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Migration between Mainland China and Hong Kong since 1945: Housing Inequality and Migrant Exclusion

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Abstract

This Final Degree Project in East Asian Studies focuses on migration waves between Mainland China and Hong Kong since 1945, with particular attention to the Maoist period, China's gradual reopening, and the transition leading up to the 1997 handover of sovereignty. The study analyses how migration intensified during periods of political and economic crisis in Mainland China, while Hong Kong consolidated its role as a destination under British colonial administration. In this context, the territory relied on migration to support its rapid industrial expansion, emerging as one of Asia's leading manufacturing economies. The project also examines the impact of these population movements on Hong Kong's housing system, emphasizing how rapid demographic growth, limited land availability and property market dynamics caused sustained structural pressure on housing access. This contributed to the emergence and persistence of precarious housing forms, from mid-twentieth-century informal settlements to contemporary subdivided flats and the so-called "cage homes". Rather than attributing the housing situation only to migration, the present study situates it within a broader structural context shaped by urban policy decisions, land scarcity, and the growing role of private real estate in housing provision and affordability.

Keywords: Mainland China, Hong Kong, migration, housing crisis, exclusion, social inequality, urban development, informal settlements, cage homes.

Títol: Migració entre la Xina Continental i Hong Kong des de 1945: Desigualtat en l'Habitatge i Exclusió de Migrants.

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Sinopsis

Aquest Treball de Fi de Grau en Estudis de l'Àsia Oriental se centra en les onades migratòries entre la Xina continental i Hong Kong des de 1945, amb una atenció particular al període maoista, la gradual reobertura de la Xina i la transició prèvia al traspàs de sobirania de 1997. L'estudi analitza com la migració es va intensificar durant els períodes de crisi política i econòmica a la Xina continental, mentre Hong Kong consolidava el seu paper com a destinació sota l'administració colonial britànica. En aquest context, el territori va dependre de la migració per sostenir la seva ràpida expansió industrial, emergint com una de les principals economies manufactureres d'Àsia. El treball també examina l'impacte d'aquests moviments de població sobre el sistema d'habitatge de Hong Kong, emfatitzant com el ràpid creixement demogràfic, la limitada disponibilitat de sòl i les dinàmiques del mercat immobiliari van provocar una pressió estructural sostinguda sobre l'accés a l'habitatge. Això va contribuir a l'aparició i persistència de formes d'habitatge precàries, des dels assentaments informals de mitjan segle XX fins als contemporanis habitatges subdividits i les anomenades "cage homes". En lloc d'atribuir la situació de l'habitatge únicament a la migració, el present estudi la situa dins d'un context estructural més ampli modelat per les decisions de política urbana, l'escassetat de sòl i el paper creixent del sector immobiliari privat en la provisió i assequibilitat de l'habitatge.

Paraules clau: Xina Continental, Hong Kong, immigració, crisi de l'habitatge, exclusió, desigualtat social, desenvolupament urbà, assentaments informals, cases gàbia.

Título: Migración entre la China Continental y Hong Kong desde 1945: Desigualdad en la Vivienda y Exclusión de los Migrantes.

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Estudios: Grado en Estudios de Asia Oriental

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Sinopsis

Este Trabajo de Fin de Grado en Estudios de Asia Oriental se centra en las oleadas migratorias entre China continental y Hong Kong desde 1945, con especial atención al período maoísta, la reapertura gradual de China y la transición previa a la transferencia de soberanía de 1997. El estudio analiza cómo la migración se intensificó durante los períodos de crisis política y económica en China continental, mientras Hong Kong consolidaba su papel como destino bajo la administración colonial británica. En este contexto, el territorio dependió de la migración para sostener su rápida expansión industrial, emergiendo como una de las principales economías manufactureras de Asia. El proyecto también examina el impacto de estos movimientos de población sobre el sistema de vivienda de Hong Kong, enfatizando cómo el rápido crecimiento demográfico, la limitada disponibilidad de suelo y las dinámicas del mercado inmobiliario provocaron una presión estructural sostenida sobre el acceso a la vivienda. Esto contribuyó a la aparición y persistencia de formas de vivienda precarias, desde los asentamientos informales de mediados del siglo XX hasta los contemporáneos apartamentos subdivididos y las denominadas “cage homes”. En lugar de atribuir la situación de la vivienda únicamente a la migración, el presente estudio la sitúa dentro de un contexto estructural más amplio moldeado por las decisiones de política urbana, la escasez de suelo y el creciente papel del sector inmobiliario privado en la provisión y asequibilidad de la vivienda.

Palabras clave: China Continental, Hong Kong, inmigración, crisis de la vivienda, exclusión, desigualdad social, desarrollo urbano, asentamientos informales, casas jaula.

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1. Introduction

Migration, commonly understood as the movement of people from their usual place of residence to a new one, has shaped human history since its earliest stages. Human mobility, despite its causes, has been a constant characteristic of human societies across time. In recent years, immigration has received growing attention in both political discourse and the media, often becoming the subject of polarised debates in many parts of the world. However, migration has also played a fundamental role in the demographic and economic development of several countries and territories, and Hong Kong is an example. Historically, Hong Kong has been, above all, an immigration-driven society, with migration serving as a key factor behind its demographic expansion and economic growth, especially since the mid-twentieth century.

Migration to Hong Kong has traditionally originated from Mainland China due to their geographical proximity and long-standing historical ties. Population movements between both territories had existed for centuries, especially considering that Hong Kong has historically formed part of the Chinese Empire before the British colonisation. This situation changed during the mid-nineteenth century, when Hong Kong was ceded to Great Britain following the Opium Wars. Under British colonial rule, migration patterns evolved alongside the territory's political and economic transformation. However, immigration from Mainland China intensified significantly after the end of the Second World War, just after the renewed conflict between Chinese Communist Party and the Nationalists during the Chinese Civil War.

Following the foundation of the People's Republic of China in 1949, successive waves of migration from Mainland China reached Hong Kong with varying levels of intensity. These movements often coincided with periods of political instability, economic hardship, and social disruption in Mainland China, especially during the years of Mao Zedong's leadership. Chinese immigration had a profound impact on Hong Kong, not only demographically, but also economically. The rapid growth of the population provided a significant supply of labour that contributed to the territory's industrial expansion during the post-war decades. By the 1960s and 1970s, Hong Kong underwent a major economic transformation, emerging as one of Asia's leading manufacturing and export-oriented economies.

Migration also had a profound urban impact, as Hong Kong had to accommodate a rapidly growing population in a geographically limited territory. From an early stage, the colonial administration faced high levels of population density in the urban centre, together with the gradual emergence of informal settlements and squatter communities, which became part of Hong Kong's urban landscape. In response to the housing pressures and limited land availability, the British colonial administration introduced ambitious housing programmes with the main objective of accommodating the population growth and improving living conditions. However, continued demographic expansion placed considerable pressure on urban infrastructure and housing accessibility. Even though public housing policies succeeded in reducing squatter settlements over time, new forms of precarious and informal housing emerged. Together with rising property speculation, especially around the period of Hong Kong's transfer of sovereignty to China, these dynamics contributed to the housing challenges that continue to shape the territory.

Given the historical importance of migration in shaping Hong Kong's demographic, economic, and urban development, this research project seeks to examine the relationship between immigration from Mainland China and housing accessibility in Hong Kong. Even though the structure of this study begins with an analysis of migration waves before addressing housing pressures, the initial interest behind the research emerged from the territory's contemporary housing situation. In particular, international media coverage highlighting precarious forms of housing in Hong Kong, especially the so-called "cage homes" and subdivided units, contributed to raising broader questions regarding the historical roots of the territory's housing challenges and the possible role of migration within this process.

The central research question of this research work is how migration from Mainland China has shaped the demographic dynamics of Hong Kong, with particular emphasis to its relationship with housing accessibility. However, assessing the impact of migration on such a complex phenomenon is not straightforward. The housing situation in Hong Kong cannot be attributed to a single cause, such as migration pressure alone, but rather to a combination of structural factors that have contributed to the current crisis of the territory. Within this broader framework, migration represents a significant, but not exclusive factor in understanding housing pressures in Hong Kong today.

This research is relevant insofar as it contributes to an understanding of the relationship between migration waves from Mainland China to Hong Kong and the urban

development of the territory, in this case Hong Kong, which is characterised by intense historical dynamics of population mobility. While there is a substantial body of literature on migration from Mainland China and, in parallel, on the economic development of Hong Kong, the specific connection between these migratory waves and transformations in housing accessibility often appears fragmented or addressed indirectly. In particular, based on the bibliographical review carried out in this research project, there are relatively few works that develop a continuous narrative linking the post-Second World War period and the early waves of migration with the contemporary housing situation in Hong Kong. In this sense, this study aims to provide a critical synthesis that integrates these two analytical dimensions within a single interpretative framework, offering a more complete historical and chronological perspective.

In addition, unlike studies that focus exclusively on economic, political, or urban factors in isolation, this study adopts a multidisciplinary approach, even though it is strongly grounded in historical analysis, which allows contemporary dynamics to be contextualised within a long-term process. Consequently, this research does not seek to establish a simple causal relationship between migration and the housing crisis, but rather to analyse how migratory flows have interacted with other structural factors, such as land policies, the territory's economic development, and urban planning in shaping housing accessibility conditions in Hong Kong. In this way, the study aims to offer a more nuanced and contextualised reading of a complex and, above all, multifactorial issue.

The study adopts an interdisciplinary and literature-based approach, recognising that the complexity of the phenomenon under study requires the integration of historical, economic, and political perspectives. Rather than being a limitation, a research design based on literature review allows for the identification of key debates, interpretative tensions, and gaps within the existing literature, while also enabling a more systematic understanding of how different scholarship views address the relationship between migration and housing in Hong Kong. In this sense, the methodological framework of this study is designed not only to synthesise existing knowledge about a subject, but also to critically organise and contextualise it in a coherent analytical structure. On this basis, this approach is not merely descriptive, but constitutes a fully valid form of research itself.

The general objective of this study is to analyse the relationship between migratory waves from Mainland China and their impact on housing accessibility in Hong Kong, from a historiographical and interdisciplinary perspective, with particular attention to the

processes that have shaped the territory's demographic and urban development. However, the central objective is not to establish a single causal explanation for the phenomenon under study, but rather to place the relevance of migration within a broader set of structural dynamics that have influenced housing access in Hong Kong from mid-twentieth century to the present day. More specifically, this research work seeks to trace the main historical phases of migration from Mainland China to Hong Kong, examining how these flows have interacted with economic, political, and social development, as well as to explore how these dynamics are reflected in the evolution of housing access, culminating in the contemporary housing crisis experienced in Hong Kong.

This academic study adopts a qualitative research methodology based on a literature review and the analysis of secondary sources. The main objective is not the collection of original empirical data, but rather the construction of a chronological and interpretative framework grounded in existing literature, particularly on migration from Mainland China to Hong Kong, as well as on the political and economic responses to this migration, ultimately analysing how these migratory waves have shaped urban development and housing accessibility in Hong Kong through a critical review of the existing literature, as well as the different theoretical approaches to the phenomenon under study.

Even though the methodological approach is mainly historical, this research study also adopts an interdisciplinary perspective, as far as it situates different phases of migration in a broader long-term process that is not only historical, but also social, economic, political and urban in nature. In this sense, migration is examined in relation to land policies, economic and political development, as well as urban and demographic planning, with particular attention to their implications for housing accessibility in Hong Kong. While the topic of migration could lend itself to an anthropological approach, this study does not adopt a strictly anthropological framework, but rather focuses on a historical analysis, prioritising long-term processes and systemic transformations.

Finally, in terms of structure, this research work is organised into four main chapters. The first one provides a historical analysis of the causes behind migration waves from Mainland China to Hong Kong, with a particular attention to the different phases of these movements, which often coincided with periods of political, economic, and social crisis in the People's Republic of China. The second chapter focuses on the reception of these migratory waves in Hong Kong, examining their demographic and economic impact. In particular, it highlights how sustained immigration contributed to Hong Kong's

transformation from a war-affected economy into a manufacturing-based economy and, eventually, into a major international financial centre.

The third chapter examines the policies implemented by both Mainland China and Hong Kong in order to manage these migration waves, ranging from periods of limited border control to more structured regulatory frameworks that alternately encouraged and restricted migration. Finally, the fourth and most extensive chapter presents the case study on the impact of migration on housing access in Hong Kong, not only in the contemporary period but also from the earliest waves of migration. It explores the historical development of informal settlements and living conditions, followed by an analysis of institutional responses, particularly large-scale public housing programmes that sought the improvement of housing accessibility. The chapter also considers the exclusion and marginalisation of the Chinese migrants, including how the media and colonial administration pointed them as a key factor behind housing pressures. Finally, it traces the evolution towards the contemporary housing situation, with particular attention to property speculation and long-term urban constrains.

2. Mainland China: From Civil War to Reform and Opening

2.1. The Aftermath of War (1940-1949)

The first half of the twentieth century in China was marked by a profound chaos, characterised by overlapping conflicts among competing political and military forces across the territory. By the early 1930s, two principal blocks emerged in the struggle for the power: the Guomindang (GMD) led by Chiang Kai-shek, and the Chinese Communist Party (CCP) guided by Mao Zedong. Even though the civil conflict between these two forces officially started in 1927, both simultaneously confronted another enemy, the Imperial Japan, which initiated the invasion of Manchuria in 1931, establishing the puppet state of Manchukuo. The full-scale invasion started in 1937, forcing the two Chinese blocks to set aside their mutual antagonism and create a united front against the common enemy. Behind this collaboration, both the GMD and the CCP continued to prepare for the restarting of their civil war once the Japanese threat had been eliminated.

During the Sino-Japanese conflict, large-scale population displacements occurred across China, mainly civilians fleeing the advancing Japanese forces. The initial waves of migration began in northern China, as after the invasion of Manchuria, the Japanese army started new incursions into the northern provinces. Japan's military strategy targeted key coastal and urban centres, as in Shanghai, where a major battle took place in 1937, resulting in massive civilian casualties and displacement. By 1938, Japanese offensives extended into southern China, culminating in the capture of Guangzhou, implementing a maritime blockade of China's access to international trade routes and restricting the import of essential weapons and materials. These operations culminated in the Japanese invasion of Hong Kong in December 1941. Even before the fall of the British colony, waves of refugees from Mainland China, from diverse social and economic backgrounds, had begun to migrate towards Hong Kong and Macau, seeking safety from war:

> « The population of Hong Kong almost doubled between 1937 and 1941, reaching around 1.6 million in 1941. In the first year of the conflict, it was estimated that 250,000 people moved to Hong Kong […] Although many refugees started to arrive in Hong Kong – as in Macau – during the battle of Shanghai (August–November 1937), the largest number

> of yearly arrivals, around half a million, was registered in 1938, when Guangzhou was occupied by Japanese forces.»[1]

With the conclusion of the war against Japan, which also marked the end of the Second World War in the Asia-Pacific region, the Guomindang and the Chinese Communist Party entered a period of fragile negotiation with the main goal of preventing an outbreak of the civil war. The United States played a central role in these discussions, attempting to achieve a political reconciliation and the formation of a coalition government:

> « In December, in a dramatic move to prevent a full-scale civil war and the increased Soviet influence he expected such a conflict to lead to, U.S. president Harry Truman sent General George C. Marshall, the wartime head of the U.S. […] For a few weeks in the spring of 1946, after George Marshall had secured a cease-fire and a preliminary agreement on a coalition government, the question of war or peace hung in the balance.»[2]

Despite the signing of an agreement on 10 October 1945, known as the Double Tenth Agreement, the fragile peace collapsed. By July 1946, Chiang Kai-shek launched a large-scale offensive against Communist forces, confident in the Nationalists' military superiority, which included greater manpower, superior weaponry and U.S. logistical support: «When peace broke out in August 1945, the Nationalist armed forces were at least twice the size of the CCP's and moreover had the advantage of American equipment and supplies plus the assistance of the U.S.»[3].

During the initial phase of the renewed civil conflict, from 1946 to 1947, the GMD achieved several strategic victories, capturing key urban centres such as Yan'an, which was the Communist headquarter. The CCP's military strategy, which was rooted in guerrilla warfare and rural mobilisation, gradually shifted balance of power. By 1948, the momentum of the war turned in favour of the Communists, exposing the inefficiency and corruption in the Nationalist ranks and the declining morale of their troops. Concentrating their offensives along the northern parts of the Yangtze River, Communist forces integrated vast numbers of peasants recruits and consolidated control over the countryside. In October 1949, Mao Zedong proclaimed the founding of the People's Republic of China

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[1] CARVALHO, Fátima (2015), "The Impact of Refugees in Neutral Hong Kong and Macau, 1937–1945", *The Historical Journal*, Cambridge: Cambridge University Press, p. 213.
[2] WESTAD, Odd Arne (2003), *Decisive Encounters: The Chinese Civil War, 1946-1950*, Stanford (California): Stanford University Press, p. 31-32.
[3] FAIRBANK, John King; GOLDMAN, Merle (2006), *China: A New History*, Second Enlarged Edition, Cambridge (Massachusetts) / London (England): The Belknap Press of Harvard University Press, p. 331.

in Beijing, following the Communist capture of the city. Chiang Kai-shek and the GMD government retreated to Taiwan, where they established a regime that claimed legitimacy as the government of China.

Following the collapse of the Nationalist government and the victory of the Chinese Communist Party, a vast population displacement took place. While a significant number of Guomindang officials, soldiers and sympathizers retreated to Taiwan alongside Chiang Kai-shek, another movement of people flowed to the south towards British colony of Hong Kong. Historically, Hong Kong served as a refuge for Chinese migrants escaping political chaos, famine or economic crisis. The aftermath of the Chinese Civil War, however, produced migration flows of unprecedented scale. Tens of thousands of refugees crossed into Hong Kong between 1949 and the early 1950s, following the total control of Mainland China by the Communists:

> « Offering asylum to Chinese became so commonplace that there is no official recognition of a refugee problem, as such […] The influx grew to such huge proportions during and after World War II, and especially after the collapse of the Nationalist Government in 1949, that for the first time the island's authorities took measures to cope with the presence of political refugees whose problems differed from former groups whose stay was more or less temporary.»[4]

The Communist victory generated deep uncertainty among urban elites, professionals and entrepreneurs associated with the former Republican order. Hong Kong offered relative safety, political stability and access to international markets. Among the new arrivals were industrialists from Shanghai and Guangdong who brought capital, machinery and managerial experience, laying the foundations for Hong Kong's industrial expansion of the next decades. Although Hong Kong did not actively encourage large-scale immigration, British authorities accepted the inflow to maintain social order and economic vitality. Politically, the Chinese migrants perceived the Communist victory as not reversible, and unlike earlier waves, had little intention of returning. This influx of immigrants contributed to a demographic shift in which the colony became increasingly populated by long-term settlers whose political ideology diverged from those of the PRC.

2.2. The Construction of the Communist State (1949-1957)

[4] HAMBRO, Edvard (1957), *Chinese Refugees in Hong Kong*, Atlanta (Georgia): Clark Atlanta University, The Phylon Quarterly, p. 69.

With the foundation of the People's Republic of China, the new government started with the task of constructing a socialist state. However, the process was complicated by the fact that China emerged from a period deeply devastated by overlapping conflicts. These tensions did not disappear entirely, since the Nationalists in Taiwan remained a significant threat, and the Communist government wanted to recover the territories once belonging to the Qing dynasty, such as Tibet. In addition, the new Chinese government focused on two main priorities to initiate the socialist transformation of the nation: agrarian reform and the industrialisation. In 1953 the government adopted the First Five-Year Plan, which included key objectives and was implemented with the technical assistance of the USSR: «The Soviet Union provided massive training and technical assistance across the board. Nearly every field was shaped by Soviet advice and training […] Some 6,000 Soviet advisers came to China»[5].

