

Negotiating the Minimum Wage Level in Hong Kong's Business-driven Regime: A Neopluralist Perspective

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Abstract

Hong Kong has long been recognized as a business-driven regime while policies providing strong labour protection have certainly been rejected by the business elites. However, the statutory minimum wage which had been negotiated for more than a decade was successfully legislated in 2010. Why does this unusual practice exist in Hong Kong? This paper argues that the minimum wage policy in Hong Kong which is supposed to be a labour-friendly policy has turned out to be a pro-business one from the perspective of neopluralism. Although open platforms were available for all stakeholders, the government had its own policy preferences whereas the business sector enjoyed a privileged position in the policy making process. This case is significant in the sense that only a few labour policies can be legislated in Hong Kong and, more importantly, the government was strongly criticized for giving special privileges to the business sector, causing confrontational state-union relations.

Keywords: minimum wage, labour policy, business-driven regime, neopluralism, Hong Kong

Introduction

Within any particular country or region, government, unions and employers adopt different approaches towards statutory minimum wage regulation, reflecting diverse objectives and competing interests (Grimshaw, 2013). On the one hand, the business sector generally fights to keep the minimum wage level as low as possible so as to reduce the operation cost. On the other hand, the labour side demands setting the highest wage level for the sake of maximizing their protection. The policy outcome depends on the government attitude towards different stakeholders, ranging from pro-business to pro-labour sides. Hence, "the politics of minimum wage", according to Waltman (2000), is usually a controversial issue in every society because it inevitably touches on various interests between stakeholders, including unions, employers, government, political parties and grassroots associations.

Indeed, public policy making is always considered a political process with compromises, conflicts and struggles among stakeholders with confrontational interests

(Anderson, 2006). Theoretically, policy makers need to strike a balance and, more importantly, reach a consensus among different groups. Thus, Dye (2008) asserts that politics is "the struggle among groups to influence public policy (p.21)" because political power is supposed to be distributed among various stakeholders and, in the meantime, everyone holds an opportunity to participate in the policy making process (Heywood, 2013). However, Smith (1995) suggests that although political power is widely dispersed in three main sectors, namely the government, business sector and civil society, the distribution may not be ideally equal. Many factors such as wealth, social status, professional qualification and personal network with policy makers result in unequal power distribution.

In particular, Hong Kong is a semi-democratic, business-driven and centralized regime while the business sector enjoys a privileged position in policy making. In other words, the power distribution is not equally distributed in society but mainly concentrated in a few business elites. Then, how do these business elites respond to the challenges arising from the minimum wage legislation which is supposed to be a pro-labour policy? The issue of the minimum wage is highly controversial among local politicians, the business sector, media and general public, which had been negotiated for more than a decade. Subsequent to a series of bargaining, Donald Tsang, the second Chief Executive, announced on 16 July 2010 the establishment of a minimum wage in Hong Kong and began the wage level at \$28 per hour on 1 May 2011 (Labour Department, 2011). The minimum wage seems to be a pro-labour policy which concerns labour protection; however, in Hong Kong's situation, the business interests are clearly reflected. This paper argues that the business sector dominated the statutory minimum wage policy making by adopting a neopluralist framework.

Features of Classical Pluralism and Neopluralism

According to Michael Hill (2005, p.13), how public policy is formulated and implemented is largely determined by the power structure of society. Indeed, the power structure, also named "nature of state power" by Hill, is affected by both state and societal factors. In general, there are mainly five theories explaining power structures, namely classical pluralism, neopluralism, elitism, corporatism and Marxism, each of which provides a theoretical perspective to analyze the policy making process (Ham & Hill, 1993). This paper focuses on classical pluralism and neopluralism because of the consideration of the political features of Hong Kong.

Classical Pluralism

Pluralism attempts to examine that society is diverse which implies no single group or class can dominate policy making (Smith, 1995). In other words, political power is non-cumulative and dispersed. In the past few decades, pluralism has been further advanced and improved by political scientists. According to Dahl and Lindblom (1953), policy making is operated under the principle of "rule by many" and an open platform is set up for all individuals and groups to bargain with the policy development and this

process is termed as "polyarchy". Moreover, Dahl (1989) further elaborates on this concept and suggests that all groups representing various individuals hold equal rights to influence the policy bargaining process whereas no single group is dominant regardless of its economic and political privileges.

