses, we have documented the process of social polarization that has accompanied Hong Kong's globalization. By the early 1990s, Hong Kong had obviously qualified as a global city, as suggested in the literature. Since the 1990s, as predicted in the literature on global cities, we have also observed a process of occupational and income polarization in Hong Kong as a result of its transformation from an industrial colony to a producer service-driven global city. We have also outlined the dimension of gender in this polarization process and discussed how the forces of migration exacerbated social differentiation to produce a social structure that resembles an "hour glass." While our findings clearly support Sassen's hypotheses regarding the social consequences of the development of a global city, we have also sought to highlight the effect of local institutional contexts in mediating the local impact of global forces.

Certainly this paper is only exploratory and serves as the first step in fully delineating the process and impact of Hong Kong's transformation into a global city. Much more work needs to be done to explicate the mechanisms of income and occupational polarization in the urban labour market. More fine-grained studies of occupational changes need to be conducted. We also need to further examine the impact of polarization at the individual level on inequality at the household level. This is because, in the end, we do not live as isolated individuals in the global city but as families. To understand how globalization has changed our lives we need to know how these individual-level processes add up at the household level. This, of course, will be a task for future studies.

Notes

1. This paper is part of a larger project examining Hong Kong's development as a global city and its social impact. The usual disclaimer applies.

2. At this moment, there are no complete statistics on capital outflow from Hong Kong. A useful set of information is available from the Industry Department's annual survey of manufacturing industries. In 1990, slightly more than a quarter (27.2%) of local manufacturers had set up plants outside Hong Kong. In 1995, 33.5% had done so. Among the larger industries, more than or close to half of all firms in the electronics, photographic goods, toy, and watch and clock industries had factories elsewhere in 1995. Only in clothing was there a lower percentage of firms with overseas facilities, largely because of the rules of origin required by export quotas under the Multi-Fibre Agreement. These figures, however, are likely to underestimate the magnitude of industrial relocation. The survey was conducted on firms *still* operating in Hong Kong, while many firms had actually closed down their local plants and offices and moved entirely overseas. Looking at another question asked in the survey, a similarly dim view of Hong Kong's industrial future emerges. When asked about their plans for production in Hong Kong, 12.9% of the respondents said they would phase out part or all of their local production in 1990. In 1995, this had risen to 18.9%. About 10.3% of all firms said they had plans to expand production outside of Hong Kong (Industry Department 1991:274, 1995:321, 323).
3. A regional headquarters is defined as "an office that has control over the operation of other offices or branches in the region, and manages the business in the region without frequent referrals to its parent company outside Hong Kong." A regional office is "an office that coordinates offices/operations elsewhere in the region, in addition to the city in which it is located, and manages the business but with frequent referrals to its parent company outside Hong Kong or a regional headquarters." See Census and Statistics Department (2001a:5).
4. Thompson's observations were made on the basis of his own questionnaire survey of 159 MNCs in Hong Kong. No details on the timing of the data collection and sampling were reported in his paper.
5. Baum's article, however, does not specify whether the analysis was based on income measured at current prices or constant prices.

6. The data file is a full sample of the "long form" of the census questionnaire, and amounts to about one-seventh of the total population in Hong Kong by the time of the census.
7. We have no idea why there is a big discrepancy between the figures from the Immigration Department and the population census, but certainly the processes that generated the two figures were very different.
8. This discussion on the importation of foreign workers is based on Chiu and Levin (1993).
9. We are grateful to the Labour Department for pointing out the difference between "foreign worker" and "imported worker," as the majority of the workers imported under the various schemes are from the mainland. In this paper I called the workers coming from outside of Hong Kong (whether from the mainland or elsewhere) as "imported" or "guest" workers rather than "foreign" workers to highlight this fact. Private correspondence from the Labour Department (23 January 1998, p. 2, 19 January 2000).
10. *Ming Pao Daily News* (30 November 1998); *Apple Daily* (2 December 1998).
11. Private correspondence from the Labour Department (17 January 2000, p. 2).
12. *Ming Pao Daily News* (1 December 1998, 16 December 1998).