The industrialisation of the country was the main objective of the new government, which looked for rebuilding the economy from scratch by prioritising some key sectors such as power generation, steel production, mining, machinery and chemical industries. To achieve this goal, the government also invested in transportation and communication infrastructure. This process of industrialisation was concentrated in the urban areas, and was closely associated with the establishment of the *Danwei* system (单位), that were work units that tied the workers to their work place, providing essential welfare benefits, such as housing, healthcare, education and food rations, commonly referred as the Iron Rice Bowl (鐵飯碗). Meanwhile, the Land Reform, which started even before the founding of the People's Republic, carried out a period of persecution against the landlords. The initial phase of this reform was the expropriation of land of the traditional rural elites and the redistribution to the peasantry:

> « During Land Reform in the old liberated areas, mass killings, beatings and torture rose to a fever pitch between 1946 and late 1947, when even supposedly "rightist" cadres might be beaten to death. Land Reform itself was accompanied in the northeast by "cleansing" campaigns and in Shandong by a hunt for spies, both of which led to intense violence even after the actual distribution of land had been completed.»[6]

[5] NAUGHTON, Barry (2007), *The Chinese Economy: Transitions and Growth*, Cambridge (Massachusetts): MIT Press, p. 66.
[6] WEMHEUER, Felix (2019), *A Social History of Maoist China: Conflict and Change, 1949–1976*, Cambridge: Cambridge University Press, p. 59.

However, political repression did not end with the Land Reform, since in 1950 the government launched the Campaign to Suppress Counterrevolutionaries, followed shortly by the Three-Anti Campaign in 1951 and the Five-Anti Campaign in 1952. The first campaign targeted real and alleged counterrevolutionaries, focusing primarily on urban centres where former Nationalist officials, intellectuals, and suspected dissidents were arrested, imprisoned, or executed. The subsequent Three-Anti and Five-Anti campaigns extended the purges beyond political opposition to address economic misconduct such as corruption, bribery and tax evasion. In this case, the impact would go further than the loss of lives, disrupting urban economic activity and contributing to temporary stagnation in industrial production:

> « The degree of violence at struggle meetings was relatively low compared with that of the Land Reform or the Campaign to Suppress Counterrevolutionaries […] The Five-Anti Campaign also disrupted industrial production and resulted in a decline in labor discipline and the closure of numerous companies.»[7]

Another major political campaign was launched in 1957, the Anti-Rightist Campaign, which followed immediately after the Hundred Flowers Campaign. The latter had initially encouraged citizens, particularly intellectuals, to express their opinions to criticise the government. This brief period of liberalisation produced a wave of public debate, in which many began to question policies and raise concerns about civil rights and political freedom. However, the leadership, perceiving this huge criticism as a challenge to the authority of the Communist Party, started the Anti-Rightist Campaign to suppress dissent, resulting in persecution, public denunciation and dismissal of those who criticised the regime:

> « By June, Mao and the leadership had concluded that the campaign had spiralled out of control. Criticism from intellectuals had been much harsher than expected and had been directed not only against superficial problems, but also against the whole political system and even CCP rule in general […] In an effort to regain the initiative, the government inaugurated the Anti-Rightist Campaign to attack and purge critical voices.»[8]

During these early years of Communist policies and political persecution, the movement of people to Hong Kong did not cease. Many of those who fled were political dissidents

[7] WEMHEUER, Felix (2019), *A Social History of Maoist China: Conflict and Change, 1949–1976*, Cambridge: Cambridge University Press, p. 70-71.
[8] Ibid., p. 113.

and intellectuals who feared the persecutions as a consequence of their criticism of the regime. In the following years, the situation worsened with the onset of the Great Leap Forward and the subsequent famine, which dramatically increased the number of migrants leaving China.

2.3. The Great Leap Forward and the Famine (1958-1961)

In 1958, the Chinese Communist Party launched an industrialisation campaign aimed at transforming Chinese agrarian society into an industrialised nation. The main idea of this campaign, called The Great Leap Forward, was to industrialise the country by rapidly developing both heavy and light industry, not only in the major urban centres but also in the rural areas. The government's strategy relied on mass mobilisation of labour, emphasising human effort over the importation of foreign machinery and technology. However, the government insisted on maintaining or even increasing grain production. Yet, the simultaneous redirection of rural labourers to work in the industries made the grain production decrease. As time passed, grain production declined for multiple reasons: «the chaos that accompanied the introduction of the larger communes; poor labor performance leading to reduced productivity; and general labor shortages in agriculture»[9].

The consequences of the Great Leap Forward were devastating, culminating in a widespread famine that lasted until 1961, in part because of the decline in agricultural production, but also because of the systemic failures of the political leaders at all levels. Unrealistic production targets imposed by the Party, combined with falsified reports from local cadres and mismanagement in the distribution of food supplies, made even bigger the crisis. The result was one of the deadliest famines in human history, taking the lives of an estimated thirty million people:

> « Data on food availability demonstrate that the major cause of the demographic crisis was famine. Indeed, measured by the absolute magnitude of its demographic impact-about 30 million excess deaths and about 33 million lost or postponed births-the 1958-61 Chinese famine was the largest in human history. The data on food availability also suggest that, in contrast to many other famines, a root cause of this one was a dramatic

[9] WEMHEUER, Felix (2019), *A Social History of Maoist China: Conflict and Change, 1949–1976*, Cambridge: Cambridge University Press, p. 135.

> decline in grain output, which continued for several years and which in 1960- 61 involved a drop in grain output of more than 25 percent.»[10]

In 1958, alongside with the Great Leap Forward, the Communist government also implemented the household registration system, or *hukou* (户口), institutionalising the state's control over internal mobility. The *hukou* tied population to their place of birth and categorised them as rural or urban residents, making it extremely difficult for rural residents to seek refuge in cities. This restriction became another obstacle during the famine, as rural habitants were prohibited from moving across the territory in order to search for food or better living conditions. The immobility enforced by the *hukou* system not only deepened the living conditions of those in famine-stricken areas but also increased the appeal of cross-border migration to Hong Kong as one of the few avenues for survival[11]. Although the PRC sealed its borders in 1957, thousands managed to cross into British colony, either through rural border zones or via relatives already settled in the territory. These migrants were mainly peasants from Guangdong and Guangxi escaping hunger, food requisitions and collectivisation campaigns:

> « The main flow out of China during this period was to Hong Kong with around 40,000 persons a year entering the British colony during the 1950s. This figure dropped to 10,000 during the 1960s, except during the chaotic conditions in 1962 following the great famine when over 120,000 entered Hong Kong in over a six-week period, over half of whom were arrested and deported.»[12]

The arrival of these migrants coincided with Hong Kong's industrial expansion and provided factories with an abundant source of cheap labour. While British authorities initially regarded the influx as potentially destabilising, Hong Kong needed migrants to sustain the expansion in textile and light-manufacturing sectors. These migrants were rural, young and unskilled, forming the labour backbone of Hong Kong's factories. Their presence further intensified the colony's demographic density while generating new social pressures for the administration, particularly widening socioeconomic disparity between recent migrants and the longer-established residents.

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[10] ASHTON, Basil (1984), *Famine in China, 1958–61*, New York: Population and Development Review / Population Council, p. 614.
[11] CHAN, Kam Wing; ZHANG, Li (1999), The Hukou System and Rural-Urban Migration in China: Processes and Changes, London: *The China Quarterly*, Vol. 160, pp. 818-855.
[12] SKELDON, Ronald (1996), "Migration from China", *Journal of International Affairs*, Vol. 49, No. 2, Winter 1996, p. 439.

2.4. The Cultural Revolution (1966-1976)

After several years of recovery from the Great Leap Forward and the subsequent famine, Mao Zedong launched another campaign in 1966, the Cultural Revolution. Despite the name, this movement evolved into a profound socio-political upheaval aimed at purging capitalist and traditional elements from Chinese society, as well as in the Communist Party itself. While the Party officially defines the Cultural Revolution as lasting until 1976, the year of Mao's death, most scholars[13] focus on the initial three years, during which the most significant and violent events occurred. In 1966, Mao called upon young people, mainly students, to rise up against the so-called counterrevolutionaries, starting what became known as Red August in Beijing, marked by widespread persecution and massacres:

> « During the so-called "Red August" and into September […] groups of teenagers hunted down and tortured so-called "class enemies," humiliating them by shaving their heads or forcing them to parade through the streets with placards naming their "crimes." The police offered little protection in these cases, either standing by as the Red Guards went about their work or simply ignoring them entirely.»[14]

The movement mobilised more than ten million students across the country, having a profound impact on the education system, as schools, institutes and universities were closed. The Cultural Revolution soon spread beyond students circles to other social groups, such as the urban workers in cities like Shanghai. By 1967, the movement had descended into chaos, not only because of the vast number of participants but also due to growing divisions among factions within the Revolutionary Committees and the Red Guards, leading to violent clashes. One of the most significant was the Wuhan Incident of 1967, in which rival factions, one supported by the People's Liberation Army (PLA), fought for control of the city, resulting in numerous deaths. As the situation escalated, the country was once again at the edge of a new civil war. Mao intervened to restore order by launching the Down to the Countryside Movement, which sent thousands of former Red Guards to rural areas for re-education through labour. Nevertheless, political purges and persecution did not cease:

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[13] WEMHEUER, Felix (2019), *A Social History of Maoist China: Conflict and Change, 1949–1976*, Cambridge: Cambridge University Press, p. 196.
[14] Ibid., p. 199.

> « Based on a study of the official county and municipal chronicles, Andrew Walder estimates that a total of 1.5 to 1.8 million people were killed as a result of the Cultural Revolution. The large majority of the victims he identifies died as a result, not of the movement's chaotic early years, but of state violence from above following the establishment of the Revolutionary Committees in 1968 and 1969.»[15]

The 1960s were an exceptionally chaotic decade for China, marked not only by the devastating famine that followed the Great Leap Forward but also by the chaos and persecution unleashed during the Cultural Revolution. These persecutions did not truly end until Mao's death in 1976 and the subsequent arrest of the Gang of Four, which officially closed the movement. These overlapping crises deeply affected the Chinese society, resulting in suffering, social dislocation and loss of life. Despite the state's efforts to impose control over internal mobility, migration flows continued throughout the decade. Many individuals, facing famine, political repression or social instability, chose to flee the Mainland, with Hong Kong remaining one of the principal destinations for those seeking refuge.

The Cultural Revolution had a profound impact across Mainland China, but the political and social instability hit southern China, causing another wave of people to flee to Hong Kong. Fears of class-based persecution, arbitrary violence by Red Guards, school closures or the breakdown of normal economic activity pushed many urban residents, especially from Guangzhou, to flee. In contrast, across the border, Hong Kong offered stability, rising wages and growing manufacturing sector, making the territory an attractive refuge. These arrivals reinforced Hong Kong's social diversity but also placed a significant pressure on housing, education and welfare systems. These strains ultimately shaped the colonial government's reforms in the 1970s and contributed to the consolidation of a distinct Hong Kong's identity separate from the Mainland.

2.5. Deng Xiaoping and the Reform Era (1978-1997)

The period between 1978 and 1997 marked a decisive turning point in China's modern history, as the country transitioned away from Maoism and its profound social and economic legacy towards an era of market-oriented reform and increasing integration into the global economy. The key moment of this transformation was the Third Plenum of the

[15] WEMHEUER, Felix (2019), *A Social History of Maoist China: Conflict and Change, 1949–1976*, Cambridge: Cambridge University Press, p. 204.

11th Central Committee in 1978, where Deng Xiaoping re-emerged as the leader of the Communist Party and initiated the reform process. These measures shifted the Party's focus from class struggle to economic modernisation, making policies that would gradually open China to foreign investment, decentralise economic control and reshape Chinese society.

The first major reform implemented by Deng Xiaoping and his associates, among whom Zhao Ziyang played a prominent role, was the agrarian reform. During the Maoist period, rural land had been collectivised, with prices fixed by the state, agricultural production requisitioned, and output quotas determined. This system resulted in stagnant productivity and the absence of agricultural modernisation, factors that had contributed to the catastrophic famine during the Great Leap Forward. The new government gradually dismantled the collective farming system, introducing what became known as the Household Responsibility System, which allocated pieces of land to individual peasant households, acting as a small-scale producers or little landlords. Although initially received with scepticism, the reform spread progressively throughout the countryside. In addition, the state stopped setting prices and heavy taxes, instead collecting only a small share of total output and allowing peasants to sell their surplus freely on the market. Combined with rising prices and the adoption of new farming techniques, such as chemical fertilizers, these measures led to a rapid increase in production. By the early 1980s, China had achieved self-sufficiency in grain and significantly improved rural living standards:

> « The institution of contracting land to households spread rapidly throughout rural China and became nearly universal by the end of 1983. Agricultural production began to surge […] By 1984 grain output had surged to 407 million metric tons, more than one-third higher than in 1978. There was enough grain for everybody in China.»[16]

Another major reform introduced under Deng Xiaoping was the gradual transition from the planned Maoist economy to the dual-track system. Rather than pursuing full and immediate liberalisation, which could led to economic instability, Deng adopted a combination of elements of both planning and market mechanisms. Under this system, enterprises were required to deliver a quota of goods to the state at fixed prices, while any production above the quota could be sold on the open market at prices determined by the

[16] NAUGHTON, Barry (2007), *The Chinese Economy: Transitions and Growth*, Cambridge (Massachusetts): MIT Press, p. 89.

enterprise itself. This granted limited autonomy to make production and pricing decisions, encouraging competition and efficiency while maintaining overall state oversight. As a result, enterprises began reinvesting profits, experimenting with new projects and gradually adapting to market dynamics. By mid-1980s, the role of direct state intervention in the management of enterprises had significantly reduced:

> « Perhaps the most characteristic feature of China's initial departure from the planned economy was the dual-track system. The Chinese term *shuangguizhi* refers to the coexistence of a traditional plan and a market channel for the allocation of a given good […] the dual track implied a two-tier pricing system for most goods: a single commodity had both a (typically low) state-set planned price and a (typically higher) market price. It is important to stress that the dual track refers to the coexistence of two coordination mechanisms (plan and market) and not to the coexistence of two ownership systems.»[17]

A parallel reform during this period was the creation of the Special Economic Zones (SEZs), which embodied Deng's principle of experimenting before extending. Established initially in Shenzhen, Zhuhai, Shantou and Xiamen in 1980, the SEZs worked as laboratories of controlled liberalisation, allowing market mechanisms and foreign investment under the supervision of the socialist state. In practice, SEZs offered tax incentives, administrative autonomy and greatly reduced barriers to foreign capital, creating enclaves of capitalism within a planned economy. As Naughton observes, «the SEZs also exemplified the pattern of Chinese policy-making during the first era of reform: dual-track, incremental reforms that started by creating a new system alongside, or in the interstices of the existing one»[18]. The rapid success of Shenzhen, whose output grew exponentially during the first half of the 1980s, demonstrated the viability of market experimentation and reinforced the gradualist strategy that defined reform era.

The economic transformations initiated under Deng Xiaoping had profound social and demographic repercussions across China. Rural reforms and the establishment of the Special Economic Zones released millions of surplus agricultural workers from the countryside, generating new patterns of internal and cross-border mobility:

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[17] NAUGHTON, Barry (2007), *The Chinese Economy: Transitions and Growth*, Cambridge (Massachusetts): MIT Press, p. 91.
[18] Ibid., p. 407.

> « From the mid–1990s, the Chinese government began to seriously reconsider its policy toward migrant workers. Booming regional centres, led by export-oriented cities in Guangdong Province, demanded more factory labour.»[19]

The Pearl River Delta, became a focal point of this movement, as economic migrants, no longer primarily political refugees, were drawn by employment prospects and the dynamism of export-oriented industries. During the 1980s, the growing interaction between Hong Kong and the emerging manufacturing centres of southern China created a cross-border economic space that blurred the distinction between the socialist planned economy and the global capitalist system. However, the Tiananmen Square events of 1989 temporarily disrupted this reformist momentum, generating uncertainty and provoking waves of emigration, especially among intellectuals, professionals and Hong Kong residents. Nevertheless, Deng Xiaoping's Southern Tour in 1992 reasserted his commitment to market-oriented reform. This reaffirmation of the reform not only consolidated China's gradual integration into the global economy but also reinforced its dependence on Hong Kong as a crucial financial, technological and logistical intermediary. In this context, this interdependence set the foundations for the 1997 handover, under the principal of "one country, two systems".

Deng Xiaoping's economic reforms fundamentally reshaped migration patterns from Mainland China. The relaxation of the border controls and the reintroduction of family-reunification permits facilitated legal migration to Hong Kong throughout the 1980s and 1990s. This was complemented by the Touch Base Policy era between 1974 and 1980. These migrants provided essential labour for services, manufacturing relocations and domestic work, while simultaneously deepening economic integration with Guangdong. This presence also contributed to social tensions, as long-term residents increasingly embraced a Hong Kong identity distinct from the Mainland's political system and economic model, laying the groundwork for later debates on belonging and citizenship:

> « The differences between the two peoples were reinforced by the influx of illegal Chinese immigrants from 1978 to 1980. Although the Sino-British border was closed in 1950, the Hong Kong government operated on a fairly liberal basis towards illegal immigrants from China […] his was popularly known as the 'touch base policy'. It was abandoned in 1980

[19] NAUGHTON, Barry (2007), *The Chinese Economy: Transitions and Growth*, Cambridge (Massachusetts): MIT Press, p. 125.

[…] The scale of the influx, which amounted to over 400,000 people in a period of about three years, created problems with assimilation in the short term.»[20]

[20] TSANG, Steve (2004), *A Modern History of Hong Kong*, London: I.B. Tauris, p. 193.

3. Hong Kong: From Postwar Colony to Global Crossroads (1945-1997)

3.1. Colonial Hong Kong after World War II (1945-1950s)

In December 1941, only hours after the Japanese attack on Pearl Harbour, Hong Kong was invaded by Imperial Japanese forces. After a short campaign, Japan secured an easy victory, occupying the territory until the end of the Second World War, when Emperor Hirohito announced Japan's surrender in August 1945. During the occupation, the Japanese not only exploited Hong Kong's resources for military purposes but also imposed severe political repression, leading to widespread suffering among the local population. As a result, the city's population fell dramatically:

> « Given Hong Kong's place in Japanese strategic thinking and the logistics involved in feeding a population of over 1.5 million after its economy was broken, the Japanese assiduously worked to reduce the population […] By February 1943, the population had dropped to 969,000, falling further to 600,000 by the time the Japanese had surrendered in August 1945.»[21]

After Japan's defeat, the principle of restoring colonial territories to their original sovereign powers was debated within the Allied block. However, Great Britain was determined to recover the control over Hong Kong. In contrast, Chiang Kai-shek, then leader of the Republic of China, faced enormous challenges, such as the reconstruction of war regions, the reintegration of territories occupied by Japan and the growing threat posed by Communist forces in the north. Consequently, Chiang saw Hong Kong as a lower political priority, assuming that the issue could be resolved diplomatically at a later stage:

> « the Japanese should surrender Hong Kong to Chiang. However, the British government saw this arrangement as harmful to British interests, which required the restoration of British jurisdiction over all its Asian colonies […] In China, Chiang had much on his mind in working out arrangements to accept the Japanese surrender, not least to minimise the scope for the Communist forces under Mao Zedong to use this opportunity to expand rapidly.»[22]

[21] TSANG, Steve (2004), *A Modern History of Hong Kong*, London: I.B. Tauris, p. 127.
[22] Ibid., p. 133.