Apart from group dynamics, more importantly, the government is responsible for regulating conflicts in society and remaining neutral in the policy process. Indeed, Schwarzmantel (1994) argues that government is the servant but not the master of the citizens and Dye (2008) summarizes the functions of government under pluralism: (1) setting up rules of the game for group struggle, (2) arranging compromises and balancing interests, (3) enacting compromises in the form of policy, and (4) enforcing these compromises.

Neopluralism

Classical pluralism, in theory, is regarded as the best form of government because it is probably consistent with the principles of modern democracy, implying equal power among groups and individuals (Smith, 1995). But, in reality, it faces a series of criticisms. Hirst (1990) claims that the perspective of Dahl is too ideal because it is impossible to include all groups and individuals in policy making. Factually, many groups and citizens are excluded because of lack of wealth, social status, as well as political resources (Hirst, 1990). It is under this circumstance that classical pluralism has been revised to neopluralism.

Basically, neopluralism is a theory which comes from pluralist values. Unlike the classical one, it takes due account of the privileged position of the business sector whereas the government is the political actor which pursues its own policy preferences (Heywood, 2013). As a consequence, the distribution of political power is unequal although it is widely dispersed in society (Dahl & Lindblom, 1953). Furthermore, Dahl (1985) applies the term, "deformed polyarchy", to conceptualize the inequality of ownership of economic resources which leads to the concentration of political power in the hands of a few business elites rather than the masses.

This imbalance of political power is rooted in the role of the business sector as it is able to control the employment rate and amount of investment which are the primary concern of government and crucial for politicians to gain popular support. Lindblom (1977) suggests that the business sector is advantaged by two important factors:

- Government is dependent on a successful economy and so has a tendency to provide inducements and advantages to business. The requirements to meet the needs of business mean that it achieves "a privileged position in government" (Lindblom, 1977, p.175).
- In a market economy, many decisions are taken by business concerning investment and employment. Despite the impact that these decisions have on people's lives, they are not subject to democratic control (Lindblom, 1977, p.172).

Against these drawbacks, the business sector is able to take advantages from the government and get privileges in the bargaining process (Lindblom & Woodhouse, 1993). In this sense, neopluralism asserts that the government has its own sectional interests for offering a better status to the business sector. As a consequence, it can be considered an interest group or political actor who has its own agenda, instead of being "neutral" (Heywood, 2013). To sum up, although neopluralism emphasizes widely dispersed political power, it is unevenly distributed due to the business domination and government's policy preference.

Changing Power Distribution in Hong Kong

The political power in colonial Hong Kong was highly concentrated on the executive authorities headed by the British Governor. Under this power structure, policies were formulated at the top of the bureaucracy and were implemented at the base of the organization. Until the 1980s, no other institution or organization had the capacity to challenge the authority of bureaucracy and therefore top government officials dominated the formulation and implementation of policies (Scott, 2005). This mode of dominant political power could be termed by various political scientists as an "administrative state" (Harris, 1978), "bureaucratic polity" (Lau, 1982) or "government by bureaucrats" (Cheung, 1998).

Apart from concentrating the major political power in the bureaucracy, Hong Kong politics and power structure in the colonial era were also characterized by the engagement of small groups of elites from the business community and Chinese society. In the early 1980s, the colonial administration had built up consultative bodies in an attempt to incorporate the local elites and involve their views in the formulation of policies (Scott, 2005, p. 204). Then, King (2003) summarized this strategy of incorporation as "administrative absorption of politics" (p.90). By combining the interests with local elites, the colonial government successfully achieved a high level of elite integration and constructed the "elite-consensual polity". Those co-opted elites were taking on behalf of the social and business associations, representing the stances and opinions among its members (Tsang, 1997). By integrating them into the governmental process, it guaranteed the policy gained the support from the elite classes and strengthened the legitimacy of the British colonial government in Hong Kong (Miners, 2001). To a large extent, the power structure of colonial Hong Kong reflected a certain feature of elitism, because the bureaucracy with a small number of elites almost monopolized all functions in the polity while the society was generally excluded.