References

Baum, Scott. 1997. "Sydney, Australia: A Global City? Testing the Social Polarisation Thesis." *Urban Studies* 34(11):1881-1901.

Baum, Scott. 1999. "Social Transformations in the Global City: Singapore." *Urban Studies* 36(7):1095-1117.

Beaverstock, J. V., R. G. Smith and P. J. Taylor. 1999. "A Roster of World Cities." *Cities* 16(6):445-58.

Berger, Suzanne and Richard K. Lester (ed). 1997. *Made By Hong Kong*. Hong Kong: Oxford University Press.

Bruegel, Irene. 1996. "Gendering the Polarisation Debate: A Comment on Hamnett's 'Social Polarisation, Economic Restructuring and Welfare State Regimes'." *Urban Studies* 33(8):1431-39.

Burgers, Jack and Sako Musterd. 2002. "Understanding Urban Inequality: A Model Based on Existing Theories and an Empirical Illustration." *International Journal of Urban and Regional Research* 26(2):403-13.

Census and Statistics Department. Various years. *Hong Kong Annual Digest of Statistics*. Hong Kong: Government Printer.

Census and Statistics Department. 1995a. "Trade Involving Outward Processing in China, 1989-1994." Pp. F1-F16 in *Hong Kong Monthly Digest of Statistics: June 1995*. Hong Kong: Government Printer.

Census and Statistics Department. 2001a. *Report on 2001 Annual Survey of Regional Offices Representing Overseas Companies in Hong Kong*. Hong Kong: Printing Department.

Census and Statistics Department. 2002a. *2001 Population Census: Main Report — Volume I*. Hong Kong: Printing Department.

Census and Statistics Department. 2002b. *2001 Population Census: Thematic Report — Ethnic Minorities*. Hong Kong: Printing Department.

Census and Statistics Department. 2002c. *2001 Population Census: Thematic Report — Persons from the Mainland Having Resided in Hong Kong for Less Than 7 Years*. Hong Kong: Printing Department.

Census and Statistics Department. 2002d. *2001 Population Census: Thematic Report — Women and Men*. Hong Kong: Printing Department.

Chiu, Stephen W. K. 2003. "Recent Trends in Migration Movements and Policies in Asia: Hong Kong Region Report." Paper presented at the Workshop on International Migration and Labour Markets in Asia, Japan Institute of Labour, 6-7 February, Tokyo.

Chiu, Stephen W. K. and David A. Levin. 1993. "Labour under Industrial Restructuring in Hong Kong: A Comparison of Textiles and Garments." Hong Kong: Occasional Paper No. 21, Hong Kong Institute of Asia-Pacific Studies, The Chinese University of Hong Kong.

Chiu, Stephen W. K. and Tai-lok Lui. 1995. "Hong Kong: Unorganized Industrialism." Pp. 85-112 in Gordon L. Clark and Won Bae Kim (eds), *Asian NIEs and the Global Economy: Industrial Restructuring and Corporate Strategy in the 1990s*. Baltimore: Johns Hopkins University Press.

Chiu, Stephen W. K., K. C. Ho and Tai-lok Lui. 1997. *City-states in the Global Economy: Industrial Restructuring in Hong Kong and Singapore*. Boulder: Westview Press.

Commissioner for Labour. Various years. *Annual Departmental Report*. Hong Kong: Government Printer.

Enright, Michael J., Ka-mun Chang, Edith E. Scott and Wen-hui Zhu. 2003. *Hong Kong and the Pearl River Delta: The Economic Interaction*. Hong Kong: The 2022 Foundation.

Esping-Andersen, Gosta. 1990. *The Three Worlds of Welfare Capitalism*. Cambridge: Polity Press.

Esping-Andersen, Gosta (ed). 1993. *Changing Classes: Stratification and Mobility in Post-industrial Societies*. London: Sage Publications.