By 1948, it was clear to British authorities that a Communist victory in the Chinese Civil War was only a matter of time. Within British political circles, this realisation generated an intense debate over how best to manage the colony of Hong Kong among the shifting regional balance of power. During this period, Governor Mark Young proposed the introduction of representative democratic institutions in Hong Kong, envisioning a limited form of self-government that would grant greater participation to the local Chinese population. However, his successor, Governor Alexander Grantham, adopted a far more conservative position. Fearing that such reforms could facilitate Communist infiltration into the colonial administration, he ultimately dismissed Young's constitutional proposal.

After the founding of the People's Republic of China in 1949, Hong Kong did not occupy a prominent place in the Communist agenda, as Beijing focused instead on consolidating internal control. Meanwhile, the outbreak of the Korean War in 1950, which quickly evolved into one of the first major confrontations of the Cold War, placed Hong Kong between two antagonistic powers: the United States, which led the United Nations' military intervention, and China, which entered the war in late 1950. As a result, the U.S. trade embargo on China imposed in 1951 also affected Hong Kong, disrupting its role as the principal entrepôt for Chinese trade and slowing down the economic recovery of the British colony:

> « The establishment of the PRC did not fundamentally change the Communist Party's policy towards Hong Kong. When their forces were about to reach the Hong Kong border in October 1949, the local commander was specifically instructed not to let any incident happen. Hong Kong became even more valuable to the PRC as a result of the outbreak of the Korean War and the intensification of the Cold War […] the PRC would not attempt to take Hong Kong, for it was a valuable instrument with which to divide the British from the Americans in their East Asian policies.»[23]

Despite the political chaos in China and the trade embargo imposed during the Korean War, it was during the 1950s that the foundations were laid for Hong Kong's economic expansion in the following decade. Several key factors contributed to this transformation, such as the massive influx of refugees from Mainland China. Among them were numerous

[23] TSANG, Steve (2004), *A Modern History of Hong Kong*, London: I.B. Tauris, p. 154.

entrepreneurs from Guangdong and Shanghai, whose arrival changed the structure and direction of the colony's economy:

> « Hong Kong's industrial growth also benefited from the arrival of Shanghai industrialists. They started investing significantly in Hong Kong as the Chinese civil war resumed […] It was in the turbulent years of 1948 and 1949 that the real influx occurred when two-thirds of Shanghaiese-owned cotton spinning factories were set up in Hong Kong.»[24]

Historically, Hong Kong had functioned primarily as China's principal entrepôt, but the arrival of these entrepreneurial migrants brought new investment, technical skills and managerial experience. Many of them invested their limited capital into industrial sector, leading to a rapid process of industrialisation, especially in the textile sector. Although the colonial government did not actively promote industrial development, it ensured economic and political stability, while simultaneously expanding public services, including water supply, healthcare, education and large-scale public housing projects to accommodate the growing working population:

> « Industrialization took place with the arrival of capital, skill and entrepreneurs from mainland China, particularly Shanghai. Many of these capitalists sought refuge in Hong Kong 'because of its accessibility, stability, and relative absence of government regulation in economic life'.»[25]

The workforce in these new industries largely consisted of migrant labourers from the Mainland, who endured long working hours, low wages and harsh conditions. Nevertheless, with the additional inflow of British and international capital, particularly through Hong Kong's banking sector, industrialisation accelerated considerably. By the late 1950s, the colony had been transformed into a dynamic industrial hub and a commercial centre not only for China but for the East Asian region.

3.2. Export-Led Growth and the "Hong Kong Miracle" (1960s-1980s)

Hong Kong's transformation between the 1960s and the 1980s is often characterised as a "miracle", turning the territory as the first of the so-called Asian Tigers. As noted previously, the foundations of this trajectory lay in the rapid industrialisation of the 1950s. However, it was in the 1960s that Hong Kong entered a period of accelerated economic

[24] TSANG, Steve (2004), *A Modern History of Hong Kong*, London: I.B. Tauris, p. 163.
[25] NGO, Tag-Wing (2004), *Hong Kong's History*, Hong Kong SAR: City University of Hong Kong Press, p. 120.

growth, driven by export-oriented manufacturing and a gradual shifting from a low-cost industrial enclave to an emerging regional financial centre. This industrial expansion evolved within an institutional environment shaped by the colonial administration's strategy of limited economic intervention, which prioritised stability, low taxation and legal predictability. Such conditions proved highly conducive to uninterrupted private investment. Nevertheless, the outbreak of Maoist-inspired riots in 1967 exposed deep social issues and raised concerns regarding the colonial rule. In response, the government started a broad programme of reforms in housing, education, healthcare and other public services. These measures expanded access to social infrastructure and contributed to the better conditions of the labour force, being healthier and better educated:

> « The colonial government had also realised how vulnerable it was during the Maoist-led riots of 1967 and the value of popular support. It accepted the importance of turning itself into a government for the people and acted on this recognition. Above all, rapid economic growth had given the government the necessary resources to expand the civil service and fund new expenditures for social purposes.»[26]

By the early 1970s, Hong Kong had emerged as one of Asia's most dynamic export-oriented economies. During the period when manufacturing contributed most significantly to GDP, local investors financed over 94 per cent of industrial establishments, accounted for 87 per cent of industrial employment and produced approximately 80 per cent of total output[27]. Domestic consumption expanded, primarily towards services, real estate and land, rather than the industrial goods, which were destined almost entirely for export markets. Rising wages and increasing domestic savings stimulated the property market, which had been depressed after the 1967 riots. The decline in prices enabled local investors to acquire land and buildings at relatively low cost. According to Tsang, most of the major business conglomerates that dominated Hong Kong by the 1990s were founded on real estate investments undertaken in the 1960s and 1970s, with only a handful of long-standing British firms maintaining their previous dominance[28]. The subsequent stock market boom further enhanced the wealth of the investors and business groups, allowing them to diversify into shipping, banking and other sectors, often challenging British firms that had previously dominated Honk Kong's economy.

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[26] TSANG, Steve (2004), *A Modern History of Hong Kong*, London: I.B. Tauris, p. 163.
[27] Ibid., p. 172.
[28] Ibid., p. 173.

By the 1970s, Hong Kong's financial and commercial institutions had matured alongside its rapid economic expansion. The territory's limited physical size constrained further industrial growth, particularly in heavy and technologically sectors, shifting towards finance and advanced services. Foreign banks, especially from the United States and Japan, established offices in Hong Kong, contributing to its emergence as a regional hub for financial transactions, business services and trade activities. Reforms to the stock exchange during the 1980s further enhanced the territory's integration into global capital markets:

> « The main focus of Hong Kong's efforts to diversify its economy in the 1970s was to upgrade and develop its already impressive network of banks, shipping and insurance agencies into a modern financial centre and regional hub for business services.»[29]

The 1980s marked a decisive new phase in Hong Kong's development driven by the People's Republic of China's economic opening under Deng Xiaoping. Prior to the 1950s, Hong Kong had functioned as China's principal entrepôt, but during this new phase, however, it evolved into a more mutual economic partner. The establishment of Special Economic Zones, such as Shenzhen, alongside with liberalisation of Guangdong province, encouraged Hong Kong companies to relocate labour-intensive manufacturing across the border. This change reduced production costs and allowed local industrialists to maintain their competitive advantage in global export markets. As Tsang notes, by 1988 an estimated two million Chinese workers were employed in factories owned or managed by Hong Kong businesses, rising to approximately five million by 1997[30]. Although some initial challenges, such as less skilled workforce and bureaucratic corruption, they also created important opportunities for business expansion. As a result, Hong Kong remained the primary gateway for foreign capital into China, having an important role in the Mainland's economic reform process:

> « Since the 1980s, the economic links between Hong Kong SAR and the mainland have expanded rapidly, with Hong Kong SAR becoming the most important trade and international fund-raising center for the mainland. At the same time, Hong Kong SAR has successfully transformed itself into a service-oriented economy as its manufacturing sector has largely relocated to the mainland.»[31]

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[29] TSANG, Steve (2004), *A Modern History of Hong Kong*, London: I.B. Tauris, p. 175.
[30] Ibid., p. 176.
[31] INTERNATIONAL MONETARY FUND (2003), *Meeting the Challenges of Integration with the Mainland*, Hong Kong SAR: International Monetary Fund, p. 2.

The signing of the 1984 Sino-British Joint Declaration, which established the terms under which Hong Kong would return to Chinese sovereignty in 1997 under the principle of "one country, two systems" produced political stabilisation and renewed investor confidence on both sides of the border. As Steve Tsang notes, Hong Kong's economy boomed, once political uncertainty was removed by the signing of the Sino-British Agreement over Hong Kong's future in 1984, wage, rent and other production costs rocketed[32]. That encouraged Hong Kong manufacturers to relocate labour-intensive production to the Pearl River Delta while retaining administrative, financial and logistical function in Hong Kong. In this sense, Hong Kong's "economic miracle" was not merely the evolution of a manufacturing enclave but the formation of a global city whose prosperity became inseparable from the transformation of southern China.

3.3. Social and Political Transformations under the Shadow of 1997

Beyond the economic miracle, the period from the 1970s to the eve of the 1997 handover was marked by accelerated social transformation in Hong Kong. Rising living standards and new immigration waves reshaped the territory's demographic composition and social hierarchy. Although the population became increasingly educated, new forms of inequality emerged, carrying out important political debates leading to the handover. By the early 1970s, the colonial administration recognised that Hong Kong's rapid industrial expansion had produced housing shortages, deteriorating the living conditions of the residents. Governor Murray MacLehose, who served from 1971 to 1982, launched an ambitious reform called Ten-Year Housing Programme in 1972. As Tsang explains, this reform would lead to the virtual disappearance of squatter areas, eliminate overcrowding and sharing in both private and public housing[33]. Public housing had become since the 1980s a defining feature of Hong Kong's urban landscape.

MacLehose also introduced major educational reforms, including free and compulsory primary education in 1971 and the extension of nine years of free schooling in 1978, creating a generation of Hongkongers which were better educated than the previous generations. However, upward mobility was irregularly distributed, as the highly competitive schooling system intensified social stratification even as it expanded opportunities. Meanwhile, immigration from Mainland China continued throughout the

[32] TSANG, Steve (2004), *A Modern History of Hong Kong*, London: I.B. Tauris, p. 177.
[33] Ibid., p. 205.

1970s and 1980s, having new dynamics under policies such as the Touch Base Policy (1974-1980). This regulation allowed unauthorised migrants who reached urban areas to remain in Hong Kong if they could demonstrate family ties or employment prospects. This policy brought approximately 400,000 new immigrants, that were mostly young rural men. This contributed to changing notions of belonging, while long-term residents increasingly identified themselves as "Hongkongers", these new arrivals were perceived as culturally and socially distinct:

> « The scale of the influx, which amounted to over 400,000 people in a period of about three years, created problems with assimilation in the short term […] The difficulties they had in assimilating into Hong Kong society led to discrimination and mockery from the locally born, who created negative stereotypes of them.»[34]

The shift towards finance and services during the 1980s created new professional elites while reducing opportunities for those tied to manufacturing industries. These disparities were politically sensitive, especially after the 1967 riots, which revealed deep frustration among working-class youth. Public resentment was deepened further by widespread perceptions of corruption within the administration, especially the police force. Seeking to rebuild legitimacy and restore confidence, the administration established the Independent Commission Against Corruption (ICAC) in 1974:

> « The decision was left to MacLehose. In October 1973, he told the Legislative Council that he had decided to set up an Independent Commission Against Corruption (ICAC), in effect over-ruling the Commissioner of Police. Significantly, the conclusive factor which influenced the Governor's judgement was that 'public confidence is very much involved.»[35]

At the same time, the government expanded its provision of social services, reinforcing its commitment to welfare, stability and improving of living standards. During these decades, Hong Kong also witnessed a profound cultural transformation. Economic prosperity and urban modernity also brought the expansion of a rich cultural sphere, from pop music and television dramas to globally cinema industry, having the influence of the Western societies mixed with the local culture. Linguistically, Hong Kong Cantonese developed unique expressions, reflecting different realities from Mainland China. As a

[34] TSANG, Steve (2004), *A Modern History of Hong Kong*, London: I.B. Tauris, p. 193.
[35] SCOTT, Ian (1989), *Political Change and the Crisis of Legitimacy in Hong Kong*, Hong Kong: University of Hong Kong Press, p. 148.

result, these developments contributed to the definition of a cosmopolitan Hong Kong identity, perceived as different from both British colonial culture and Chinese socialist ideology, and adopted across generations on the eve of the 1997 handover:

> « The popular culture that emerged was based on the Cantonese language, but its liveliness, vibrancy and readiness to borrow from other cultures also modified the language […] This new Hong Kong culture was not only embraced by the younger generations but was also accepted by the older generations generally across the social classes […] Television, radio and popular music in particular, helped to break the barriers and promote its new popular culture.»[36]

The transformation of Hong Kong's political landscape did not originate from internal developments, but from geopolitical shift in the People's Republic of China under Deng Xiaoping. As Beijing abandoned the ideological rigidity of the Maoist era and adopted diplomatic reopening, the question of Hong Kong's future returned to the centre of Sino-British relations. Governor Murray MacLehose visited Beijing in 1979, symbolising this change. Although the trip addressed multiple issues, Chinese leaders used the occasion to communicate that they wanted Hong Kong to return to Chinese sovereignty in 1997. While Deng reassured MacLehose that China wanted to preserve Hong Kong's capitalist system and grant certain degree of autonomy, he made clear that sovereignty itself was non-negotiable. This marked the beginning of the new phase in negotiations that would culminate in the 1984 Sino-British Joint Declaration.

Formal negotiations began when British Prime Minister Margaret Thatcher visited Beijing in September 1982. While Thatcher wanted to preserve British administration beyond 1997, Deng Xiaoping rejected any proposal implying continued British sovereignty. The failure of the meetings caused immediate economic instability in Hong Kong, as the stock prices fell sharply, the Hong Kong dollar collapsed in value and citizens began stockpiling essential goods: «Within ten days of Thatcher leaving China, Hong Kong's stock market had lost 25 per cent of its value and, within a month, the Hong Kong dollar had depreciated by 12 per cent»[37]. Facing economic pressure and Beijing's warnings that China could announce its own plans unilaterally, the British government ultimately accepted that Hong Kong would return to Chinese sovereignty. London

[36] TSANG, Steve (2004), *A Modern History of Hong Kong*, London: I.B. Tauris, p. 193.
[37] Ibid., p. 220.

nevertheless wanted to negotiate the administrative and institutional framework that would govern the territory after 1997.

The Sino-British Joint Declaration was signed on 19 December 1984, establishing the "one country, two systems" formula under which Hong Kong would become a Special Administrative Region (SAR), keeping its capitalist economy, independent judiciary and civil liberties for fifty years after the handover. The Declaration also guaranteed that Hong Kong would enjoy a high degree of autonomy in all matters except defence and foreign affairs:

> « Implementation of the Joint Declaration ultimately depended on Chinese goodwill, sincerity and the ability to interpret its terms correctly […] However, interpretation remains a major problem […] In an important sense, they did not really know what they had committed to maintain unchanged for 50 years. The Joint Declaration was supposed to assure Hong Kong's future, but it has not – at least not entirely or securely.»[38]

After the signing of the Sino-British Joint Declaration, Hong Kong experienced a rising political consciousness, because of the uncertainty over the city's post-1997. The question of democratisation became central, yet the Joint Declaration did not specify a democratic future of Hong Kong. However, the British administration started to introduce limited reforms, including expanded district-level participation and proposals for direct Legislative Council elections. Beijing viewed these reforms as a constrain of its authority after 1997. The 1989 Tiananmen incidents intensified public anxiety, calling for political safeguards of Hong Kong's civil liberties. Britain responded by accelerating reforms, while Beijing condemned these measures as violations of the Joint Declaration: «Beijing believed the British were taking advantage of the negative international sentiments against China post-Tiananmen to push for a more rapid pace of democratic reform in Hong Kong»[39].

Simultaneously, China oversaw the drafting of the Basic Law (1985-1990), ensuring ultimate control while incorporating limited democratic mechanisms. These political debates changed public opinion and contributed to widespread uncertainty about Hong Kong's future. Concerns about civil liberties or the exclusion of Hong Kong residents

[38] TSANG, Steve (2004), *A Modern History of Hong Kong*, London: I.B. Tauris, p. 227.
[39] LOH, Christine (2010), *Underground Front: The Chinese Communist Party in Hong Kong*, Hong Kong: Hong Kong University Press, p. 177.

from participation in the negotiations, led to an increasing distrust towards Beijing, resulting in large emigration waves seeking security abroad. In response to public pressure, local representatives made up 40% of the committee responsible for drafting the Basic Law. Many Hong Kong residents defended what they saw as a distinctive way of life, one incompatible with Mainland governance. This period also witnessed the emergence of new political parties, such as the United Democrats of Hong Kong, which reflected the consolidation of local political identity separate from both British and Chinese. Ultimately, the Basic Law was enacted by the National People's Congress in 1990 and set to come into effect in 1997 with the handover.

3.4. The Political Crisis of the 1990s: From Tiananmen to the Final Handover

The last decade of British rule was marked by political crisis after the events of 1989 in Mainland China. The Tiananmen crackdown produced a huge impact in Hong Kong. The locals of Hong Kong showed public sympathy for the students, expressing both solidarity and anxiety about Hong Kong's future under Chinese rule. As Tsang notes, «The brutal military crackdown raised the spectre that what happened in Beijing could well be the future for Hong Kong in less than a decade, after the PRC's resumption of sovereignty»[40]. This incident also sharpened questions of identity, as many residents of Hong Kong found themselves between their cultural Chinese heritage and their attachment to the freedoms and institutions developed under British administration.

As a result of the mistrust of Chinese rule, thousands wanted to emigrate or secure foreign nationality. London responded by offering British citizenship to 50,000 key figures and professionals, a move criticised by Beijing. Under this climate, political elites in Hong Kong pushed for accelerated democratisation to safeguard autonomy before the handover, proposing for direct elections to half the legislature by 1997 and fully elected legislature by 2003. These demands were seen by China as suspicious, viewing them as attempts to restrict its authority. A limited compromise was reached in 1990, allowing 18 directly elected seats in the 1991 Legislative Council elections, and the colonial administration introduced a Bill of Rights in the same year to reinforce legal protections. While symbolically important, it had limited practical ability to constrain Beijing after the handover.

[40] TSANG, Steve (2004), *A Modern History of Hong Kong*, London: I.B. Tauris, p. 247.

The arrival of Chris Patten as Hong Kong's last governor in 1992 further unsettled the already tense political climate. Patten launched a package of political reforms aimed at extending public participation and align Hong Kong's institutions with liberal democratic norms. His proposals expanded the electorate, added new functional constituencies, lowered the voting age, and further separated the executive from the legislature. Although technically compatible with the Basic Law, they stretched its boundaries. Beijing reacted angrily, accusing Britain of violating prior agreements and manipulating Hong Kong's political system in the final years of colonial rule:

> « Since the Patten plan was being hailed as a major political reform with implications beyond 1997, the Chinese expected the British to have consulted them first and to have provided them with an opportunity to reject any unacceptable elements.»[41]

Negotiations between London and Beijing deteriorated, and by 1994 bilateral relations had collapsed. The 1995 Legislative Council elections, which produced a strong victory for pro-democracy parties, deepened China's fears and confirmed its view that Britain desired to reshape Hong Kong's political trajectory before the handover.