The political structure of elitism over the policy making process lasted for over a century until the early 1980s. The development of civil society and subordination of the legislature to the executive incrementally reformed the centralized bureaucratic polity. The rise of civil society and political activism in the 1980s was triggered by the controversies regarding the change of sovereignty over Hong Kong. The political debates on the future of post-colonial Hong Kong had induced public participation in

politics, leading to the rise of political parties and local politicians (Ma, 2007). This wave of civil society activism further intensified in 1997. Since the handover, the political slogan of "Hong Kong people ruling Hong Kong" inspired the public demand towards the better performance of the post-colonial government. However, the increasing public expectations towards the Tung Chee-hwa administration, the first Chief Executive, coincided with prolonged economic depression and a series of policy failures (Chan & Chan, 2007). Therefore, public dissatisfaction with the performance of Tung gradually mounted in society.

The Tung administration faced the most serious political crisis on 1 July 2003 when more than half a million Hong Kong people joined a mass protest against the controversial Basic Law Article 23 legislation. In 2004, another large-scale movement was organized when hundreds of thousands of people marched again to fight for universal suffrage for the Chief Executive and all members in the Legislative Council (Ma, 2007). Furthermore, Chan and Chan (2007) discovered the two July 1 demonstrations in 2003 and 2004 highlighted the milestone of further growth of active civil society and development of mass politics. After these two important protests, the sense of belonging to Hong Kong became stronger. Residents believed that they were the masters of Hong Kong and confident to form different associations and become involved in a series of policy campaigns like "protection of Victoria Harbour" and "protection of the Star Ferry Pier campaign" to fight for their interests. With the emergence of civil society and rising demand for public participation in public affairs, the myth of administrative elites' unchallenged authority has gradually diminished and they have become increasingly subject to public opinion and the influence of different social groups (Scott, 2005).

However, the state and business alliance still remained in power. One fundamental change was in the pattern of business representation. Local Chinese capitalists replaced the dominant British ones and continued to maintain their vested interests (So, 2000). Yep (2009) argued that the expansion of business power was not only in the advisory bodies as mentioned by Cheung and Wong (2004) and Goodstadt (2005), but also in the governing machineries like the Legislative Council and Chief Executive Election Committee. From 1997 to 2012, half of the seats in the Legislative Council were dominated by "functional constituencies" which largely represented the major business and professional groups (SynergyNet, 2010). The Chief Executive Election Committee was also dominated by the business and professional interests, whereas each of them held 25 percent of the whole members respectively. Thus, So (2000) emphasized that although the business representatives were changing from British to Chinese big businessmen, the nature of the power structure remained unchanged. As the business sector has long been regarded as protecting Hong Kong's capitalist system and containing the wave of democratization, the Beijing and Hong Kong government intentionally formed the "Chinese-centered state-business alliance", allowing Beijing to secure a reliable coalition partner in Hong Kong (So, 2000). Hence, the business sector still holds the dominant position in policy making and this is in line with the

explanation of neopluralism.

Disputes over the Statutory Minimum Wage in Hong Kong

Hong Kong has long been business-driven while policies for strong labour regulations have been rejected by the business and government elites. Under the philosophy of "positive non-intervention", the minimum wage legislation has long been a controversial topic and debated for more than a decade (Apple Daily, 2010a).

In the early stage of the handover, the pro-labour parties found that it was difficult to attract public attention to the wage issues because, at that time, the unemployment rate remained low at 2.2% and Tung Chee-hwa promised to improve welfare delivery instead of any legislation (Ho, 2010). In late 1997, when the Asian financial crisis broke out in Hong Kong, the unemployment rate rapidly increased to 6.2% in 1999. In response, Lee Cheuk-yan, a legislator from Hong Kong Confederation of Trade Unions (HKCTU), introduced the issue of the minimum wage legislation for discussion in the Legislative Council in April 1999. However, with strong opposition from the business sector, this issue only lasted for a short period of time (Hong, Ip, Chan, & Lee, 2001). In 2000, Lee Cheuk-yan re-initiated a similar motion again. But, without the consensus of the Legislative Council, the government was under no pressure to reject the proposal for a minimum wage. In 2001, the media reported that an aged 68 outsourced cleansing worker had to work for more than 14 hours per day in a public toilet and earned only \$7 per hour (Metrohk, 2010), sparking off public criticisms of the poor pay for the government's outsourced services. Again, the pro-labour legislators advocated the setting of a minimum wage to improve protection but this was finally rejected by the government. In 2004, Oxfam Hong Kong and HKCTU cooperatively urged some government departments to disclose the pay level of outsourced workers. It was under this circumstance that the Chief Executive made a concession by announcing the adoption of the "average market wage" for all government outsourced workers (HKCTU, 2006; Wenweipo, 2004).