Federation of Hong Kong Industries. 2002. *Made in PRD: The Changing Face of HK Manufacturers — Part 1 Report*. Hong Kong: Federation of Hong Kong Industries.

Friedmann, John. 1986. "The World City Hypothesis." *Development and Change* 17(1):69-83.

Friedmann, John. 1995a. "The World City Hypothesis." Pp. 317-31 in Paul L. Knox and Peter J. Taylor (eds), *World Cities in a World-system*. Cambridge: Cambridge University Press.

Friedmann, John. 1995b. "Where We Stand: A Decade of World City Research." Pp. 21-47 in Paul L. Knox and Peter J. Taylor (eds), *World Cities in a World-system*. Cambridge: Cambridge University Press.

Friedmann, John and Goetz Wolff. 1982. "World City Formation: An Agenda for Research and Action." *International Journal of Urban and Regional Research* 6:309-44.

Gordon, Ian and Michael Harloe. 1991. "A Dual to New York? London in the 1980s." Pp. 377-96 in John Hull Mollenkopf and Manuel Castells (eds), *Dual City: Restructuring New York*. New York: Russell Sage Foundation.

Hall, Peter. 1998. "Globalization and the World Cities." Pp. 17-36 in Fu-chen Lo and Yue-man Yeung (eds), *Globalization and the World of Large Cities*. Tokyo: United Nations University Press.

Hamilton, Gary G. 1999. "Hong Kong and the Rise of Capitalism in Asia." Pp. 14-34 in Gary G. Hamilton (ed), *Cosmopolitan Capitalists: Hong Kong and the Chinese Diaspora at the End of the Twentieth Century*. Seattle: University of Washington Press.

Hamnett, Chris. 1994. "Social Polarisation in Global Cities: Theory and Evidence." *Urban Studies* 31(3):401-24.

Hamnett, Chris. 1996. "Social Polarisation, Economic Restructuring and Welfare State Regimes." *Urban Studies* 33(8):1407-30.

Hui, Po-keung. 1996. "Overseas Chinese Business Networks: East Asian Economic Development in Historical Perspective." Ph.D. Thesis, State University of New York at Binghamton.

Immigration Department. 2001a. "40th Anniversary: 1961-2001." (http://www.immd.gov.hk/40/eng/index.html)

Immigration Department. 2001b. *Immigration Department Annual Report 2000-2001*. Hong Kong: Printing Department.

Industry Department. 1991. *Hong Kong's Manufacturing Industries 1990*. Hong Kong: Government Printer.

Industry Department. 1992. *Report on the 1991 Survey of Regional Representation by Overseas Companies in Hong Kong*. Hong Kong: Government Printer.

Industry Department. 1995. *1995 Hong Kong's Manufacturing Industries*. Hong Kong: Government Printer.

Jao, Y. C. 1997. *Hong Kong as an International Finance Centre: Evolution, Prospects and Policies*. Hong Kong: City University of Hong Kong Press.

Levin, David A. and Stephen W. K. Chiu. 1997. "Country Report: Immigration for Employment — The Hong Kong Experience." Paper presented at the Workshop on International Migration and Labour Markets in Asia, Japan Institute of Labour, 30-31 January, Tokyo.

Lui, Tai-lok and Stephen W. K. Chiu. 1993. "Industrial Restructuring and Labour-market Adjustment under Positive Noninterventionism: The Case of Hong Kong." *Environment and Planning A* 25(1):63-79.

Lui, Tai-lok and Stephen W. K. Chiu. 2001. "Flexibility under Unorganized Industrialism? The Experience of Industrial Restructuring in Hong Kong." Pp. 55-78 in Frederic C. Deyo,

Richard F. Doner and Eric Hershberg (eds), *Economic Governance and the Challenge of Flexibility in East Asia*. Lanham: Rowman & Littlefield Publishers.