Beijing soon prepared its own institutional response by announcing that the fully elected 1995 Legislative Council would be dissolved on 1 July 1997 and replaced by a Beijing-appointed Provisional Legislature convening in Shenzhen, which would revise Patten's reforms. Simultaneously, China selected Tung Chee-hwa as the first Chief Executive of the future Special Administrative Region, seen as politically reliable and kind to Chinese concerns. When the handover finally took place on 1 July 1997, it marked both the end of Britain's last major colony and the beginning of the experiment of "one country, two systems". Although the transition occurred peacefully, the political tensions of the preceding decade created a long shadow. The disputes over democratisation, the erosion of public trust after Tiananmen, and the clash between British reforms and Chinese state authority shaped not only the final years of colonial governance but also the political foundations of post-1997 Hong Kong:

> « British Hong Kong was handed back to the successor state of the Chinese Empire not because it had failed or its people had voted to do so, but for essentially the same reason that it had come under British rule in the first place. This was the result of the changing

[41] TSANG, Steve (2004), *A Modern History of Hong Kong*, London: I.B. Tauris, p. 258.

balance of power between Britain and China […] Both Britain and China accepted that Hong Kong had become too valuable to risk its destruction.»[42]

[42] TSANG, Steve (2004), *A Modern History of Hong Kong*, London: I.B. Tauris, p. 268.

4. Migration Patterns and Policies between Mainland China and Hong Kong (1940s-2000s)

4.1. From Political Upheaval to Economic Mobility: Migration between Mainland China and Hong Kong

Migration between Mainland China and Hong Kong was not the result of a single historical process, but rather the outcome of consecutive political crises, economic transformations, and institutional constraints that affected individual and collective decisions over decades. Consequently, for many migrants, movement across the border was not a planned strategy but a response to uncertainty, scarcity, and limited opportunities.

The founding of the People's Republic of China in 1949 was the first major turning point in the migration process between Mainland China and Hong Kong. The consolidation of Communist rule, together with land reform and the early political campaigns, created widespread insecurity, especially among entrepreneurs, landowners, and urban professionals: «This period culminated with mass exoduses of two to three million people to Hong Kong and Taiwan upon the triumph of the Communist party in 1949»[43]. The British authorities soon realised that the influx of migrants was not merely immigration, but a refugee crisis, redefining the population as "refugees" rather than "illegal entrants". This first wave created the demographic base for postwar Hong Kong and contributed significantly to its rapid industrial development.

This first migration wave had an impact on the following decades, considering that during the 1950s and early 1960s, both Chinese and British authorities tried to regulate population movements through stricter border controls, quota systems, and identity documents. Despite these efforts, migration pressures intensified as a result of periods of economic difficulties in Mainland China. The famine provoked by the Great Leap Forward (1958-1961) represented the most dramatic example:

[43] SKELDON, Ronald (1996), "Migration from China", *Journal of International Affairs*, Vol. 49, No. 2, Winter 1996, p. 439.

> « The privation and famine caused by the Great Leap Forward led to an influx of refugees across the Hong Kong–China border, culminating in the Great Flight of May 1962, when an estimated 142,000 illegal immigrants entered Hong Kong.»[44]

However, large numbers of migrants were deported too, creating a cycle in which people were expelled, but tried to re-enter more times. In addition, institutional factors also shaped migration. For instance, the household registration (*Hukou*) system divided Chinese society, restricting mobility.

> « The "dual society" phenomenon was one of the major push factors for internal migration. The state attempted to control this migration, especially after 1962, by linking access to the supply system to legal residency in the cities […] For the vast majority of people, therefore, being a rural citizen meant exclusion from the socialist welfare state in an existence tied to village and land.»[45]

These constraints indirectly encouraged external migration. For many Chinese citizens, Hong Kong represented not only a space of political freedom, but also a chance for social and economic improvement outside the rigidity of the socialist system.

However, Deng Xiaoping initiated economic reforms during the 1980s, dismantling the collective farming, creating the Special Economic Zones, and started the expansion of export-oriented manufacturing, which generated labour demand in southern China. According to Naughton «the Chinese government began to seriously reconsider its policy towards migrant workers. Booming regional centers, led by export-oriented cities in Guangdong Province, demanded more factory labor»[46]. At the same time, the Touch Base Policy in Hong Kong allowed undocumented migrants who reached urban areas to obtain legal status, encouraging new migration waves between 1978 and 1980. Migration during this period was motivated by employment prospects rather than political escape, reflecting the impact of the economic incentives.

Despite the political crisis of 1989, which generated widespread anxiety among population and business elites in both Mainland China and Hong Kong, the economic integration between both territories continued. From 1980s to 1997, migration

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[44] Y. HO, Denise (2013), Oysterman and Refugee: Hong Kong and China Between the Tides, 1949–1997, *American Historical Review*, 118(2), p. 572.
[45] WEMHEUER, Felix (2019), *A Social History of Maoist China: Conflict and Change, 1949–1976*, Cambridge: Cambridge University Press, p. 25.
[46] NAUGHTON, Barry (2007), *The Chinese Economy: Transitions and Growth*, Cambridge (Massachusetts): MIT Press, p. 125.

increasingly took the form of circular and transnational movements. Hong Kong enterprises relocated large parts of their manufacturing operations to the Pearl River Delta, employing millions of Chinese workers. This process implied daily and seasonal cross-border mobility and blurred the distinction between internal and international migration. Eventually, the uncertainty over 1997 handover also had an impact on mobility, encouraging many Hong Kong residents to pursue overseas residence, while maintaining economic ties with the territory.

4.2. Migration Policies in Mainland China and Hong Kong

4.2.1. Early Border Management and Refugee Control (1949-1960s)

Before the foundation of the People's Republic of China, population movements between southern China and Hong Kong were fluid as a result of the limited border control. Although supervision increased during the Japanese occupation and the Second World War, cross-border mobility was still unregulated. With the establishment of the People's Republic of China in 1949, however, Hong Kong was transformed into a major destination for Chinese migrants, urging both colonial and communist authorities to reconsider their approach to migration control. The influx was increasingly perceived as a "problem of people"[47], which could have social and economic consequences.

The consolidation of the Communist political control caused the first large-scale refugee movement to Hong Kong. In response, British colonial authorities began to implement more systematic border management, such as entry permits and identity documentation. These initial measures reflected both administrative concerns and Cold War anxieties about political infiltration. Applicants were required to obtain official permission and, in many cases, register for identity cards upon arrival:

> « the first massive wave of refugees immediately after the war, it was not until early 1949 that the Hong Kong government began to introduce a number of measures to control the population: all Chinese immigrants (except those from Guangdong) had to get an entry permit before coming to the Colony; all persons had to register and apply for identity

[47] MARK, Chi-kwan (2007), The 'Problem of People': British Colonials, Cold War Powers, and the Chinese Refugees in Hong Kong, 1949–62, *Modern Asian Studies*, 41(6), pp. 1145–1181, Cambridge: Cambridge University Press.

cards; and the process of deportation of aliens and undesirable elements was simplified.»[48]

During the early 1950s, border control became institutionalised through the introduction of daily quota systems. In order to stabilise population growth, the authorities tried to balance arrivals and departures by limiting the number of legal entrants each day: «In May 1950, a daily quota system was introduced to make the number of Chinese entering into the Colony roughly equal to the number leaving, while permitting an extra fifty legal migrants to stay»[49]. In 1956, the quota system was temporarily replaced by seven-month registration plan, in which migrants were required to regularise their status, resulting in tens of thousands of new registrations.

In parallel with administrative regulation, the physical enforcement of the border was significantly strengthened. Throughout the 1950s, the border between Guangdong and Hong Kong became increasingly militarised. In some cases, vessels approaching the coast were fired, reflecting the highly securitised border control because of the regional tensions and international embargoes linked to the Korean War[50]. Despite these restrictive measures, irregular crossings remained widespread. Migrants who entered without authorisation often relied on informal networks or dangerous routes. At the same time, the growing international criticism and humanitarian pressure led to their reclassification as "refugees" rather than "illegal immigrants".

At the same time, deportation and repatriation were an important element of early migration management. Those individuals who failed to obtain the required documentation were frequently returned to Mainland China. This practice created a cyclical pattern in which migrants were expelled and subsequently attempted to re-enter. Although large-scale deportations were not systematic during this period, repatriation functioned as a dissuasive measure. By the end of the 1950s, Hong Kong had combined militarised border control, administrative regulation, and selective humanitarian recognition. Daily quotas, identity documentation, and repatriation policies formed the institutional foundation of this early regime. Even though these measures did not prevent

[48] MARK, Chi-kwan (2007), The 'Problem of People': British Colonials, Cold War Powers, and the Chinese Refugees in Hong Kong, 1949–62, *Modern Asian Studies*, 41(6), pp. 1145–1181, Cambridge: Cambridge University Press, p. 1147.
[49] Ibid., p. 1148.
[50] Y. HO, Denise (2013), Oysterman and Refugee: Hong Kong and China Between the Tides, 1949–1997, *American Historical Review*, 118(2), p.569-570.

continued migration waves, they meant a shift away from pre-1949 openness towards a managed approach to population movement.

4.2.2. Institutional Control and Internal Restrictions in Mainland China

By the late 1950s, it had become evident that the People's Republic of China faced significant challenges regarding population mobility, not only in relation to cross-border movements towards Hong Kong, but also with internal migration. These issues were intensified by several policies implemented under Mao Zedong, especially during periods of intense political and economic experimentations. While the land reform campaigns in the early 1950s already disrupted traditional rural structures, the most consequential was the Great Leap Forward. The ambitious attempt to rapidly transform China into an industrialised nation led to one of the deadliest famines in human history. The crisis not only prompted many individuals to consider fleeing the Mainland, but also generated massive internal migration. As John King Fairbank observes, «during the Great Leap Forward, rural migration to the cities had pushed the urban population up to 130 million by 1960»[51]. Large segments of the rural population left the countryside searching employment and access to basic resources.

Since 1949, mobility had been closely regulated, contributing to the formation of a "dual society" in which rural residents were excluded from welfare benefits available to urban population. However, the Chinese government, in response to the large internal mobility, established the household registration system, known as *Hukou*, in 1958. As Wemheuer explains, « In early 1958, the household registration system was extended further, so that the entire population was divided between "agricultural" and "non-agricultural" *Hukou* holders»[52]. While the primary objective of this system was to maintain social order and economic stability, the *Hukou* system functioned in practice as a powerful mechanism of social stratification. For millions of rural residents, it effectively restricted upward mobility and reinforced long-term inequalities.

The *Hukou* system also served important political purposes. By limiting mobility, the state was able to control the movements of the population, preventing the formation of unregulated urban communities, reducing the risk of social unrest. As a result, mobility

[51] FAIRBANK, John King; GOLDMAN, Merle (2006), *China: A New History*, Second Enlarged Edition, Cambridge (Massachusetts) / London (England): The Belknap Press of Harvard University Press, p. 374.
[52] WEMHEUER, Felix (2019), *A Social History of Maoist China: Conflict and Change, 1949–1976*, Cambridge: Cambridge University Press, p. 124.

was not an individual right, but a privilege granted by the state in accordance with the political priorities. However, industrial development, employment, and access to public services remained concentrated in cities, particularly in coastal regions, widen the economic and social inequalities between the countryside and urban areas.

While internal mobility was restricted, external migration emerged as a viable strategy for many individuals, especially in southern provinces. Hong Kong represented one of the few spaces where economic opportunities were not mediated by registration status. As Skeldon explains, «The second period of intense immigration was in 1962, following the chaos consequent upon the Great Leap in China, when up to 120,000 entered within a matter of weeks, and another 60,000 were arrested and deported»[53]. In addition, access to employment, education, and social mobility appeared more accessible across the border than in Mainland's rigid state. While the *Hukou* system effectively restricted internal migration, it also contributed to increased outward migration across the southern border.

4.2.3. From Restriction to Managed Mobility (1970s–1980s)

The late 1960s and early 1970s were marked by intense political and social upheaval as a result of the Cultural Revolution initiated by Mao Zedong. This period was characterised not only by mass mobilisation, but also by political persecution and repression. Consequently, it contributed to migration pressures, including movements towards Hong Kong. However, the death of Mao in 1976 was a decisive turning point. Under the new leader Deng Xiaoping, China shifted away from radical political campaigns, initiating gradual economic reforms and providing institutional stabilisation. As a result, migration governance also changed, with authorities shifting from strict control towards more flexible forms of regulation. Migration was no longer primarily suppressed, but regulated and channelled in accordance with economic and social priorities.

One of the first measures that represented this transition was Hong Kong's Touch Base Policy, which was implemented in 1974. Under this new system, undocumented migrants who reached Hong Kong were allowed to remain and regularise their status. The measure reflected both humanitarian concerns about the regulation of the migrants and the growing

[53] SKELDON, Ronald (1995), Labour Migration to Hong Kong, *ASEAN Economic Bulletin*, 12(2), pp. 201–218, Singapore: ISEAS – Yusof Ishak Institute, p. 202.

demand for low-skilled labour in Hong Kong manufacturing sector. Before the Touch Base Policy ended, a new wave of migrants crossed the border:

> « The beginning of China's era of reform and opening coincided with another wave of migrants crossing the border to Hong Kong, the second Great Flight of 1978–80. This migration was driven by China's increased openness and also by the anticipated end of Hong Kong's "touch-base policy," in which Chinese migrants arriving in Hong Kong's urban areas were eligible for Hong Kong identity cards.»[54]

In 1980, the British government abolished the Touch Base Policy, reinforcing border control mechanisms. This decision caused public concern over uncontrolled immigration, but also increased the cooperation with Mainland authorities. Parallel to these developments, the Chinese government expanded legal channels for international mobility, introducing new passport regulations and the Emigration Law in 1985, which enabled citizens to travel abroad for family reunification, education, and employment:

> « Official recognition of the increasing migration did not come, however, until much later and in 1985 two significant developments occurred. First […] the People's Congress enacted the issuing of identity cards to all residents of China, which meant that it became much easier for people to move around […] Second, in November 1985 the Emigration and Immigration Law was adopted which guaranteed the rights of China's citizens to travel outside China and allowed those who wished to leave the country for private reason.»[55]

These developments indicate that migration was no longer treated as a political risk, but as a resource to be managed. By the mid-1980s, migration governance between Mainland China and Hong Kong evolved into a system of managed mobility. Even though borders remained controlled and registration systems remained in place, there were legal ways to cross the border. Under Deng Xiaoping, the state reduced coercion for selective admission and regulatory oversight, always prioritising economic development. However, the introduction of these laws did not mean freedom of movement. In practice, access to legal migration channels required complex bureaucratic procedures that were often influenced by personal connections and arbitrary decisions.

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[54] Y. HO, Denise (2013), *Oysterman and Refugee: Hong Kong and China Between the Tides, 1949–1997*, American Historical Review, 118(2), p. 581.
[55] SKELDON, Ronald (1996), "Migration from China", *Journal of International Affairs*, Vol. 49, No. 2, Winter 1996, p. 441.

4.2.4. Economic Integration and the End of Mass Migration

The last major wave of migration ended at the end of the 1970s and the beginning of the 1980s. During this period, the number of migrants entering Hong Kong under the Touch Base Policy reached approximately 400,000. Nevertheless, the 1980s would mark a decade of significant transformation in migration patterns. Hong Kong initiated a gradual restructuring of its economic model, beginning the process of deindustrialisation and industrial relocation towards southern China, especially the Pearl River Delta region. As a result, Hong Kong progressively became less attractive for Chinese migrants, as the demand for labour declined, particularly in the manufacturing sector. Despite this shift, the impact of Chinese reminded visible in Hong Kong's society, as «immigrants from Mainland China accounting for around 40 percent of the total population in 1983»[56].

At the same time, a new policy was introduced in 1982, which altered the traditional mobility patterns between Mainland China and Hong Kong. This was the One-way Permit Scheme, issued by the Exit and Entry Administration of the People's Republic of China for individuals with family members residing in Hong Kong and Macau. This system operated through a daily quota; initially allowing 50 people per day, which was increased to 75 in 1983, 105 in 1993, and finally to 150 in 1995. This policy produced important effects, enabling greater control over migration flows into Hong Kong, reducing the number of undocumented migrants. On the other hand, it transformed the demographic composition of migrants. Whereas earlier migration from Mainland China to Hong Kong had been largely dominated by young working-age men seeking better socio-economic opportunities, the One-way Permit Scheme facilitated family reunification. As a result, women and children gradually became the predominant migrants, eventually obtaining residence after several years:

> « In 1983, the British and Chinese governments agreed to replace the 'touch-base' policy with the 'one-way permit quota system' (OWP). This scheme was devised to facilitate the reunions of families with immediate members (spouses and children) still living on the mainland in Hong Kong […] Mainland children in this scheme were regarded as permanent residents and had the right of abode in Hong Kong. Spouses and other

[56] CHIU, S. W. K., CHOI, S. Y. P., & TING, K. (2005), Getting Ahead in the Capitalist Paradise: Migration from China and Socioeconomic Attainment in Colonial Hong Kong, *The International Migration Review*, 39(1), p. 205.

> dependants are non-permanent residents but may obtain permanent residency upon residing in Hong Kong for a continuous period of not less than seven years.»[57]

Even though border controls were introduced under the One-way Permit Scheme, irregular migration flows continued to occur. Many of these undocumented migrants were primarily employed in the construction sector. In response, the Hong Kong administration began to target companies, imposing economic penalties and sanctions. However, the implementation of this policy by the Chinese authorities meant that Hong Kong had little influence over the selection of migrants entering. This situation created some tensions because Hong Kong economic system was evolving, requiring more qualified labour than the type of migrants it had attracted since the World War II.

Furthermore, Hong Kong began to experience labour shortages from the mid-1980s to the early 1990s:

> « In the mid-1980s, however, the Hong Kong economy started a long process of industrial restructuring, with an increasing number of factories relocated to Mainland China. The number of people employed in the manufacturing sector plummeted from its peak at 942,000 in 1986 to 367,000 in 1995, representing a 60 percent decrease.»[58]

The labour shortage was not only the result of the ongoing process of deindustrialisation, but also was linked to the political climate affecting the territory. The 1989 Tiananmen Square Incident generated uncertainty, a situation that was further intensified by the approaching 1997 handover. Consequently, a wave of emigration emerged, especially among students and professionals. The main destinations included the United States, Canada, and Australia.

Moreover, by the early 1990s Hong Kong's migration governance increasingly reflected the territory's changing economic priorities. As the economy shifted towards finance, services, and high value-added industries, the Hong Kong authorities started to reconsider the type of immigration the territory required. Rather than relying on large inflows of low-skilled labour from Mainland China, the authorities of Hong Kong thought that the

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[57] WONG, S. (2007), Historical and Cultural Contexts of Mainland Chinese Migrants in Hong Kong. In *Exploring "Unseen" Social Capital in Community Participation: Everyday Lives of Poor Mainland Chinese Migrants in Hong Kong* (pp. 73–96), Amsterdam University Press, p. 77.