In 2006, the government took more actions to improve and examine the under-paid condition in Hong Kong. For the sake of gaining public support during the Chief Executive Election Campaign, Donald Tsang, the second Chief Executive, promised to study the minimum wage policy and suggested the future policy would be extended to cover all outsourced services in public bodies and government departments. After Tsang won the election, both pro-labour parties and associations urged him to commit to the minimum wage legislation. In the Legislative Council, Lee Cheuk-yan urged the Chief Executive to immediately legislate whereas the legislators from the Hong Kong Federation of Trade Unions (HKFTU), another pro-labour party, bargained for a timetable. However, also with the strong opposition from the business sector, the government only committed to promoting a two-year voluntary scheme entitled the "Wage Protection Movement" for experimental purposes (The Sun, 2007). This scheme invited private enterprises to protect cleaning workers and security guards and pay

average market rates (Labour Department, 2007). Overall, only 21.6% of targeted workers came under the protection of this voluntary scheme. As a result, the Labour and Welfare Bureau announced the failure of this campaign and planned for the comprehensive legislation of a minimum wage. At the same time, Oxfam Hong Kong and the media successfully drew public attention to the plight of "working poverty", speeding up the legislation process. In the policy address of 2008, Donald Tsang announced the establishment of the Provisional Minimum Wage Commission (PMWC) which was responsible for advising him on the initial statutory minimum wage level. Then, the battlefield between business and unions shifted to the debate on the "reasonable pay level".

The employer side, generally speaking, demanded setting the initial wage level from \$22 to \$26. The Liberal Party, a representative of the pro-business party, proposed that the minimum wage should be set at \$24 in order to minimize the influence on the competitiveness of Hong Kong (Hong Kong Economic Times, 2009). The Chinese Manufacturers' Associations of Hong Kong, one of the leading business associations, proposed wage level should be set at \$22 to \$24. They worried that if the wage level was set higher than \$24, then it might result in "huge unemployment" (Hong Kong Economic Times, 2010). Some enterprises even warned that they would have to cut manpower and transfer the extra cost to customers (Singtao Daily, 2010).

As for the labour side, in general, it strived for a minimum wage rate between \$30 and \$35. Lee Cheuk-yan advocated that the initial minimum wage level should be set at \$33 while the government needed to put the protection of families' living standards as the first consideration (Ming Pao, 2009a). The Hong Kong Catholic Commission for Labour Affairs, a pro-labour religious association, also urged to set the initial minimum wage at \$33 per hour so as to maintain family expenditure and fight against inflation (Hong Kong Daily News, 2009). In the pro-Beijing camp, Ip Wai-ming, the legislator of HKFTU, emphasized that the maintenance of basic needs should be given top priority and the reasonable wage level should be \$33 per hour (Oriental Daily, 2009). The Federation of Hong Kong and Kowloon Labour Unions suggested setting the wage level at \$35 in order to maintain the standard of family living (The Sun, 2009). Overall, the labour side insisted that \$33 per hour was an acceptable level to maintain such high living standard in a city such as Hong Kong (Headline Daily, 2010a). Finally, the PMWC organized a series of consultation meetings for all stakeholders. On 30 August 2010, the Commission announced their consensual wage level and sent it to the Executive Council for consideration. Lastly, the statutory minimum wage came into force on 1 May 2011 and the initial wage level was \$28 per hour.

Analysis of the Minimum Wage Level Legislation: A Neopluralistic Perspective

In the previous part, we discussed that the dominant mode of power dynamics in Hong Kong is neopluralism. From this angle, when we say that neopluralism is

applicable to minimum wage level legislation, it should be characterized by (1) open platforms should be established for public participation, (2) government has its own policy preference, and (3) the business sector exerts considerably more influence than other groups. In the following parts, it will discuss these characteristics one by one.

Platforms for Public Participation

Dahl and Stinebrickner (2003) argue that one central feature of neopluralism is that platforms for public expression, criticism and protest are available. In fact, various groups in society actively influence the policy making in an attempt to ensure that the decisions made by the government match their interests. This point will be illustrated in this case.

