Sackings and wage cuts in Hong Kong

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Hong Kong, so long regarded as a benchmark of economic stability, has officially entered recession for the first time in 13 years. Figures released in August show that its Gross Domestic Product (GDP) shrank by 5 percent in the second quarter following a 2.8 percent decline in the first quarter.

For years the official jobless rate in Hong Kong never rose above 2 to 2.5 percent. Chronic labour shortages resulted in the large scale immigration of workers, particularly domestic servants, from the Philippines and elsewhere in Asia. In addition, sections of manufacturing were shifted to southern China.

Now, in the space of less than a year, unemployment has doubled to hit 5 percent, the highest level in 15 years. Not only is there a downturn in manufacturing but other major industries--tourism and property--have collapsed. Workers are facing a wave of job shedding and employer demands for substantial cutbacks to wages and conditions.

Reports of wage cuts and layoffs are now a daily occurrence. On October 1, retailer Dickson Concepts notified its 1,600 employees that they had seven days to accept a 10 percent pay cut or face the sack. Filmmaker Golden Harvest laid off 50 workers, motor vehicle distributor Dah Chong Hong and industrial group Chen Hsong Holdings each sacked 80, and Cathay Pacific retrenched 33.

One of the hardest hit has been the retail sector where union figures show that 3,000 workers out of a total workforce of 15,000 have lost their jobs since July last year. Official statistics show sales spiralling downwards with a 16.4 percent decline in June compared to the same month last year. Sales of clothing and footwear fell 29 percent by value and motor vehicles were down 34 percent. The falls are the highest since records began in 1982.

Tang Cheung-sing, secretary of the Department Stores and Commercial Staff General Union said: 'It's a disaster area with no end in sight and with at least two more large companies planning restructuring and layoffs.'

Employers in virtually every industry are using the rising levels of unemployment and the threat of the sackings to bludgeon workers into accepting large wage cuts of between 10 to 15 percent, longer hours and heavier workloads.

The most savage measures are being directed against an estimated 178,000 foreign workers, mainly Filipino women who work as domestic helpers and receive the lowest wages of any workers in Hong Kong. The Hong Kong employers association is demanding the monthly salary for domestic workers $HK3,860 be cut by a massive 35 percent to $HK2,500.

The Asian Migrant Coordinating Body attacked the proposal saying it was a violation of the fundamental human rights of migrant workers. The group rejected claims by the employer body that migrant workers are now better off due to sharp devaluations in their home nation's currencies. The proposed hourly wage is barely enough to buy half a kilogram of rice in the Philippines.

The trade unions have not defended migrant workers but blamed them for the lack of jobs. The Federation of Trade Unions has called on the government to take legal measures to prevent employers from using domestic helpers as drivers, saying they were undermining the jobs and wages of Hong Kong workers.

Recently 200 workers picketed the retailer Apple Shop for several days after being faced with a demand for a 20 percent pay cut. Workers explained that they worked 12-hour shifts and that the company had already cut monthly salaries by $HK300. Encouraged by the lack of union support for the pickets, the owners sacked the workers and hired new staff on $HK5,400, just 63 percent of the previous salary.

The impact of the recession on working class families

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has been devastating and will get worse following moves to cut the already limited existing welfare benefits. The maximum welfare allowance for a family of four at present is $HK11,000 per month, which is totally inadequate. As well as cutting welfare payments, the government is planning to force the unemployed to work for the benefit.

The most oppressed families from the slum areas of Hong Kong will also be affected by the shelving of rehousing plans. The Land Development Corporation has been forced to abandon 16 projects after failing to secure joint venture agreements with developers amid slump in property prices.

Mr. Leung, who lives with his wife and daughter in a 60 square-foot room, said: 'If the corporation has no money to do the redevelopment, the government should help it. Mr. Tung has given millions of dollars to help people buy homes. Why can he not subsidise the corporation for its projects?'

Urban renewal projects account for more than 60 percent of the new flat supply each year. At present, about 20 percent of residential blocks in urban areas are more than 30 years old. The proportion of old housing is projected to double by the year 2005.

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