[58] CHIU, S. W. K., CHOI, S. Y. P., & TING, K. (2005), Getting Ahead in the Capitalist Paradise: Migration from China and Socioeconomic Attainment in Colonial Hong Kong, *The International Migration Review*, 39(1), p. 209.

territory needed to attract migrants with professional qualifications, technical expertise, and international experience. As a result, from the 1990s onwards, and particularly after the 1997 handover, Hong Kong introduced a series of policies seeking the admission of skilled migrants who could contribute to the territory's transformation into a global financial and service centre:

> « In May 1989, the Government announced a quota of 3,000 foreign workers and invited employers in seventeen industries worst hit by labour shortage to apply […] Employment contracts would be for two years, and under normal circumstances they would not be renewable.»[59]

4.3. The Refugee Question and Irregular Migration

The problem of Chinese migrants in Hong Kong was from the very beginning marked by a debate regarding their status. With the first migration waves as a consequence of the Civil War in China, the possibility of considering these migrants as political refugees emerged. However, the context of the Cold War played a decisive role in how these population movements were interpreted, as mobility to Hong Kong could not be separated from the ideological confrontation between the two antagonistic blocs after the Second World War. In fact, the question of refugees was not limited to the Asian context, as it was also highly debated in post-war Europe. In this context, the United Nations High Commissioner for Refugees was created to address the growing number of displaced populations. Later, the organisation would examine the situation of Chinese migrants going to Hong Kong. In 1951, the Convention Relating to the Status of Refugees was adopted, establishing the following definition of a refugee:

> « owing to well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country; or who, not having a nationality and being outside the country of his former habitual residence as a result of such events, is unable or, owing to such fear, is unwilling to return to it.»[60]

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[59] HO, Lok-sang; LIU, Pak-wai; LAM, Kit-chun (1991), International Labour Migration: The Case of Hong Kong, Hong Kong: *Hong Kong Institute of Asia-Pacific Studies*, p. 25.
[60] UNITED NATIONS (1951; 1967), *The 1951 Refugee Convention and the 1967 Protocol Relating to the Status of Refugees*, Geneva: United Nations, p. 14.

Great Britain ratified the Convention Relating to the Status of Refugees, but avoided recognising Chinese migrants as refugees by not extending the ratification to the colonial territories. However, the issue was critical in Hong Kong, where it was estimated that around 700,000 people entered the territory between 1949 and 1951. Moreover, a significant proportion of these migrants were unwilling to return to Mainland China, fearing a political persecution, fitting in the definition established by the United Nations High Commissioner for Refugees. At the same time, the Republic of China, which was the internationally recognised representative of China at the United Nations until 1971, was advocating for the recognition of Chinese migrants in Hong Kong as political refugees:

> « As a result of continuous lobbying and pressure from the Chinese Nationalist government […] UNHCR agreed to give formal consideration of the Chinese refugee problem in 1954 […] Headed by Dr. Edward Hambro, the mission visited the Colony between 28 April and 1 August, and subsequently produced a full report covering such issues as the social and economic position of refugees, possible solutions to the problem, and above all the eligibility question.»[61]

Following Hambro's analysis, three main solutions were considered to solve the problem of Chinese political refugees in Hong Kong. While deportation to Mainland China was not considered as a viable solution due to the risk of political persecution, repatriation to Taiwan appeared to be a more plausible alternative. Nevertheless, it was complicated because of the ideological tensions of the Cold War as well as the broader geopolitical context, especially with the outbreak of the First Taiwan Strait Crisis in 1954. Moreover, the British authorities were reluctant to support this solution due to diplomatic reasons, as Great Britain had formally recognised the People's Republic of China as the legitimate one:

> « The anomalies of the situation are heightened by the fact that Great Britain recognizes communist China as a sovereign nation and Hong Kong as a part of her empire. Yet, Hong Kong is offering asylum to citizens of a government which Great Britain does not recognize [The Nationalist Government].»[62]

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[61] MARK, Chi-kwan (2007), The 'Problem of People': British Colonials, Cold War Powers, and the Chinese Refugees in Hong Kong, 1949–62, *Modern Asian Studies*, 41(6), pp. 1145–1181, Cambridge: Cambridge University Press, p. 1159.
[62] HAMBRO, Edvard (1957), *Chinese Refugees in Hong Kong*, Atlanta (Georgia): Clark Atlanta University, The Phylon Quarterly, p. 75.

Consequently, the most viable solution was the integration of refugees into Hong Kong society. This integration was supported not only through public funding from the colonial authorities, but also by international organisations and local associations. In addition, initiatives such as the World Refugee Year placed particular emphasis on the situation of Chinese migrants in Hong Kong:

> « all the contributions obtained during the refugee year were put into social welfare projects by the Hong Kong Government: construction of public centers for social intercourse in poor areas, of middle and elementary schools, of vocational training schools, tuberculosis sanitariums, hospitals for crippled children, libraries, etc.»[63]

While the debate over the status of Chinese migrants remained unresolved at legal and diplomatic levels, the reality was that migration flows continued and, in many cases, these movements across the border were uncontrolled. Although both Chinese and Hong Kong authorities gradually made efforts to control the border, it remained permeable, particularly in rural and less monitored areas such as the New Territories. As a result, the migrations adapted to the attempts by the authorities to the stricter border controls.

In practice, a large number of migrants crossed the border through informal channels. Many attempted to enter Hong Kong by crossing the mountains of the New Territories, swimming across coastal areas, or using small boats. Others relied on transport routes connecting both territories:

> « Mainland immigrants came to Hong Kong by a variety of means: swimming across the strip of the South China Sea that links the Chinese coast and Hong Kong, trekking across the mountains, hiding under a freight train.»[64]

While these informal channels were indeed dangerous, what defined them most was the constant uncertainty of being caught by border authorities. Nevertheless, the persistence of these practices highlighted the difficulties faced by both Chinese and colonial authorities in controlling migration flows during certain periods of the second half or the twentieth century.

Irregular migration was also facilitated by social and economic networks, relying on family members, acquaintances, or local intermediaries who provided support and

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[63] YUEH, H. (1962), The Problem of the Hong Kong Refugees, *Asian Survey*, 2(1), p. 34-35.
[64] CHIU, S. W. K., CHOI, S. Y. P., & TING, K. (2005), Getting Ahead in the Capitalist Paradise: Migration from China and Socioeconomic Attainment in Colonial Hong Kong, *The International Migration Review*, 39(1), p. 203-204.

information to cross the border. In some cases, informal traffickers became involved, turning the border crossing into a profitable activity. Even though these networks were neither structured nor organised, they played a crucial role in sustaining continuous migration flows, especially from Guangdong province. Over the time, the border became increasingly reinforced and militarised, and the deportation of migrants became a recurrent practice. However, these restrictive measure did not prevent migration. Many individuals were returned to Mainland China but attempted to cross the border again, creating a pattern of repeated and circular movement. This dynamic revealed the limitations of stricter border enforcement, as restrictive measures often clashed with the underlying social and economic factors of the migration.

However, it is clear that these migrants played an important role in Hong Kong's labour market. They were mainly employed in sectors requiring low-skilled labour, particularly in construction and parts of the service economy. Despite the risk of sanctions, companies continued to hire undocumented workers:

> « Apart from those caught on their journey into Hong Kong, about half were caught on construction sites. In order to discourage illegal immigration, the penalty imposed on construction companies was raised to three years' imprisonment.»[65]

This created a contradiction; while border controls were being strengthened and legal access to Hong Kong was more restrictive, the informal employment was tolerated in certain sectors of the economy.

Nevertheless, irregular migration in Hong Kong was not only the result of limited border control, but rather of a complex interaction between multiple factors, including political, social, and economic conditions in Mainland China, as well as Hong Kong's demand for labour. From 1980 onwards, especially after the end of the Touch Base Policy and the process of industrial relocation, illegal immigration declined and became less widespread. Therefore, it continued to play an important role in shaping the economic and demographic landscape of contemporary Hong Kong.

4.4. Post-1997 Migration and New Mobility Patterns

[65] HO, Lok-sang; LIU, Pak-wai; LAM, Kit-chun (1991*),* International Labour Migration: The Case of Hong Kong, Hong Kong: *Hong Kong Institute of Asia-Pacific Studies*, p. 12.

By the last decade of the twentieth century, migration between Mainland China and Hong Kong had significantly changed. Not only the recent policies contributed to reduce irregular migration, but also Hong Kong's economic restructuring demanded a more skilled labour force, building the global hub it is today. However, the transfer of sovereignty to the People's Republic of China and the implementation of the "one country, two systems" had a demographic impact, such as emigration flows to third countries, like United Kingdom. This tendency would persist beyond 1997 and, to some extent, continues to the present as a result of growing concerns over Beijing's influence on Hong Kong's autonomy:

> « In 1997, Hong Kong was officially handed back to China by Britain and the Hong Kong Special Administrative Region (HKSAR) was established. Prior to 1997, increasing emigration rates were documented […] marking this period as featuring one of the most recent waves of emigration in Hong Kong, with great societal changes accompanying it.»[66]

One of the policies that reminded in place and continues to structure migration patterns in Hong Kong today is the One-way Permit Scheme, which allows regular entry of migrants. However, as it was when first implemented, this policy not only contributed to the reduction of irregular migration, but also influenced the profile of those seeking to settle in Hong Kong. Whereas during the early decades of the People's Republic of China migrants were predominantly working-age men, more recent decades women and minors were the ones who applied for the permit, largely reflecting family reunification patterns that became common from 1980s onwards. If we look at the data collected by the Home Affairs Department on new arrivals from Mailand China[67] available from the late 1990s, it can be observed that in the early years between 35,000 and 50,000 Chinese migrants entered Hong Kong annually through the One-way Permit Scheme. These numbers fluctuated over time, but shows a general downward trend in the recent years. Consequently, «According to 2006 Hong Kong census results, 32.6 percent of Hong Kong population was Chinese immigrants»[68].

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[66] CHAN, A.K.W., Cheung, L.T.O., Chong, E.Km. et al, (2022) Hong Kong's new wave of migration: socio-political factors of individuals' intention to emigrate. *CMS* 10, 49, p. 1.
[67] Home Affairs Department, (sd), *Home affairs department - public services - services for the new arrivals from the mainland*.
[68] NG CHI MAN, Michael, (2011). *Investigation of Chinese immigrants assimilation patterns in Hong Kong labour market* (Doctoral thesis, University of Leicester), p. 57.

At the same time, a number of policies targeting Chinese migrants were introduced from 1990s onwards, and became more prominent in the 2000s. These policies aimed to encourage the entry of highly skilled and specialised migrants, who could contribute economically and support the development of Hong Kong as an emerging financial hub. In addition, another important factor behind was the so-called "brain-drain", as many highly qualified had emigrated in the period surrounding the 1997 handover. One of the earliest examples of such policies was the Overseas Chinese Professionals Scheme, introduced in 1990, which aimed to attract Chinese individuals, especially experts in science, technology, and academia, who had worked or studied abroad for at least two years. In 1996, the Supplementary Labour Scheme was implemented. Although it was not exclusive for Chinese migrants, the majority were Chinese, seeking to balance the labour shortages in specific sectors of the Hong Kong economy.

In the 2000s, these policies were significantly expanded, not only to attract workers but also foreign investment. One example was the Capital Investment Entrant Scheme, which was introduced in 2003, attracting high-net-worth individuals willing to invest in sectors such as the stock market, real estate, or investment funds. In the same year, the Admission Scheme for Mainland Talents and Professionals was also introduced:

> « The purpose of this scheme is to attract qualified Mainland talent and professionals to work in Hong Kong in order to accommodate local human resources demand and enhance Hong Kong's overall competitiveness in the globalizing market […] It also provides for the entry of talent and professionals in the arts, culture and sports sectors as well as those in the culinary profession so as to enhance Hong Kong's status as Asia's world city.»[69]

Finally, another policy was the Quality Migrant Admission Scheme, launched in 2006. This programme aimed to attract highly skilled workers by offering residency opportunities, while also allowing their family members to settle in Hong Kong through a points-based system.

However, migration to Hong Kong has not only been Chinese, but also from other regions, especially Southeast Asia and South Asia, including countries such as India, Pakistan, Bangladesh, and Nepal, among others. Regarding Southeast Asian migration, the majority were from the Philippines, Thailand, and Indonesia. According to the 2021 Population

[69] NG CHI MAN, Michael, (2011). *Investigation of Chinese immigrants assimilation patterns in Hong Kong labour market* (Doctoral thesis, University of Leicester), p. 64.

Census[70], while 91.6% of Hong Kong's population was ethnically Han Chinese, the remaining 8.4%, which is equivalent to 619,568 individuals, were non-Chinese. The largest ethnic minority groups were Filipinos, Indonesians, Indians, and other neighbouring Asian countries, as well as Western expatriates, especially from the United Kingdom and the United States. The role of these immigrants is heterogeneous, because while a huge proportion has been employed in low-skilled sectors, such as domestic workers, others have occupied skilled positions linked to finance, global trade, and other advanced sectors of the Hong Kong economy.

As for domestic workers, who come especially from the Philippines, Indonesia or Thailand, migration towards Hong Kong began in the 1980s:

> « From around 7,000 to 8,000 entrants a year in the mid-1980s, the number of those entering as domestic workers had risen to over 30,000 a year in 1993 […] The numbers from the Philippines have more than doubled since the end of 1990 to 130,000 at 31 March 1995. The majority come on two-year contracts which are renewable, and a network of agencies supplies domestics from the Philippines to interested parties in Hong Kong and elsewhere.»[71]

This migration can be explained by several factors. Firstly, it was prohibited to hire Chinese women for domestic work contributing to a growing demand for foreign labour. Secondly, labour shortages in Hong Kong reinforced the territories needs. Finally, the economic rise of the middle and upper classes played a crucial role, as women increasingly entered the workforce and required assistance with household tasks and childcare.

These workers are usually employed with two-year contracts, which are usually renewable and are arranged through agencies based in their countries of origin that have clients in Hong Kong. However, cases of labour abuse have been reported. The contractual system allows domestic workers to reside in their employers' house, which often results in long and demanding working hours, with Sundays usually being their only day off. This situation makes them a particularly vulnerable group:

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[70] Home Affairs Department, (2021), *The demographics: Ethnic groups*, https://www.had.gov.hk/rru/english/info/demographics.htm

[71] SKELDON, Ronald (1995), Labour Migration to Hong Kong, *ASEAN Economic Bulletin*, 12(2), pp. 201–218, Singapore: ISEAS – Yusof Ishak Institute, p. 209.

> « they are a vulnerable group, and the majority of domestics have little knowledge of the Cantonese language or of local laws that can be used to protect them. There are many recorded cases of abuse, and there is little public or official sympathy when this occurs […] Many will put up with abuse rather than risk not finding more suitable employment.»[72]

In fact, on Sundays it is so common to see domestic workers gathering in public spaces across Hong Kong, where they socialise, eat, and spend time together, an image that has become a characteristic feature of the city's social landscape.

Regarding to migration from South Asia, there is a wide range of profiles. Hong Kong shares a common historical background with India, as both were former British colonies, which helps to explain the presence of South Asian communities since the nineteenth century, that were soldiers, policemen, or just civil servants. Over time, this presence has become more diversified. On the one hand, some groups have established in high value-added sectors such as the diamond trade, jewellery, finance, and international business. On the other hand, others are employed in lower-skilled sectors including construction, security, and catering. That is the result of a heterogeneous community that reflects Hong Kong's colonial legacy and the dynamics of the contemporary global economy.

[72] SKELDON, Ronald (1995), Labour Migration to Hong Kong, *ASEAN Economic Bulletin*, 12(2), pp. 201–218, Singapore: ISEAS – Yusof Ishak Institute, p. 209.

5. The Impact of Mainland Chinese Immigration on Housing in Hong Kong

In the previous chapters, it was provided an overview of the patterns of human mobility between the People's Republic of China and Hong Kong, especially from 1949 to 1997, although also offering a brief overview of immigration trends during the last two decades. It is evident that this population movement had a significant impact on the territory of Hong Kong, as the colonial government was forced to adapt to a sudden demographic increase, modifying its policies towards the population. These policies have been discussed, particularly at the social level in order to accommodate the migrant population. However, little emphasis has been placed on one of the most pressing issues to which Mailand Chinese immigration contributed significantly: access to housing. Hence, this chapter will examine the relationship between immigration and housing development in Hong Kong, from the expansion of squatter settlements to contemporary housing challenges.

5.1. The Expansion of Squatter Settlements (1945-1960s)

After the Second World War, Hong Kong was damaged because of the Japanese occupation of the territory. Although it was not the place of prolonged or large-scale battles, a considerable number of buildings had either been destroyed or left in conditions that made them uninhabitable. As a result, by 1945 Hong Kong was already facing a significant housing shortage, despite having a population of only around 600,000 inhabitants. In no more than a year, the population rose to approximately 1.6 million people, increasing the pressure on a territory that lacked residential buildings, but also had limited land available for development. Additionally, the ongoing civil war between Nationalists and Communists in Mainland China made it increasingly likely that a large wave of refugees would come to Hong Kong.

During the first years after the war, the population was initially accommodated in housing reconstructed by the private sector, although by 1948 several squatter areas had already emerged across the urban centre of Hong Kong. In 1948, approximately 30,000 people were living in squatter settlements, representing only around 2 per cent of the population. However, for people living in tenement buildings, living conditions were not significantly better than those who were living in squatter areas. In many cases, rooms were shared

among several individuals or the rooms were subdivided into multiple units, with bathrooms and kitchens used collectively under questionable hygienic conditions. Moreover, population densities were already among the highest recorded in the world. With the arrival of the first migration waves from Mainland China arrived, combined with the housing shortage and the inability of both public and private sectors to provide sufficient accommodation, the construction of squatter dwellings became a practical solution, not only for incoming migrants but also for some of Hong Kong's existing population:

> « In 1948, there were only 30,000 squatters, despite population growth and housing shortages. The government controlled all provision of land by leasehold, but failed to make enough land available for development. With the failure of the formal private sector and government to provide anywhere near enough housing, which was badly needed, squatting offered informal solutions to housing shortages. By the end of 1949, the number of squatters had risen to 300,000.»[73]

From 1949 onwards, the situation became far more complex, not only due to the massive arrival of refugees from Mainland China following the Communist victory in the civil war, but also as a result of the broader international context. In 1950, the outbreak of the Korean War led to the imposition of an embargo on China by the United States, indirectly disrupting Hong Kong's economy. This context forced Hong Kong to shift towards an industrial economy based on manufacturing production. Nevertheless, during these years, the colonial government lacked the capacity to develop sufficient housing. As a result, the construction of squatter dwellings expanded without urban planning or effective governmental control:

> « Those who could neither find nor afford accommodation built themselves flimsy wooden squatter shacks, which soon covered every imaginable sort of open space […] Not only were these squatter shacks unsanitary and a serious fire hazard, but huge tracts of them made it impossible to develop urban land and thereby relieve the housing shortage. A vicious circle had been created.»[74]

Facing the housing crisis, the colonial government attempted to implement a series of measures. However, these initiatives proved insufficient and were applied by underlying

[73] SMART, A., & FUNG, C. K. C. (2017), *Hong Kong public and squatter housing: Geopolitics and informality, 1963–1985*, Hong Kong University Press, p. 45.
[74] JOHNSON, S. K. (1966), Hong Kong's resettled squatters: A statistical analysis, *Asian Survey*, 6(11), 643–656, p. 643-644.

interests, mainly to improve the public image of Hong Kong. Thus, in 1950 the authorities began to remove squatter settlements. These efforts were concentrated primarily in urban and especially central districts, while other areas were tolerated. In fact, as an alternative to intra-urban squatting, the government designated specific zones where squatter settlements were allowed. These areas were located far from the urban centre, making residents reluctant to relocate, because they would get less employment opportunities, distancing them from areas where work was available. In 1950, approximately 100,000 squatter dwellings were demolished, although many of them were later reconstructed in other locations.