Since the establishment of the PMWC in 2008, many meetings have been provided for various stakeholders with confrontational interests for the discussion on an acceptable wage level. Totally, 101 groups have attended the consultation meetings, including the representatives of labour unions, business chambers, think tanks, wage concern groups as well as companies, to express their views on a reasonable wage. The Hong Kong General Chamber of Commerce, a representative of the big companies, proposed that a wage level should be established from \$23 to \$26 and warned the public to get ready that some companies would have no choice but to dismiss their staff if the wage level was higher than \$26. It would undoubtedly result in a wave of unemployment (Ming Pao, 2010a). Oxfam Hong Kong, a long-term observer of the labour conditions, and HKCTU, labour unions in Hong Kong, also emphasized that the wage level should be set at \$33 in order to maintain the basic family living standard. Ms. Teresa Cheng Yuek-wah, the chairwoman of the PMWC, promised to review all comments and questions respectively after the meetings (Headline Daily, 2010b).

Apart from the public participation, government invitation is important to indicate public expression within the institutions. Under the Terms of Reference, the Commission was responsible for consulting every stakeholder who completed the consultation submission. With regard to the case of minimum wage settlement, three formal consultations were conducted when drafting the pay level. In the first stage, the Commission held 16 meetings with 83 major affected organizations including associations of property management, security and cleaning services, the retail sector and catering industry. In the second stage, the Commission aimed at collecting public opinions and expanding to more affected sectors. Overall, more than 7,500 written submissions were received and 17 meetings were organized with 66 organizations mainly from the catering industry, property management, security and cleaning sector as well as some policy research institutes. During the final period, the Commission consulted under-paid sectors while nine consultation meetings were conducted and 11 associations attended.

Besides, the political parties and civil society groups with different interests were important to act as the mediator between the government and public. According to Ip

Wai-ming, "some frontline workers may not be interested in current affairs, so our union has two important roles. Firstly, we have to facilitate the opinion collection from workers and then reflect to the Commission. Secondly, we have to explain the cost and benefit of setting different wage levels for encouraging further discussion and participation. Those documents include a lot of technical words and workers may not fully understand them so our team has to explain carefully" (Ip Wai-ming, personal communication, 6 March, 2012). Ho Chun-kit, the policy officer of Oxfam Hong Kong, also agreed with the important role of civil society and political parties in the case of the minimum wage. According to Ho, "Oxfam, as one of the well-known social groups in Hong Kong, has collected the opinions from the public through our research team. This team is significant in arranging those opinions and reflecting them to the government. Also, we have our own research findings to present to the public and facilitate the discussion in society" (Ho Chun-kit, personal communication, 22 February, 2012). Overall, we can see that an open platform was established for public expression, government invitation as well as parties and group's mediation which matched the first indicator of neopluralism.

Government's Policy Preference towards Minimum Wage Legislation

Neopluralists have accepted that the government can and does forge its own sectional interests (Heywood, 2013). In short, government shapes its own policy which is favourable to it (Hill, 2005).

In a broader sense, the attitude of government on the minimum wage could be clearly reflected in the policy address. Donald Tsang (2007) repeatedly encouraged different enterprises to join the "Wage Protection Movement" in order to maintain their service level and retain high-quality staff in his Policy Address of 2007. According to Ip Wai-ming, "The Hong Kong government has long emphasized the principle of 'big government, small government'. Therefore, the government was not willing to set up the minimum wage at first. The reason is the Chief Executive initially worried about the violation of this principle and, more significantly, the expansion of the burden and responsibility for the government. The Chief Executive always puts the economic development as the top consideration while the minimum wage has inevitably been regarded as a challenge to the economy. Therefore, the minimum wage legislation needs to follow the economic agenda and that is the reason to delay it for so long. Minimum wage policy is also a sensitive issue for the government as it directly relates to the interests of the business sector so the government has to handle this issue carefully" (Ip Wai-ming, personal communication, 6 March, 2012). Until 2008, the government had shifted its focus on minimum wage issues from a challenge to the economy to reduce the reliance on public finances. In the Policy Address of 2008, Tsang (2008) asserted that the minimum wage was capable to move the recipients from public service to self-reliance. According to him, "minimum wage encourages able-bodied recipients of the Comprehensive Social Security Assistance (CSSA) to rejoin the workforce and motivate them to move from welfare to self-reliance" (Tsang, 2008, para. 66). This

strategy incrementally gained the support of the business sector as many of them worried that a heavy social burden might result in the rise of tax payments. The concerns of the business sector were the wage level that they had to afford rather than the legislation for the minimum wage.