Marcuse, Peter. 1989. " 'Dual City': A Muddy Metaphor for a Quartered City." *International Journal of Urban and Regional Research* 13(4):697-708.

McLaughlin, Eugene. 1993. "Hong Kong: A Residual Welfare Regime." Pp. 105-40 in Allan Cochrane and John Clarke (eds), *Comparing Welfare States: Britain in International Context*. London: Sage Publications.

Meyer, David R. 2000. *Hong Kong as a Global Metropolis*. Cambridge: Cambridge University Press.

Sassen, Saskia. 1991. *The Global City: New York, London, Tokyo*. Princeton: Princeton University Press.

Sassen, Saskia. 1998. *Globalization and Its Discontents*. New York: The New Press.

Sassen, Saskia. 2000. *Cities in a World Economy*. 2nd ed. Thousand Oaks: Pine Forge Press.

Sassen, Saskia. 2001. *The Global City: New York, London, Tokyo*. 2nd ed. Princeton: Princeton University Press.

Susser, Ida. 1991. "The Separation of Mothers and Children." Pp. 207-24 in John Hull Mollenkopf and Manuel Castells (eds), *Dual City: Restructuring New York*. New York: Russell Sage Foundation.

Taylor, P. J., G. Catalano and D. R. F. Walker. 2002. "Exploratory Analysis of the World City Network." *Urban Studies* 39(13):2377-94.

Thompson, Edmund R. 2000. "Hong Kong as a Regional Strategic Hub for Manufacturing Multinationals." Pp. 169-89 in Ake E. Andersson and David E. Andersson (eds), *Gateways to the Global Economy*. Cheltenham: Edward Elgar.

Wessel, Terje. 2000. "Social Polarisation and Socioeconomic Segregation in a Welfare State: The Case of Oslo." *Urban Studies* 37(11):1947-67.

Wong, Hung. 2000. "Globalisation and Marginalisation of Labour: The Case of Hong Kong." Paper presented at the 12th Annual Meeting of the Society for the Advancement of Socio-Economics, 9 July, London.

Yeung, Yue-man and Fu-chen Lo. 1998. "Globalization and World City Formation in Pacific Asia." Pp. 132-54 in Fu-chen Lo and Yue-man Yeung (eds), *Globalization and the World of Large Cities*. Tokyo: United Nations University Press.

Global City, Dual City?

Globalization and Social Polarization in Hong Kong since the 1990s

Abstract

In this paper, using data generated from the population censuses, we document the process of social polarization that has accompanied the globalization of Hong Kong. By the early 1990s, Hong Kong had obviously become qualified to be regarded as global city, as suggested in the literature on global cities. Also as predicted in the literature, we have observed a process of occupational and income polarization in Hong Kong since the 1990s, as a result of the transformation of the city from an industrial colony to a producer service-driven global city. We outline the dimension of gender in this polarization process, and demonstrate how the forces of migration exacerbated the process of social differentiation, to produce a social structure that resembles an "hour glass." While our findings clearly support Sassen's hypotheses regarding the social consequences of the development of global cities, we have also sought to highlight the mediating effect of local institutional contexts in crystallizing the local impact of global forces.

全球化都市，二元化都市？

全球化與香港於 1990 年代以來社會分化的趨勢

趙永佳　呂大樂

（中文摘要）

通過再分析人口普查的資料，我們在此描述了香港社會在踏上全球化發展道路的同時，所出現的社會分化。到了 1990 年代，香港作爲一個全球化都市，可以說是當之無愧。但也正如相關的文獻所預測，打從 1990 年代開始，香港從一個工業殖民地轉型爲一個以服務爲主導的全球化都市的過程，我們可以見到在職業結構和收入的二元化現象。我們的分析既強調這種分化過程底下的性別面向，同時也考慮到移民因素對社會結構的影響。在確定 Sassen 對全球化都市的社會發展形態的預測之外，我們的分析也呈現出本土制度環境在具體塑造全球化動力於地方層面的作用。