The government justified these policies following two main lines of argument. On the one hand, demolition was presented as a means of freeing land that could be used for the construction of public housing for the population of Hong Kong. On the other hand, concerns over sanitation and public health were also invoked. However, it was more than evident that the presence of squatter settlements across central urban districts did not project a favourable image of British colonial governance to the outside world. In terms of hygienic conditions, squatter areas clearly suffered from severe deficiencies, often becoming vulnerable places for the spread of diseases. Access to basic services was extremely limited, with many dwellings lacking running water, proper sewage systems, or organised waste collection. In numerous cases, waste was accumulated in open drains and improvised dumping areas, while overcrowding and poor ventilation further increased the risk of infections and fire hazards.

The larger squatter area was located on the outskirts of Kowloon, specifically in the north-east part of the Kowloon Peninsula, in an area known as Shek Kip Mei. Within this relatively small area, a vast concentration of squatter dwellings was constructed without any form or official control, housing 80,000 residents. This settlement was not merely a residential area, but developed into a complex urban environment that included shops, small businesses, and domestic workshops, many of which contributed to Hong Kong's early economic miracle through the production of manufactured goods. Due to the lack of public services, residents themselves established forms of community organisation, creating, for instance, informal schools. This community was largely shaped by Mainland Chinese immigrants, but also included long-term residents of Hong Kong. However, squatter areas such as Shek Kip Mei were not free from the presence of organised crime, with activities such as opium smoking and small-scale prostitution.

During the early 1950s, the population living in squatter settlements increased across the territory, having the colonial government limited intervention. Throughout these years, fires became a recurrent problem in several squatter areas. However, in 1953 the largest fire in Hong Kong's history occurred, precisely in the area of Shek Kip Mei: «Fire disasters have frequently taken place in squatter areas like Kowloon City, Diamond Hill and Tsuen Wan since 1950. On Christmas Day of 1953, an enormous fire broke out in the squatter area of Shek Kip Mei and 50,000 people lost their homes»[75]. Despite the fact that this fire undoubtedly had a profound social impact, many academic studies on the development of public housing in Hong Kong have identified the Shek Kip Mei fire as a decisive turning point, presenting it as the main catalyst for the large-scale construction of public housing by the colonial government. However, it is likely that the events of 1953 represented only the visible tip of a much larger structural problem.

This incident started a broad historiographical debate. While early and often reductionist interpretations described the Shek Kip Mei fire as the direct cause of a shift in the colonial government's policies, addressing the severe housing crisis through the implementation of an ambitious public housing programme, later scholars challenged this simplified interpretation of events. Particularly, Alan Smart's 2006 work *The Shek Kip Mei Myth*[76] directly questioned earlier academic versions, as well as official colonial narratives, arguing that the fire itself did not trigger the housing crisis. Rather, it exposed and covered at the same time a structural problem that had been developing for years and was steadily worsening:

> « The Shek Kip Mei story condenses, simplifies, and intensifies a much more complicated history, as do all good myths. The antagonist that had to be responded to by the colonial culture hero was not a single fire, but a whole series of large squatter fires that plagued Hong Kong throughout the 1950s (and continuing into the 1980s) […] earlier massive squatter area fires, such as the 1950 Kowloon City and 1951 Tung Tau fires, left tens of thousands without shelter. The minimum number of people who lost their homes to squatter fires during the 1950s totals 190,047.»[77]

Leaving aside the historiographical interpretations, it became evident that the core of the problem laid in the political management of the housing crisis, because the colonial

[75] XUE, C. Q. L. (2016), *Hong Kong architecture 1945–2015: From colonial to global*, Springe, p. 11.
[76] Alan Smart, The Shek Kip Mei Myth: Squatters, Fires and Colonial Rule in Hong Kong, 1950–1963.
[77] SMART, A., & FUNG, C. K. C. (2017), *Hong Kong public and squatter housing: Geopolitics and informality, 1963–1985*, Hong Kong University Press, p. 56.

government had refused the provision of basic social services for a population that, in many cases, lived in conditions of severe poverty, while the private sector proved himself to be incapable of offering an effective solution. However, in 1954 the Hong Kong government initiated its policy of resettlement. Whereas before 1954 the governmental actions focused on demolishing squatter dwellings and evicting residents, which often resulted in the reconstruction of similar structures elsewhere, this new policy aimed to relocate residents into flats constructed by the government. Consequently, the period marked a transition from a coercive system to a more bureaucratic and administrative model based on urban control and planning.

The construction of public housing followed some key principles. First and foremost, these buildings had to accommodate large numbers of residents, doing so in a rapid, efficient, and cost-effective manner. These housing blocks were known as Mark buildings, typically constructed in either H-shaped or I-shaped layouts and usually being six or seven storeys in height. Each unit measured approximately 11 square meters and was thought to house an entire family, or in some cases, even be shared by two. Individual living spaces were limited, while kitchens and bathrooms were shared among residents. The buildings lacked elevators and commonly included small businesses on the ground floors, with schools sometimes established on the rooftops of the structures. The construction of these buildings would not stop, since according to Charlie Q.L. Xue, «eight blocks of H-shaped buildings six storeys high were constructed in 1954. Another nine blocks of seven-storey buildings were built in Shek Kip Mei. These included 8,500 living units and served as homes for 50,000 people»[78].

It is evident that the construction of public housing represented a significant improvement for the people who had lived in squatter areas, especially taking into consideration the hygiene and safety from fires or landslides, which were common in hillside areas. The development of public housing continued throughout the following two decades, reaching its peak during the 1970s. However, this remained as a provisional solution that introduced new challenges that Hong Kong would face until the present day. For instance, these challenges were linked to the extremely high population densities that characterised these housing blocks and the numerous social and spatial problems associated with them. According to Charlie Q.L. Xue, population densities in 1960 ranged between 48,000 and

[78] XUE, C. Q. L. (2016), *Hong Kong architecture 1945–2015: From colonial to global*, Springe, p. 12-13.

68,0000 inhabitants per square kilometre, being Hong Kong among the most densely populated urban areas in the world[79].

Although the resettlement policy started by the British colonial administration had a limited impact, particularly during its early stages, it failed to stop the development of new squatter settlements. This occurred due to the emergence of another major wave of migration in the early 1960s, especially from the regions close to Hong Kong as a consequence of the Great Leap Forward in Mainland China and the famine that followed. The majority of these new arrivals were unable to afford rental housing in Hong Kong, and they could not be accommodated in the colonial resettlement system. As a result, the construction of squatter dwellings once again became a highly plausible option for many of these migrants. According to Alan Smart, «Illegal migration from China also increased sharply in 1962 with about 60% of that cohort moving into squatter colonies. There were a total of 142,000 migrants, legal and illegal, from China between 1959 and 1962»[80].

One example of an area that absorbed many of these Chinese migrants was Diamond Hill, which accommodated approximately 50,000 people during the 1960s. Diamond Hill had been a rural and agricultural area located far from the urban centre. With the arrival of migrants, the area gradually shifted into a large squatter settlement, where residents not only built their homes but also established small business and household industries. This transitional period between the earlier colonial resettlement policies and the new wave of migrants that generated an increasing demand for housing, created the conditions for the development of an informal economy rooted in squatter settlements. According to Dwyer, who analysed squatter settlements across several Asian cities, including Hong Kong, even though by 1964 half a million people were still living in squatter areas, the resettlement policy had succeeded in rehousing an important proportion of population. As Dwyer notes, «by February 1964, 605,000 squatters had been resettled in estates»[81].

Understanding this context, an informal market for buying and selling squatter dwellings emerged, as well as the construction of new huts in areas that had been authorised by colonial authorities. These structures were built not only as shelters, but also with the

[79] XUE, C. Q. L. (2016), *Hong Kong architecture 1945–2015: From colonial to global*, Springe, p. 30.
[80] SMART, A., & FUNG, C. K. C. (2017), *Hong Kong public and squatter housing: Geopolitics and informality, 1963–1985*, Hong Kong University Press, p. 70.
[81] DWYER, D. J. (1964), The problem of in-migration and squatter settlement in Asian cities: Two case studies, Manila and Victoria-Kowloon, *Asian Studies*, 2(2), p. 159.

intention of selling or renting them to people who did not have enough resources to rent or purchase a formal house, but being able to afford a squatter dwelling. This underground economy was not only linked to organised crime, but also involved the private sector, which was unable to provide affordable housing, but found opportunities to invest in the expansion of squatter settlements. Residents also became involved in this process, often viewing their dwellings as a form of real estate investment. Once the families were resettled into public housing, they sold squatter homes to new arrivals:

> « What is striking in studying the squatter property market is how much it resembles the legal real estate market. Specialized brokers sometime bring buyers and sellers together […] structures for sale are advertised openly, sometimes even in the newspapers. Transactions are made by free contract, with exchange of money for 'title' to the property. It is in the nature of this title that the differences begin.»[82]

By the end of the 1960s, it had become evident that the housing crisis had reached its limits. This situation would be even more visible because of the social unrest and protests taking place in the late 1960s. Those events forced colonial authorities to respond with urgency and to consider far more ambitious housing policies.

5.2. From Resettlement to Mass Housing: The Public Housing Programme under MacLehose

The end of the 1960s were not only chaotic, but also decisive for the future development of Hong Kong. Although migratory flows had slowed slightly during the middle of the decade, from 1966 onwards increased once again, largely as a consequence of the Cultural Revolution in Mainland China and the political purges that followed it. The Cultural Revolution also had an impact on Hong Kong, particularly through the labour unions linked to Chinese Communist Party. As a result, in 1967 a series of protests erupted in Hong Kong, especially among workers in the textile and cement industries, as well as in other sectors. These protests did not only focus on labour demands, but also included broader claims related to social services, in which housing played a significant role. Even though the resettlement policy and the large-scale construction of public housing had improved the living conditions of many residents, the persistence of squatter settlements remained as an important issue.

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[82] SMART, A. (1985), The squatter property market in Hong Kong: Informal regulation and the state, *Critique of Anthropology*, 5(3), p. 24.

These protests had an important impact on British colonial policy, which at that time was led by Governor David Trench, who began to introduce certain social reforms linked to labour-related issues. However, the housing crisis, which continued to worsen, eventually reached the attention of authorities in London during the early 1970s, at a time of a significant geopolitical transformation. In 1971, the People's Republic of China was officially recognised by the United Nations, encouraging the British government to reconsider its approach in Hong Kong in order to maintain effective control over the territory in the future. According to Alan Smart, «In contrast to the squatter problem in the 1950s, the archives reveal that "intervention" from London and the FCO served to put the squatter problem onto the policy agenda in 1970»[83].

In 1971, a change of governor took place in Hong Kong, with Murray Maclehose being elected. MacLehose's policies intended to improve the living conditions of Hong Kong's inhabitants, and were based on four main pillars: public housing, improvements in education, developments in healthcare, and broader social welfare. However, the housing issue remained the most urgent matter by far, especially due to the persistence of squatter settlements and the continued pressure generated by Chinese immigration. On the one hand, the government sought to continue with the resettlement policy, which was based on the demolition of squatter settlements in order to release buildable land and relocate families into flats constructed by the colonial administration. As a result, the most ambitious plan for public housing construction up to that moment was launched, known as the Ten-Year Housing Programme:

> « In 1972, MacLehose announced a Ten-Year Housing Programme to address the problems of slum and squatter areas, and redevelop the first type of resettlement estates. The target was to "house 1.8 million people over the next ten years in permanent self-contained homes with good amenities and a decent environment at a standard of 3.3 m2 per person. A new Housing Authority was set up to consolidate government efforts in attaining this goal".»[84]

The Ten-Year Housing Programme was structured around a waiting list system, in which families living in squatter settlements could register in order to receive public housing. However, this system also created a "pull effect", because families that were already

[83] SMART, A., & FUNG, C. K. C. (2017), *Hong Kong public and squatter housing: Geopolitics and informality, 1963–1985*, Hong Kong University Press, p. 126.
[84] Ibid., p. 98.

living in private flats were also interested in obtaining public housing, which was subsidised and therefore, more affordable. Consequently, waiting lists became extensive. According to *South China Morning Post*, «in September 1976 that there was an average of 10,000 inquiries each month about its waiting list, which now contains approximately 100,000 families»[85]. The MacLehose plan also faced structural difficulties. Firstly, it was an extremely ambitious project, because of the large number of people it wanted to accommodate. Secondly, Hong Kong continued to suffer from a severe shortage of buildable land, especially in the urban centre. As a result, it was decided that a substantial proportion of public housing would be constructed on the urban periphery, basically in the New Territories.

The construction of public housing outside the urban centre transformed Hong Kong, which would no longer be limited to Kowloon and Hong Kong Island, marking a historical shift in the territorial development of the colony. However, the emergence of these new "towns" or districts also presented new challenges, taking into account the lack of investment in public services. At the same time, it was decided that the construction of public housing should be before than the clearance of squatter settlements, because the building process required time. As a temporary solution, Temporary Housing Areas (THA) were established, targeting homeless people, victims of fires or landslides, newly arrived migrants, and those awaiting relocation into permanent public housing. However, from the very beginning of the Ten-Year Housing Programme, the colonial administration encountered a major obstacle: the outbreak of the 1973 Oil Crisis.

Despite these initial complications, as the 1973 Oil Crisis caused delays in the arrival of construction materials and infrastructure, slowing down the construction of public housing, the colonial government remained committed to advance with the programme. However, migration flows from Mainland China did not cease, particularly following the introduction of the Touch Base Policy in 1974. Under this policy, migrants only needed to reach urban areas of Hong Kong without being intercepted at the border, being allowed to remain in the territory. As a result, this migrant population, which could not afford private rental housing, quickly settled in squatter areas, increasing the pressure on the housing programme launched under MacLehose.

[85] South China Morning Post. (1976, September 26). 100,000 families on waiting list. p. 7.

Migratory pressure intensified after 1978, as China under Deng Xiaoping's opening-up reforms allowed greater freedom of movement compared to the Maoist period. This migration flow remained strong until 1980 and proved sufficient to strain an already overstretched system. In this context, in 1980, Governor MacLehose accepted that the Ten-Year Housing Programme had failed to meet its original objectives:

> « As Governor MacLehose's 1980 annual address revealed, numerous people still had to live in "sub-standard accommodation" by the mid-1980s, implying that the housing program had failed. However, he claimed that this failure was due to the influx of immigrants that created additional demand, and that the colonial government would continue to improve the housing situation.»[86]

Despite not reaching the projected 1.8 million people in public housing, by 1980 the programme had succeeded in rehousing around half a million individuals and in eliminating more than 118,000 squatter structures.

With the impossibility of fully achieving its initial objectives, the colonial administration did not abandon its efforts, but instead granted a greater role to the private sector in housing development, while continuing the construction of public housing on a more limited scale. At the same time, public investment was also directed to improve existing squatter areas and their living conditions, including better sanitation, drainage systems, and access to electricity, which had often been illegally connected and was a major cause of frequent fires. In reality, however, squatter settlements had by no means disappeared:

> « in 1982 […] the squatter population was an estimated 580,000 and that "since it was unlikely that major squatter concentrations would be cleared in the next few years, measures were being taken to introduce fire and landslip safety measures and certain basic improvements in squatter areas.»[87]

Migration from Mainland China had exercised pressure on the housing system since the post-war period, but the institutional discourse under MacLehose increasingly framed migrants as a primary cause of the housing crisis, particularly in relation to the failure of the Ten-Year Housing Programme, and doing so, contributing to their further stigmatisation in Hong Kong society.

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[86] SMART, A., & FUNG, C. K. C. (2017), *Hong Kong public and squatter housing: Geopolitics and informality, 1963–1985*, Hong Kong University Press, p. 176
[87] Ibid., p. 202.

5.3. Stigmatisation and Marginalisation of Mainland Chinese Migrants

From the very beginning, the large influx of migrants from Mainland China was viewed with a certain degree of mistrust by both the local population of Hong Kong and the British colonial administration. As discussed in previous chapters, this perception cannot be understood without considering the broader historical context. The early Cold War climate, which was characterised by mutual distrust between opposing political blocs, contributed to shaping attitudes towards migrants arriving from Communist China. While this geopolitical context did not only determine the stigmatisation and marginalisation of Mainland Chinese migrants, it provided a favourable environment for such perceptions. However, as demonstrated in the previous sections, migration from Mainland China exerted significant pressure on Hong Kong's housing system, being a factor that must be taken into account. It is precisely within this intersection between structural constrains and social perception that processes of exclusion and marginalisation began to take shape.

The exclusion of Mainland Chinese migrants was evident since the beginning, as upon arrival in Hong Kong they had very limited access to adequate housing. Consequently, many were forced to share overcrowded tenement buildings or to construct their own dwellings, clearly contributing to the emergence of early squatter settlements. Regardless the option, living conditions remained precarious. However, as discussed in Chapter 3, this migrant population played an important role in Hong Kong's economic development, particularly through the manufacturing sector. Rather than being employed in large-scale industries, many migrants were working in small and medium-sized enterprises. As Alan Smart notes, «Manufacturing relied to a great extent on informally operated small and medium enterprises, often run out of already overcrowded homes or in squatter areas, many of which did outwork for the larger factories»[88].

Nonetheless, this economic contribution did not translate into improved living standards. Salaries remained low, and in many cases were non-existent, especially among those operating within informal structures. Many of these small-scale enterprises were family-run, meaning that income was shared. This system contributed to Hong Kong's manufacturing competitiveness, combining high production with low labour costs and a high degree of flexibility regarding to market demand. At the same time, the colonial

[88] SMART, A., & FUNG, C. K. C. (2017), *Hong Kong public and squatter housing: Geopolitics and informality, 1963–1985*, Hong Kong University Press, p. 43.

administration indirectly benefited from this arrangement, which contributed to the perpetuation of precarious living conditions among migrant population. Informality also extended beyond manufacturing, especially in the expansion of street vending, an activity commonly associated with migrant communities:

> « street vendors, as well as other kinds of informal commerce, helped make ends meet […] The numbers of those making a living by selling things in the streets grew from perhaps 13,000–16,000 before the Second World War to about 70,000 in 1947, only 10,524 of whom were licensed.»[89]

Despite Hong Kong's economic development, the inactivity of the colonial government, combined with a private sector that failed to provide affordable housing, rapidly contributed to the emergence of the housing crisis discussed in previous sections. Consequently, the colonial administration was forced to implement policies to address the crisis, mainly constructing public housing. However, during the 1950s, this provision remained limited, meaning that many migrants found themselves at the end of the queue for access to public housing. In cases such as fires, they could be relocated to temporary housing, which did not improve their living conditions.

By the 1960s, new successive waves of migration made the housing problem even bigger. At the same time, this decade witnessed the gradual emergence of a distinct Hong Kong identity, which was based, in part, through differentiation from newly arrived migrants. The rise of new generations, combined with the rapid economic growth, made social distinctions far more visible. In this context, the division between migrants and non-migrants began to emerge, just at the same moment when the housing crisis was reaching its peak.

During the 1970s, the colonial administration under Murray MacLehose introduced the ambitious Ten-Year Housing Programme, which, as discussed previously, was launched with the clear objective of a large-scale construction of public housing through a waiting list system. However, access to this system was not universal. In order to be eligible for public housing, applicants were required to have resided in Hong Kong for a minimum of seven years, a criterion that disproportionately affected newly arrived migrants from Mainland China:

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[89] SMART, A., & FUNG, C. K. C. (2017), *Hong Kong public and squatter housing: Geopolitics and informality, 1963–1985*, Hong Kong University Press, p. 44.