However, as the economic growth and reactions of the business sector were the top considerations, Donald Tsang tactically made use of the appointment of the PMWC to make sure that the government preference was reflected in the policy outcomes. This Commission was legally responsible for providing advice to the Chief Executive on the first minimum wage level. The composition included 13 members evenly appointed from the business community, labour sector, academia and government departments (Labour Department, 2009). The missions were clearly shown in the Terms of Reference:

"The PMWC adopts the evidence-based approach and aims to report to the Chief Executive its recommendation about the statutory minimum wage rate. The Commission must maintain a balance between minimizing the loss of low-paid job and sustaining Hong Kong's economic growth and competitive. The task is to: (1) advise the Chief Executive on the appropriate mechanism for determining statutory minimum wage, (2) advise the Chief Executive on the initial wage level based on the mechanism, (3) study the possible impact to the local economy, including its effect on pay, employment and economic competitiveness, particularly of the low-pay sectors and small and medium enterprises, (4) consult stakeholders in carrying out its work in the above (PMWC, 2010)."

In theory, the PMWC could be fully in charge of setting the initial minimum wage and thus extended a certain degree of power. But, in practice, the government was able to influence the Commission through controlling the appointment of members. In terms of personnel, all 13 members including ten non-official and three official members were appointed by the Chief Executive (Information Services Department, 2009). Moreover, the government was capable of having an influence through three official members, i.e. Permanent Secretary for Labour and Welfare, Permanent Secretary for Commerce and Economic Development and Government Economist. This appointment has been criticized by the pro-labour legislators. In a meeting of the Legislative Council, Ip Wai-ming suggested that three official representatives should not hold the voting rights on this issue in order to maintain the "neutrality" of government and they should only give the official information for all committee members' consideration. However, Cheung Kin-chung, the Secretary for Labour and Welfare, rejected this suggestion immediately by emphasizing the expertise and experience of his colleagues to handle this case but Cheung had never explained the role of the official members within the committee. Li Fung-ying, another pro-labour legislator, also complained about this unfair combination and criticized the intentions of the government. She criticized the government for how it played dual roles (player and judge) at the same time (Hong Kong Economic Journal, 2010). In short, the PMWC was endowed with a certain extent of power, but it was

autonomous in terms of implementation as it had to follow the overall direction of the government when drafting the initial wage level.

Apart from the appointment, the government was also criticized for actively intervening in the negotiation. In a dinner gathering with the HKFTU, Donald Tsang was reported as suggested that the minimum wage should be started at a lower level in order to ensure stable economic adaptability, implying that the labour sector should give up pursuing their targeted wage of \$33 (The Sun, 2010). This sparked criticisms from the pro-labour Legislative Councillors. Lee Cheuk-yan criticized Tsang for not showing respect to the PMWC. Leung Yiu-chung, the legislator from the Neighbourhood and Worker's Services Centre, emphasized that the Chief Executive should treasure the independence of the Commission (Ming Pao, 2010b). Both of them criticized the government for clearly protecting business interests by applying pressure on the labour sector. Furthermore, Ip Wai-ming had admitted that Donald Tsang proposed that the minimum wage should be initially established at a careful level while incrementally increasing it later. Tsang wanted the labour sector to make concessions to the business side (The Sun, 2010). From the above case, evidently, the government was not able to be neutral as required by classical pluralism.

Last but not least, after making the final decision on the wage level, the PMWC had to submit it to the Chief Executive and Executive Council for final approval. In theory, Donald Tsang was able to reject any proposed wage level if he was not satisfied. Although the wage level was accepted, the final decision-making power was in the hands of the Chief Executive (Information Services Department, 2011). Therefore, the government is a political actor as required by neopluralism with a clear policy preference, rather than being neutral in nature.

Business Domination in the Negotiation over the Statutory Minimum Wage Level

"Any government official who understands the requirement of his position and the responsibilities that market oriented system throw on businessmen will therefore grant them a privileged position. He simply understands that public affairs in market oriented systems are in the hands of two groups leaders, government and business, who must collaborate and that to make the system work government leadership must often defer to business leadership" (Lindblom, 1977, p.175). In this aspect, although the above analysis indicates that open platforms are available for various stakeholders to participate in the policy making process, the power distribution among them is uneven whereas the business sector enjoys a privileged position.

In the first place, since the business and professions possessed substantial economic power, they had long been the prime target for political co-optation (Cheung & Wong, 2004). The government appointed them in advisory bodies, thus enabling them to exert a great influence within the institutions (Goodstadt, 2005). This similar pattern could be seen in the PMWC, in which six out of ten non-official members were from business and academia which held more than half of the seats in the Commission

(Information Services Department, 2009). The appointment system directly permitted the government to expand its political representation by co-opting newly emerged groups and sectors into the existing system (Ngo, 2000). In fact, Lee Cheuk-yan mentioned that, apparently, the Chief Executive attempted to balance the interests between the business and labour sides as well as inviting academia to join the negotiation. But after carefully reviewing their backgrounds, it was obvious that three representatives from academia tended to be conservative and closed to business interests. In other words, the labour force became weak and less influential (Apple Daily, 2010b). Based on the analysis, these three academic representatives (two business and economics scholars and a social psychologist) closely cooperated with the business sector and government with previous experience in different committees. It is obvious that if the government sided with the business sector, the labour side would be in a different position within the PMWC while the academics tended to side with the government and business sector (Wong, 2014).

Despite the fact that there was a growing amount of public participation, the business sector still held the dominant position in the communication channels (Boyer King, 2004). Although the Commission held a lot of consultation meetings to invite various stakeholders to express and collect their opinions, the channels for the labour side were far less than the business representatives. Ip Wai-ming claimed that "although the Commission has sent invitation letters to the HKFTU, only our honorary president, Cheng Yiu-tong, received this invitation at that time. The minimum wage is related to all grassroots and workers in Hong Kong. None of our members have received any call or invitation. Even worse, according to the invitation letter, the Commission only offers 45 minutes for discussion on this complicated and important issue. Hence, the Commission is totally insincere when it says it will listen to the pro-labour side" (Ming Pao, 2009b). Li Fung-ying, legislator of the Federation of Hong Kong and Kowloon Labour Unions, had this similar view towards the dissatisfactory communication channels from the Commission. It was unacceptable to hold the consultation meeting with an association without discussing the time and venue (Ming Pao, 2009b).

Besides the invitation, the consultation channels were also dominated by the business representatives. Indeed, the PMWC reported that 101 organizations attended the three consultation meetings (PWMC, 2010). Based on the analysis, 70 out of 101 associations represented the business interest whereas only 27 organizations appeared on behalf of the labour side. Table 1 indicates the distribution:

Table 1: Content Analysis of Groups Attending the Provisional Minimum Wage Consultations Meetings

Background	Number of Associations (Percentage)
Business Representatives	70 (69.31%)
Labour Representatives	27 (26.73%)
Others	4 (3.96%)
Total	101 (100%)

Source: Author's analysis; calculated by the PWMC, 2010, pp.124-126

From the above analysis, nearly 70 percent of associations were representing the business sector whereas only 27 percent appeared on behalf of the labour side. Clearly, the business sector was more influential in terms of the number of participants while the labour side was afforded an under-privileged status. The reason might be that the minimum wage seriously affected the interests of the business sector and it had put more resources into organizing associations and expanding their bargaining power. By doing so, the business sector believed that this would apply large political pressure on the PWMC to keep the wage level as low as possible while front-line workers might not have adequate time and knowledge to deal with this direct influential issue.

In addition, the PMWC not only suggested the amount of minimum wage level but also proposed the mechanism to decide the rate level. Apparently, the Commission attempted to strike a balance between the business and labour sides by setting a median amount of \$28 per hour. It seems that this wage level was a balance between the two confrontational interests of the business side which demanded \$24 and labour side which aimed for \$33. Then, it was easy to jump to the conclusion that this \$28 minimum wage level was the result of government's mediation to balance the interests from the business and labour sectors. However, this might not be true.