> « the Housing Authority (HA) […] and its executive arm, Housing Department (HD), had long upheld that there had to be a mechanism for rationing housing among the various competing groups since there was shortage of resources and public housing supply was inelastic […] The requirement of seven years of local residence to qualify for public housing has become the marker demarcating 'new arrivals' from 'locals.'»[90]

We observe, then, the institutionalisation of discrimination against migrants from Mainland China, a process that intensified alongside the development of the public housing programme. This dynamic was related to the project's inability to meet its initial targets, with the immigration being framed as a key factor behind the deficiencies of the Ten-Year Housing Programme. However, the discrimination in Hong Kong was different from patterns observed in many other contexts, as it was not based on ethnic, national or religious differences, but rather on socio-economic conditions:

> « Hong Kong presents a peculiar case where the discrimination and exclusion of 'internal migrants' is not due to ethnic or cultural differences between the host community and the immigrants; rather it is due to the juxtaposition of historical, socio-economic and political factors in a particular juncture.»[91]

In this context, rapid economic growth was not followed by the development of a strong and secure welfare system capable of enduring enough good living conditions for the population. Consequently, structural inequalities became visible, especially in the housing sector, where large segments of the population, such as the recent migrants, remained enclosed to precarious forms of accommodation, whether in squatter settlements or in highly overcrowded urban dwellings. This situation, obviously, reinforced existing patterns of social differentiation and exclusion.

This process of discrimination reached its peak following the abandonment of the Ten-Year Housing Programme, when MacLehose pointed to immigration as a major factor behind the programme's failure. This discourse started after 1978 migration wave, which also led to significant changes in the colony's border policies, including the end of the Reach Base Policy: «Nonetheless, the influx between 1978 and 1980 intensified the local community's "psychological anxiety" where illegal squatting activities is thought to be

[90] CHUI, E. (2002), Housing and welfare services in Hong Kong for new immigrants from China: Inclusion or exclusion?, *Asian and Pacific Migration Journal, 11(2)*, p. 232.
[91] Ibid., 238.

directly associated with Chinese immigrants»[92]. These institutional narratives were amplified by the media, contributing to a broader perception that migrants were placing disproportionate pressure on public services.

However, attributing the housing crisis to migrant population did not solve the structural causes. Squatter settlements continued to expand and living conditions remained precarious not only for Mainland Chinese, but also for other sectors of the local population. Migrants, especially recent arrivals, remained concentrated in marginal spaces, including squatter areas, ageing urban districts, and informal rooftop structures, often under exploitative rental conditions. In this way, housing not only reflected inequalities, but also contributed to the consolidation of social and spatial segregation in Hong Kong.

5.4. Kowloon Walled City: An Extreme Case of Housing Marginality

As discussed in previous sections, the housing crisis in Hong Kong, combined with the marginalisation of certain sectors of the population, mainly the newly arrived migrants, gave rise to urban spaces that escaped the effective control of the colonial government. These areas developed in an autonomous and unregulated way, reflecting the structural limitations of the housing system and the exclusionary dynamics affecting migrant communities. In this context, Kowloon Walled City represents an extreme case of the intersection between housing shortage and social marginality. While it has often captured popular imagination, especially through its representation in contemporary media and fiction, such representations tend to hide the underlying socio-economic conditions that shaped everyday life in the enclave.

The origins of Kowloon Walled City can be traced back to Song Dynasty, when it was a military outpost overseeing the salt trade. Its strategic value increased in the early nineteenth century, especially after the establishment of a fortified garrison around 1810. Following the Treaty of Nanjing in 1842, Hong Kong Island was ceded to Britain, which led the Qing Dynasty to reinforce the enclave as a point of Chinese authority. However, in 1899 the Convention for the Extension of Hong Kong Territory granted Britain a 99-year lease over the New Territories. Despite this, Chinese authorities insisted on retaining sovereignty over Kowloon Walled City:

[92] SMART, A., & FUNG, C. K. C. (2017), *Hong Kong public and squatter housing: Geopolitics and informality, 1963–1985*, Hong Kong University Press, p. 176.

> « The great change came in 1899. In the previous year, the Convention of Peking had been signed between China and Britain leasing territory […] to Britain. However, in face of strong Chinese insistence on retaining jurisdiction in the Kowloon Walled City, the British agreed to include a clause that within the city of Kowloon the Chinese officials now stationed there shall continue to exercise jurisdiction except so far as may be inconsistent with the military requirement to the defence of Hong Kong.»[93]

The ambiguous status would later be crucial, as it effectively created a legal and administrative vacuum that limited direct colonial intervention in the area. In fact, following the fall of the Qing Dynasty in 1911, Kowloon Walled City gradually lost its strategic and administrative significance. Consequently, the enclave remained abandoned, reinforcing its ambiguous legal status and the absence of effective governance. It was not until the 1930s that colonial authorities showed interest in the place, proposing to clear the area in order to transform it into a space of cultural and historical value.

By the time, the Walled City became surrounded by the urban development of Hong Kong. Surrounding infrastructure expanded quickly, including the construction of the Kai Tak Airport, as well as nearby industrial facilities and tenement buildings. This process further isolated the enclave as a distinct urban place in a rapidly modernising city. During the Japanese occupation of Hong Kong, much of the original city wall was dismantled to support the expansion of the airport, all because of military purposes. Rather than reintegrating the area into formal urban planning after the war, these developments reinforced its marginal position, leaving behind a space characterised by ambiguity, weak institutional presence and growing potential for unregulated settlement.

From 1945 onwards, the first waves of refugees from Mainland China began to arrive in Hong Kong, some of whom settled in Kowloon Walled City, establishing squatter dwellings inside the enclave. Although initial numbers were relatively small, by 1947 the population was estimated at 2,000 residents. Concerned by the emergence of informal settlements, the colonial authorities tried to clear the area. However, these efforts led to unrest and even diplomatic tensions:

> « These (squatters) were expelled by the Government on 5 January 1948 and, a week later, several people were injured in a riot resulting from police efforts to deal with those who had returned. As a consequence, a crowd set fire to the British Consulate in Guangzhou,

[93] SINN, E. (1987), Kowloon Walled City: Its origin and early history, *Journal of the Hong Kong Branch of the Royal Asiatic Society*, 27, p. 36.

students in Shanghai declared a two-day protest strike […] and the Nationalist Chinese Government in Nanking officially protested to Great Britain.»[94]

This episode marked a turning point, as it revealed the political sensitivity of the enclave. Faced with local resistance and pressure from Chinese authorities, the colonial government became reluctant to enforce direct control, leaving the area as a space of limited governance, which would develop in its subsequent unregulated expansion.

From the 1950s, Kowloon Walled City developed without control, incorporating an increasing number of families who constructed their own dwellings without any form of urban planning. By 1954, around 600 stone houses and approximately 150 wooden structures had already been built[95]. Despite the fact that the city had a rapid expansion, the colonial government remained passive, limiting its intervention to the containment of the area constructing surrounding roads, preventing the horizontal expansion. At the same time, vertical growth was informally constrained due to aviation safety concerns, as the Kai Tak Airport was operational until 1990s. However, authorities did not exercise control over the internal organisation of the enclave. As a result, buildings were constructed attached to one another, leaving only narrow alleys between them and creating an extremely dense and labyrinthic city. The central area remained one of the few spaces where natural light could reach the floor, while much of the settlement became increasingly enclosed.

By the early 1960s, the population of Kowloon Walled City had already reached 10,000 inhabitants. With the growth of the place, a sense of community emerged among its residents, who began to provide for themselves many of the basic services that the colonial government failed to deliver. Moreover, an informal economy developed within the city. On the one hand, numerous small-scale food businesses operated in precarious conditions, producing noodles, meat products, or the well-known fish balls, often without any sanitary regulation. On the other hand, the city became particularly popular for its unlicensed medical services, especially dentistry. These sanitary professionals, who were unable to legally operate in Hong Kong, established their practices serving the city's population.

[94] JONES, G. (2011), The Kowloon City District and the clearance of the Kowloon Walled City: Personal recollections, *Journal of the Royal Asiatic Society Hong Kong Branch*, 51, p. 266.
[95] LIU, R. (2024), Order and disorder: The governance of the Kowloon Walled City in Hong Kong during the late 20th century, *The Columbia Journal of Asia*, 3(1), p. 33.

In this context, the Walled City evolved into a space where economic activity was extremely informal, offering opportunities for those excluded from the formal system. However, it also became associated with clandestine and illegal activities, including the presence of Triads, which used the city as a base for certain operations linked to drug dealing, human trafficking or prostitution:

> « During this period, the Walled City assumed its classic image of a 'city of darkness' crammed with illegal buildings and doctors, dentists and food-processing factories, not to mention opium divans, gambling dens and brothels, 'policed' by various triad groups such as the King Yee, Sun Yee On, 14K, Wo Shing Wo and Sun Yee On.»[96]

In 1963, an attempt was made to demolish part of the Walled City, which caused a response from the local community. As a consequence of these protests, the Neighbourhood Welfare Association, also known as the Kaifong Association, was established. Initially created to face the evictions and demolitions, it gradually evolved into an internal governing body within the enclave. The Association took on a wide range of functions, such as supervising the property transactions, providing basic healthcare assistance or organising community-based safety brigades that also warned residents in the case of fires.

The 1960s would be a decisive decade for the city, because it coincided with the new wave of migration from Mainland China, driven not only by the famine, but especially by the Cultural Revolution. Consequently, the population of the enclave grew rapidly, accompanied by an intense process of vertical construction that began to define the distinctive morphology later captured in the famous photographs from the 1990s:

> « In the aftermath of the Cultural Revolution, tens of thousands of Chinese refugees arrived in Hong Kong. This influx of new residents saw the population rise from 10,000 in the early 1960s to 20,000–30,000 in the 1970s […] with a population density of 1,255,000 per square km.»[97]

Such numbers illustrate the extreme spatial compression that characterised the Walled City. Far from being an anomaly, this level of density reflected the effects of sustained migration, limited access to formal housing, and the absence of effective state

[96] JONES, G. (2011), The Kowloon City District and the clearance of the Kowloon Walled City: Personal recollections, *Journal of the Royal Asiatic Society Hong Kong Branch*, 51, p. 268.
[97] FRASER, A., & LI, E. C.-Y. (2017), The second life of Kowloon Walled City: Crime, media and cultural memory, *Crime, Media, Culture*, 13(2), p. 219.

intervention. In fact, the Walled City not only represented a marginal space, but the most radical expression of the structural housing crisis that defined post-war Hong Kong.

By the late 1970s, the situation in Kowloon Walled City reached such an extreme situation that possible solutions began to be considered. While the ambitious Ten-Year Housing Programme had already been launched to address the squatter problem across the territory, conditions inside the Walled City were extremely precarious. This was not only due to the approximately 33,000 residents living in extreme density, but also because of the total absence of basic urban services:

> « There was no legal water supply […] no sewerage system, apart from fetid open drains; no proper streets; virtually no street lighting; and no properly planned and inspected buildings. Electricity was provided but the illegal connections and wiring arrangements beggared belief and […] all the occupants were technically squatters.»[98]

In the 1980s, and particularly in the context of the Sino-British Joint Declaration, the issue of clearing and demolishing the Kowloon Walled City was finally addressed. This became a priority for the British colonial government, not only because enough public housing was developed to rehouse the entire population, but also due to the need to project an image of order and control ahead to the transfer of sovereignty to the People's Republic of China.

In 1993, the Kowloon Walled City was ultimately demolished, with the residents receiving financial compensation. Its disappearance marked an end of one of the most extreme urban environments of the twentieth century. However, far from fading into the obscurity, the city has persisted in collective memory, often reimagined in films, literature, and video games as a dystopian or hyper-dense urban space. Nonetheless, this afterlife tends to hide the realities lived inside the city, which was the structural housing crisis, sustained migration pressures, and the marginalisation of large segments of Hong Kong's population. In fact, the Kowloon Walled City should not be understood only as an anomaly, but as a revealing manifestation of the broader social and spatial tensions explored throughout this chapter.

5.5. The Persistence of the Housing Crisis in Contemporary Hong Kong

[98] JONES, G. (2011), The Kowloon City District and the clearance of the Kowloon Walled City: Personal recollections, *Journal of the Royal Asiatic Society Hong Kong Branch*, 51, p. 268.

Although Kowloon Walled City represented an extreme case of Hong Kong's housing crisis, the crisis itself did not disappear with the demolition of the settlement. Systems of urban marginality, social inequality, and restricted access to decent housing persisted, but in transformed ways. Certainly, the massive construction of public housing allowed a significant part of the population with limited economic resources to get access to more affordable accommodation. However, this large-scale rehousing policy also covered another reality: by demolishing centrally located squatter settlements and relocating their inhabitants to the periphery, the colonial government recovered highly valuable urban land. As a result, by the mid-1980s, Hong Kong entered a new political and economic phase shaped by the Sino-British Joint Declaration. While this period represented a moment of an important historical significance, it also obscured the growing commodification of land and the increasing dominance of real estate speculation within Hong Kong's urban development model.

From 1984, after the political agreements reached between Britain and China regarding Hong Kong's future, the colonial administration was able to control migration. Simultaneously, a huge transformation started in the regulation of squatter settlements and access to public housing. From 1985 onwards, only those officially registered as squatters before the territory registration were eligible for future rehousing programmes, while later arrivals would be excluded from the public housing system:

> « The system of squatter regulation changed fundamentally after the 1984/5 territory-wide registration of all occupants of squatter dwellings in addition to the structures themselves. The new policy, still in place, was that only these registered occupants would be eligible for resettlement in clearances, and any other occupants would have no entitlement to resettlement […] After 1984, whenever squatter residents moved out, and others moved in, they became excluded from eligibility for public rental housing.»[99]

As a result, while squatter clearances continued during the late colonial period, newly arrived migrants found themselves excluded from formal housing opportunities. Many were pushed towards the private rental market, temporary housing estates, or new forms of informal accommodation, especially rooftop dwellings and subdivided flats. However,

[99] SMART, A (2003), Impeded self-help: toleration and the proscription of housing consolidation in Hong Kong's squatter areas, *Habitat International*, 27(2), p. 216.

these alternatives reproduced the same dynamics of overcrowding, insecurity, and inadequate living conditions.

Nevertheless, the colonial government tried to encourage the population to move towards the private housing market, promoting the idea of the "housing ladder" as a good model of social mobility. An early manifestation of this shift was the introduction of the Home Ownership Scheme (HOS) in 1976, through which public housing tenants and lower-middle-income households could buy subsidised flats at prices between 20 and 50 per cent below the market value. However, owners were required to repay this subsidy if the property was sold or rented on the private market. Even though it was presented as a mechanism to expand home ownership, the scheme also represented a gradual shift away from the earlier welfare-oriented approach to public housing policy.

This transformation became even more evident during the late 1980s with the implementation of the Housing Subsidy Policy in 1987. Under this policy, tenants whose incomes significantly exceeded the established limits were required to pay higher rents, in some cases the same as the market levels. The main objective was not only to reduce state subsidies, but also to pressure tenants into leaving the public housing system, leaving free space for lower-income households while simultaneously stimulating demand within the private property market.

At the same time, the late colonial period witnessed the growing dominance of Hong Kong's major property developers. However, understanding this process requires recognising the distinctive structure of land ownership in Hong Kong. Unlike in most capitalist economies, all land formally remained property of the state, meaning that private developers could undertake urban construction through lease agreements with the government. This system, commonly described as a "high-premium, low-rent" structure, required developers to pay substantial upfront land premiums in exchange for leasehold generally lasting between fifty and ninety-nine years, while low annual rents and taxation were imposed afterwards:

> « The Hong Kong government is the sole owner of all land in the city […] Hong Kong land are "sold" or leased out under the high-premium-low-rent structure—a 50-year lease may be required to pay only 3% rateable value as ground rent, implying that an overwhelmingly large percentage (perhaps as high as 97%) of the land value is the upfront

land premium, while a very tiny portion (maybe merely 3%) is to be paid cumulatively throughout the whole lease period.»[100]

As a consequence, land became one of the colonial government's principal sources of revenue, while access to urban development increasingly became concentrated in the hands of a small number of large property conglomerates capable of investing the enormous amounts of capital required by the leasehold system. This dynamic would progressively reinforce real estate speculation and contribute to the transformation of housing from a social necessity into a highly profitable financial asset.

The growing importance of land leases in Hong Kong's economic structure led many scholars to describe the territory as a "property state". While land-related revenues represented approximately 17 per cent of government income between 1962 and 1963, this figure rose to 31 per cent by 1979-1980, a trend that continued during the late colonial period. At the same time, nearly 68 per cent of all investment in Hong Kong between 1980 and 1987 was concentrated within the real estate sector. As a result, the colonial state became increasingly dependent upon the property market, while Hong Kong's broader economic development grew deeply tied to real estate investment and land speculation:

> « Land-related revenues have helped keep Hong Kong's tax rates low and competitiveness ratings high, despite the very high cost of living, which is largely a result of the high land prices. Hong Kong's largest companies, accounting for about 40–50% of the capitalization on the Hong Kong stockmarket, are primarily property developers.»[101]

Access to these land leases remained restricted to the same major corporations, which were the only capable of mobilising the enormous upfront capital required by the leasehold system, excluding small and medium-sized enterprises from the property market. As a result, Hong Kong's real estate sector became concentrated in the hands of a limited number of powerful developers, creating an oligopolistic structure that dominated the urban development in Hong Kong. Companies such as Cheung Kong Holdings and Sun Hung Kai Properties emerged as central actors, developing approximately 55 per cent of all housing units constructed in Hong Kong between 1991

[100] YUNG, B., & YU, K.-P. (Eds.) (2011), *Land and housing controversies in Hong Kong: Perspectives of justice and social values*, Springer, p. 6.
[101] SMART, A (2003), Impeded self-help: toleration and the proscription of housing consolidation in Hong Kong's squatter areas, *Habitat International*, 27(2), p. 216.

and 1994. This concentration of economic power further reinforced speculative dynamics within the housing market, as urban development became subordinated to the interests of large property conglomerates rather than attending the social housing needs.

As we have seen, the problem in Hong Kong did not only lie in the consolidation of real estate oligopoly and the progressive prioritisation of the private market by the colonial administration, which clearly encouraged property speculation, but also in a structural limitation inherent to the territory itself: the lack of developable land. Within this context of high demand and limited supply, housing prices, which were already considerably high, experienced a dramatic increase throughout 1990s:

> « During the late 1980s and the early 1990s, the housing expenditure pattern of Hong Kong households underwent an important change […] the share of housing in total household expenditure increased more than 5% from 20.1% in 1979/1980 to 25.6% in 1989/1990. The increasing trend continued in the early 1990s, with a further 5% of the total expenditure spent on housing, which increased to 31.0% in 1994/1995.»[102]

Housing would become the principal factor behind the impoverishment of Hong Kong households, particularly lower and lower-middle income sectors, which devoted a substantial proportion of their income to secure a place to live. This process not only deepened existing social inequalities, but also consolidated an urban structure characterised by residential exclusion.