According to the PMWC (2010), the initial minimum wage rate was identified by a calculating mechanism called the "basket of indicators". In general, this mechanism facilitated the formulation of the wage level by considering four categories of indicators including (1) general economic condition, (2) labour market conditions, (3) economic competitiveness, and (4) standard of living (Labour Department, 2010). A summary is given in the following table:

Table 2: Summary of the Basket of Indicators

Indicators	Measurement(s)
(1) General Economic Conditions	Latest economic performance and forecasts
(2) Labour Market Conditions	(i) Labour demand and supply
	(ii) Wage level and distribution
	(iii) Wage differentials
	(iv) Employment characteristics
(3) Economic Competitiveness	(i) Productivity growth
	(ii) Labour costs
	(iii) Operating characteristics of enterprises
	(iv) Entrepreneurship, business sentiment and solvency
	(v) Relative economic freedom and competitiveness
(4) Standard of Living	(i) Changes in employment earnings
	(ii) Changes in consumer prices

Source: PMWC, 2010, p.51

From the above analysis, it is not difficult to see that most indicators are favourable to the business rather than labour sector. In general, the business side strived for the inclusion of more pro-business indicators, concerning business interests, in the top considerations while the labour side demanded more pro-labour indicators to measure the minimum wage level (Ming Pao, 2010c). In return, most indicators were related to economic concerns which are the major interests of the business side. Economic competitiveness, for instance, was more closely related to business concerns and operation of business in Hong Kong while only one indicator of the labour camp's concern, "standard of living", was included. However, the standard of living being considered at individual instead of family level was the primary dissatisfaction of the labour side.

Apart from pushing the pro-business indicators in the measurement, the wage level set at \$28 was certainly conservative (Au Yeung, 2013). The business sector, in fact, technically had considered how to reduce the cost from the minimum wage. In March 2011, a couple of months after the implementation of the minimum wage, the Employers' Federation, formed by major enterprises in Hong Kong, posted a newspaper advertisement urging all employers to exclude employees' meal hours and paid days off from the salary calculation, effectively cutting salaries for some employees. They claimed that this was in accordance with the law and would avoid an effective wage beyond the statutory level. Certainly, the labour unions made strong criticisms against the employer side and criticized the employers for exploiting legal loopholes. Some labour unionists afterwards agreed that they had already conceded defeat on this issue, implying that they had admitted that both meal hours and holidays had to be excluded under the designed wage calculations (Wong, 2014).

Overall, the case of minimum wage regulation reflected that the legislation was largely a by-product of the excesses of business, instead of a shift of values of the Hong Kong government and business elites (Wong, 2014). The formulation of labour protection policies was quite difficult in Hong Kong when both government and the business sector took the side of anti-labour protection regulation. Although, officially speaking, the government provided a platform among different stakeholders and it seemed that the wage level balanced the desire between employers and employees, in fact, it favours the business sector. This business-oriented strategy not only existed in the case of statutory minimum wage level settlement but also other policies like the civil servant payment policy (Fong, 2008) and environment policy (Francesch, 2004). The reason behind this was that most citizens merely paid special attention to the policy output which means the \$28 per hour instead of the negotiation process and mechanism to create it. As a result, it seems that the wage level balanced the interests between both sides, but, in fact, it favours the business sector more than the labour. From this perspective, the case of the statutory initial minimum wage represented a good illustration of how neopluralist theories are applicable to Hong Kong and it also offers a prominent example to understand the latest features of the territory's policy making process.

Conclusion

This paper has examined the case of the minimum wage level legislation in Hong Kong and argues that this policy is basically a pro-business one from the perspective of neopluralism. The minimum wage is a controversial issue and has been debated for more than a decade. Although open platforms were available to the public, the government obviously had its own policy preferences. It was under this circumstance that the business sector was able to dominate the policy making process while the voices from the labour side were limited in influencing the policy making process. But, civil society and the public have been more active as well as more mature than in the past. Different pro-labour associations, for example, even combined themselves into the "People's Alliance for Minimum Wage" which aimed at expanding their bargaining power in relation to both the government and business sector. However, the power dynamics are still uneven.

No matter whether before or after handover, the government has long heavily relied on the support of the business sector to promote economic development and minimize the financial burden of the social security system. As mentioned by Lindblom (1977), in a market-oriented economy, not only does the government have to collaborate with business, but it must also often defer to business leadership to make the system work. Throughout these years, the issue of government-business collaboration has been a sensitive issue in Hong Kong. The recent scandal of corruption of former high-ranked officials and property developers recalled the public dissatisfaction with government-business collusion and it has been a common and influential accusation to challenge the legitimacy of the government. The case of statutory minimum wage level settlement was only the tip of the iceberg; there are still many hot and controversial issues like employees' rights to collective bargaining and bringing statutory standard working hours in line with the confrontational state-union relations. However, as long as the government still adopts the mindset of neopluralism, these confrontational relations are likely to be more radical in the foreseeable future.

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