Faced with the constant rise in housing costs, many households were forced to reduce expenditure on other basic necessities, particularly food and healthcare. This phenomenon has been described by several academics as "deprivation", which is a dimension of poverty that poses an observable disadvantage for the local community or for society, in which people are considered deprived if they lack socially perceived necessities[103]. Between 1990 and 1995, while inflation increased by 57 per cent, housing prices rose by 122 per cent, clearly illustrating the magnitude of Hong Kong's housing crisis. The social consequences were severe: by 1995, between 10 and 15 per cent of the population was living below the poverty line, representing approximately 600,000 people, while the real

[102] WONG, H, (2005), The quality of life of Hong Kong's poor households in the 1990s: Levels of expenditure, income security and poverty, *Social Indicators Research*, 71(1–3), 411–440, p. 422.
[103] WONG, H., & CHAN, S (2019), *The impacts of housing factors on deprivation in a world city: The case of Hong Kong*, Social Policy & Administration, 53(6), 872–888, p. 874.

wages of poorest sectors of Hong Kong's society declined by 23 per cent throughout 1990s.

Housing prices continued to rise, which signified that a part of the population was forced to seek economically viable alternatives, even if this meant living under extremely precarious conditions. Although Hong Kong had partially managed to solve the problem of squatter settlements, it had indirectly generated another form of housing crisis. It was within this context that subdivided flats, also known as nano-apartments, increasingly began to emerge. These nano-apartments consisted of ordinary apartments that landlords divided into several separate units, which were then rented to different families sharing common spaces such as kitchens and bathrooms. In many cases, these units were extremely small, often consisting of little more than enough space for a bed and a wardrobe, which entire families had to share.

Alongside these subdivided flats, the so-called cage homes also became common. These were even more extreme forms of accommodation, consisting essentially of a bed accompanied by a minimal storage space for personal belongings. In many cases, these spaces were not subdivided apartments, but rather cages, cubicles or compartments measuring between 1.5 and 2 square meters. Unsurprisingly, this type of accommodation represented one of the most extreme manifestations of Hong Kong's housing crisis. Consequently, these spaces were predominantly inhabited by the most marginalised sectors of Hong Kong society, including immigrants, many of whom were Chinese, although not exclusively, elderly people living alone, unemployed residents and other socially vulnerable groups:

> « The private housing market in Hong Kong became more 'formalized' after the government tried to regulate and demolish the squatters […] Consequently, the choices of the poor households became more and more restricted. The only outlet for who cannot find accommodation in public housing, mainly single person households and new arrivals, is to live in bed sits or board-partition-rooms in the old urban areas. Worse still, in view of the redevelopment of the old urban areas, these poor households cannot find enough caged-homes and board-partition-rooms […] Therefore, if they cannot afford the rent for this lowest level accommodation, they will become homeless.»[104]

[104] WONG, H, (2005), The quality of life of Hong Kong's poor households in the 1990s: Levels of expenditure, income security and poverty, *Social Indicators Research*, 71(1–3), 411–440, p. 427-428.

This form of informal housing would be tolerated by the colonial administration of Hong Kong. Even though the government had actively attempted to fight against squatter settlements and, as previously discussed, had exercised increasing control over informal housing in the urban centre, there was never any real intention to completely eradicate such forms of accommodation. The reason behind this was pragmatic: eliminating such forms of housing altogether would have generated an even greater social crisis, especially at a time when the state was failing to provide enough affordable housing alternatives. Consequently, the problem itself became invisible. While squatter settlements had previously occupied visible areas in the urban centre, these new forms of informality would be displaced towards peripheral areas or hidden within rooftop structures or subdivided apartments inside the city. Informal housing continued to absorb large sectors of the impoverished population, not by solving the housing crisis, but rather by hiding it within Hong Kong.

One of the areas that would concentrate this marginalised population was Sham Shui Po, a central district of Hong Kong that originally had been a major industrial hub with a large working-class population. With Hong Kong's economic transition during 1980s, the district gradually declined, and by the 1990s it had become an area characterised by deep poverty and immigration. In fact, in Cantonese the area is often described as "好雜", meaning chaotic or disordered mixture. The district is composed mainly of Tong Lai, the characteristic tenement buildings constructed back in the nineteenth century. These buildings were progressively subdivided and also came to accommodate a large number of cage homes, attracting the impoverished sectors of Hong Kong, especially immigrants, single individuals, and very low-income families:

> « In Sham Shui Po, one may find a heterogeneous population of low-income earners, low-skilled workers, the temporarily unemployed, new arrivals and the elder […] also has a very high percentage or new Chinese arrivals and a highly visible presence of South Asians and Africans.»[105]

However, informality in Sham Shui Po was not only expressed in housing form, such as nano-apartments or cage homes, but also in the physical deterioration of the buildings themselves, many of which had not been renovated for decades. As a result, what emerges is not only an extreme form of residential precarity, but also an environment that fails to

[105] CHENG, C. (2013), Sham Shui Po: The centre of poverty in Hong Kong, *Journal of the Royal Asiatic Society Hong Kong Branch*, 53, 7–30, p. 11.

meet basic safety standards, especially in relation to fire risks, poor ventilation, and high humidity levels, which are problematic given Hong Kong's hot and humid summer climate. This combination creates highly vulnerable living conditions and a serious risk to public health for its residents.

The situation observed in districts such as Sham Shui Po was not an isolated phenomenon, but rather the expression of the structural conditions of Hong Kong's housing system. While subdivided flats, cage homes, and highly deteriorated buildings coexisted, the colonial government continued to provide a very limited supply of public housing and maintained a clear bias towards market-based provision. In this sense, informal and precarious forms of housing did not disappear; instead, they became a functional component of the housing system in Hong Kong, absorbing those groups excluded from the private housing market.

At the same time, although land formally remained under the control of the Hong Kong government, access to urban space was mediated by large real estate firms. This process, combined with extremely high demand and very limited supply of developable land, placed significant pressure on housing prices, creating the conditions for a sustained escalation throughout the 1990s, strongly driven by property speculation. The combination of land scarcity, a state dependent on land-related revenues, and the oligopolistic structure of property development contributed to increasingly speculative dynamics in the housing market, laying the foundations for the emergence of a major real estate bubble.

Housing in Hong Kong gradually ceased to work as a social necessity and instead became an object of investment. The constant rise in property prices created the false expectation that real estate values would continue increasing indefinitely, allowing speculation to expand continuously, not only among large firms, but also small and medium investors attempting to profit from the property market. As land remained under state control and the government maintained a limited supply for development, the housing market progressively became disconnected from real purchasing capacity of the vast majority of the population. While property values and rents continued to increase rapidly, access to housing became more difficult, especially for the poorest sectors of society, intensifying inequality and social exclusion:

> « Social surveys repeatedly showed that the lack of housing affordability topped the list of dissatisfaction items among Hong Kong people. Meanwhile, for many, housing ceased to be a use value – the primary purpose of home purchase was for speculative gains. A housing bubble of immense magnitude was taking shape.»[106]

However, the speculative dynamics that had sustained Hong Kong's property boom throughout the decade entered into crisis after 1997. The Asian Financial Crisis, which severely affected economies across East and Southeast Asia, destabilised the Hong Kong market just when the transfer of sovereignty from Britain to China was taking place. After years of sustained growth, property prices experienced a sharp decline, generating a climate of profound economic uncertainty. According to Si-ming Li, the impact remained for several years «at its bottom in the third quarter of 2003, the average home price was down by 65% from its 1997 peak»[107].

Although the crisis partially burst the real estate bubble, it did not solve the structural problems of Hong Kong's housing system. The concentration of property ownership, the dominance of large firms, and the lack of affordable housing continued to shape the urban landscape. Consequently, precarious forms of housing such as subdivided flats and cage homes did not disappear after 1997, demonstrating that Hong Kong's housing crisis was not simply the result of a temporary speculative cycle, but rather the consequence of deeper structural contradictions inherent in the territory's urban and economic model.

With the transfer of sovereignty in 1997, Hong Kong became a Special Administrative Region (SAR) of the People's Republic of China for a period of fifty years. Under the new administration, there was an attempt to alleviate the housing crisis, which was perceived as one of the main causes of impoverishment among Hong Kong families. Consequently, the government tried to revive the central role of the state in the provision of affordable housing through a large-scale housing programme:

> « Thus, a major task confronting the new SAR Government was to curb the increase in home prices. In his inaugural policy address of October 1997, Tung announced an ambitious housing development plan that stipulated an annual production target of 85,000 housing units (hereafter 85,000-Units Program).»[108]

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[106] LI, S.-M. (2016), Burst of the property bubble and Hong Kong's changing land and housing policies post-1997, *Eurasian Geography and Economics*, p. 5.
[107] Ibid., p. 7.
[108] LI, S.-M. (2016), Burst of the property bubble and Hong Kong's changing land and housing policies post-1997, *Eurasian Geography and Economics*, p. 5-6.

However, the Asian Financial Crisis of 1997, which severely destabilised property markets across the region, caused housing prices to fall. In this context, the expansion of public housing further increased the supply of housing, contributing to an additional decline in property values and generating discontent, especially among large developers and property owners.

During the 2000s, the state gradually reduced its intervention in the housing market, while also limiting the release of land for development and implementing significant public spending cuts, including reductions in the number of civil servants. Even though the construction of public housing did not entirely stop, it progressively declined over time. This political shift reflected the principle of "small government, big market", favouring large property firms while further disadvantaging lower-income sectors of society. As a result, housing prices began to rise once again, eventually recovering their 1997 levels by 2011.

In this sense, the housing situation did not substantially improve after the financial crisis; if anything, it worsened. Following the 1997 Asian Financial Crisis, the immediate effects were felt by the working and middle classes, as the territory experienced mass layoffs, business closures, and salary reductions. One of the most significant consequences of the crisis was that many families became trapped in mortgages whose value exceeded that of the properties themselves:

> « Many homeowners became negative equity holders in that the value of their home fell below the mortgage outstanding. The Hong Kong Monetary Authority (2004) estimated that as of June 2003, the average loan-to-value ratio stood at 128%, and 105,697 mortgages, or 22% of the total, fell in the negative equity category. Negative net wealth implied that the mortgage holder could not move to a smaller and more affordable home premises upon selling the existing home to repay the mortgage.»[109]

While the middle and lower classes were heavily affected by the crisis, large corporations and major property owners were able to recover economically within only a few years, particularly as housing prices vegan to rise once again.

As a result, inequality became even more pronounced in post-colonial Hong Kong, especially under an administration that chose not to intervene directly in the market. This growing disparity can be measured through the GINI coefficient: «The Gini coefficient

[109] Ibid., p. 7.

for Hong Kong, which shows the extent of this disparity, was 0.476 in 1991 and 0.525 in 2001, one of the highest in the world»[110]. Far from being an isolated phenomenon, this inequality would continue to deepen over the following years. Under the administration of Donald Tsang, the government partially moved away from its previous commitment to strict non-interventionism, as the housing crisis had once again become a major social problem by the end of the 2000s. One example was the implementation of the Special Stamp Duty in 2010, which aimed to discourage "flipping", which is the rapid purchase and resale of properties for speculative profit after only minimal renovation. Under this policy, properties sold within a short period after purchase were subjected to progressively higher taxes.

With the persistence of the housing crisis, the Hong Kong government attempted to introduce several measures aimed at the most vulnerable sectors of the population, such as single men, precarious workers, unemployed individuals, or elderly people excluded from the public housing system. One of the main initiatives was the construction of large residential buildings composed of small individual units, generally rooms of only a few square meters equipped with little more than a single bed, a wardrobe, and a desk. Even though these units represented an improvement compared to the former cage homes, the reality was that they still constituted extremely precarious forms of housing. As a consequence, rather than eliminating these informal forms of accommodation, the state ultimately institutionalised them and integrated them into Hong Kong's housing system.

However, these measures did not solve the structural problem of housing. Subdivided units and cage homes continued to expand throughout the first decades of the twenty-first century, especially among immigrants, low-income workers, and poor families. In many cases, migrants encountered residential conditions even worse than those in their places of origin, a situation that was further aggravated by the fact that they were not eligible for public housing until completing seven years of residence in Hong Kong. According to the 2016 census, approximately 200,000 people were living in subdivided units or cage homes. At the same time, waiting lists for public housing continued to increase. By 2021, nearly 150,000 people were waiting for public housing, with waiting periods often ranging between five and six years. This situation not only perpetuated material poverty,

[110] DELANG, C. O., & LUNG, H. C. (2010), Public housing and poverty concentration in urban neighbourhoods: The case of Hong Kong in the 1990s, *Urban Studies, 47(7),* 1391–1413, p, 1391-1392.

but also deteriorated the social and psychological conditions of the most vulnerable sectors of the population:

> « In 2019, 1.4 million people were classified as income-poor, comprising 21.4% of the poverty rate […] high housing costs, overcrowding, and poor living conditions increase deprivation in Hong Kong households, especially low-income households in subdivided units. Low income levels force tenants to live in subdivided units with high average monthly rent and poor living conditions, which further worsens their poverty, deprivation, and mental health problems.»[111]

Therefore, the housing crisis in Hong Kong cannot be understood as a temporary phenomenon linked merely to the real estate speculation of the 1990s, but rather as a structural contradiction deeply rooted within the urban and economic model of the territory itself. Despite the fact that Hong Kong is one of the richest and most dynamic economies in the world, the territory continued to exhibit high levels of inequality, reaching a GINI coefficient of 0.539 in 2021, comparable to countries such as Brazil. While housing prices increased dramatically, rising by 500 per cent between 2003 and 2017, wages and household incomes grew at a far slower pace, making access to decent housing much more difficult. Consequently, informal and precarious forms of housing did not disappear with the end of the colonial period, but instead continued to constitute a central element of contemporary Hong Kong's urban reality.

[111] CHOW, L. W., CHAN, I. L. Y., LAM, W. M., & SHUM, T. C. T. (2023), Perceptions of transitional housing: Voices of residents living in subdivided units in Hong Kong, In T. C. T. Shum & C. C. L. Kwong (Eds.), *Housing and ageing policies in Chinese and global contexts*, Springer (Quality of Life in Asia, Vol. 15), p. 228-229.

Conclusions

The study of migration cannot be understood as a simple movement of population, but it has to be necessarily accompanied by an analysis of both the causes that generate them and the consequences they produce in the destination territory. In the case of China, population mobility has been a historical constant, both during the imperial period and in the contemporary era. In the specific case of Hong Kong, these movements have been bidirectional, although they intensified significantly from the mid-twentieth century onwards, especially from Mainland China. This intensification can be explained by the coexistence of two very different political and socioeconomic realities. On the one hand, the People's Republic of China, especially during the Maoist period, was characterised by episodes of political repression, economic crisis, and major social transformations that directly affected the population. On the other hand, Hong Kong was governed under British colonial administration, a system which, despite excluding the local population from political participation, offered greater economic stability and relative social freedom. In this context, Hong Kong became a destination for individuals seeking both better living conditions and greater political security.

If analysed from a strictly demographic perspective, it can be argued that Hong Kong cannot be understood without the migratory waves coming from Mainland China. However, their impact was not limited to population growth, but also had a crucial economic dimension. A territory devastated by the Second World War and the Japanese occupation was transformed, within only a few decades, into one of Asia's leading industrial and manufacturing centres. This so-called "Hong Kong economic miracle" cannot be explained without the contribution of Chinese migration waves. On the one hand, this process included the arrival of entrepreneurs and industrialists from Shanghai and Guangzhou, who brought capital, technical knowledge, and business experience, particularly in the textile sector. On the other hand, the presence of an abundant labour force, often working under precarious conditions, allowed the development of an industry that was highly competitive in the international market.

Despite the positive impact of immigration on economic growth, this same phenomenon also generated increasing pressure on Hong Kong's social services system, especially in relation to housing access. It is at this point that the central paradox of this study case emerges: immigration contributed decisively to the economic development of the territory

while simultaneously intensifying social and urban tensions, particularly in the housing sector. Nevertheless, Hong Kong's housing crisis cannot be explained solely through immigration, but rather must be understood as the result of a set of a structural factors. Among these were, first, the geographical limitations of the territory, characterised by a severe shortage of buildable land. Second, the role of the private sector, which proved incapable of guaranteeing affordable access to housing for the entire population.

This situation initially led to the emergence of precarious forms of housing, in which a significant part of the population, including both immigrants and local residents, was forced to live in informal settlements and self-built squatter huts. These conditions not only created serious sanitary and hygiene risks, but were also linked to loss of life caused by fires and natural disasters, particularly between the 1950s and 1980s. In this context, the colonial administration initially responded through policies aimed at demolishing informal settlements without providing enough housing alternatives. Later, especially following the major migration waves of the 1960s, the colonial government was forced to implement ambitious public housing programmes in order to absorb demographic growth and improve the living conditions of the population.

However, from the 1980s, and despite these efforts, immigration from Mainland China progressively began to be used as the central explanatory factor behind the housing crisis. This narrative tended to simplify a far more complex phenomenon by assigning disproportionate responsibility to migration. In this sense, the present research demonstrates that Hong Kong's housing crisis is multifactorial in nature. Immigration constituted an important element within the process, but it cannot be considered either the main or the only cause. Rather, the crisis should be understood as a structural phenomenon resulting from the interaction between territorial limitations, urban policies, housing market dynamics, and the strategies of the colonial government.

In this regard, the colonial government, in its attempt to preserve political stability and institutional legitimacy, tended to shift the focus of the problem into migrants, thereby avoiding a critical examination of the role played by the private sector in shaping the housing market. This dynamic contributed to the reinforcement processes of social exclusion, as a significant proportion of migrants became progressively marginalised from public housing system. From the 1980s onwards, there was also a gradual shift in housing policy, characterised by increasing dependence on the private sector for real estate development. This process contributed to the consolidation of a system dominated

by large property corporations, which came to play a central role in shaping the housing market and determining prices. In this context, land and housing progressively became objects of speculation, significantly worsening the difficulties in accessing affordable housing for large sectors of the population.

Even though squatter clearance policies and public housing programmes initially reduced the most extreme forms of inadequate housing, the structural dynamics of the property market, dependence on private capital, and persistently high demand contributed to the emergence of new forms of precarious housing, such as subdivided flats and the so-called "cage homes". Therefore, precarious and informal forms of housing constitute a historical continuum within Hong Kong's urban development. Despite changes in housing policies, greater private participation, and even the 1997 transfer of sovereignty, these dynamics did not disappear, but instead adapted to the territory's economic and social transformations. This demonstrated that the housing problem cannot be understood only as the result of temporary periods of migratory pressure, but rather as part of an urban and economic structure that has historically failed to guarantee equitable access to housing. Consequently, attributing the housing crisis exclusively to immigration from Mainland China represents an oversimplification of a far more complex reality.

In this sense, the case of Hong Kong demonstrates that migration processes cannot be explained in isolation, but must instead be interpreted within a broader framework of political, economic, and, in Hong Kong's case, urban transformations. Immigration from Mainland China constituted an indispensable element in the development of the territory, to the point that Hong Kong's industrial and financial growth would be difficult to understand without this continuous contribution of human capital. However, this same process also intensified the internal contradictions of a territory characterised by limited land availability, a strong dependence on the property market, and a colonial administration that frequently prioritised economic stability over the social needs of the population. In this way, the housing crisis cannot be understood only as a consequence of demographic pressure, but rather as the result of a deeply unequal model of urban and economic development.

Thus, the present study highlights that Hong Kong's housing problem clearly transcends the migratory phenomenon and instead becomes a structural issue linked to the model through which the territory was developed. The persistence of precarious forms of housing, from the squatter settlements of the first migration waves to today's subdivided

flats and “cage homes”, reflects the limitations of a system that, despite the political and economic transformations experienced throughout the twentieth and early twenty-first centuries, has failed to guarantee affordable and equitable access to housing. Consequently, Hong Kong stands as a paradigmatic example of how migration, urbanisation, and property capital can converge in the production of persistent social inequalities that continue to shape not only the territory itself, but above all, the daily reality of its population up to the present day.

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