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From 'free' trade to 'fair' trade: protectionism
and the regulation of industrial employment in
colonial Hong Kong, 1958-62

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The late 1960s was a 'major watershed' for the evolution of labour laws in Hong Kong because social disturbances during 1966 and 1967 caused a 'crucial shift of establishment attitudes'. Employers, who were 'severely jolted' by the events, quickly accepted thereafter the need for 'legislative reform'.¹ Legal rights extended to workers before this watershed, but, because local bureaucrats had sought the consent of employers' organisations before legislating, 'labour legislation was slow to emerge and, when it did emerge, was often in an emasculated form'.² In the pre-war period the state regulated industrial employment by women and children and policed 'industrial safety'; and the Governor gained the power (never subsequently used) to set minimum wages.³ In 1959, an existing ordinance that regulated the hours of factory work undertaken by women and young persons was amended.⁴ The maximum hours of industrial work by women was set at sixty per week (ten per day), and all women and young persons (aged between 14-16) gained the right to one rest day per week.⁵ From March 1962, industrial workers had the statutory right to six days paid holiday and twelve days paid sick leave each year. These entitlements were, however, limited in scope,⁶ and did not cover all industrial workers. Factories registered with the state and were subject to inspections, but small workshops did not register with, and were not regulated by, the state.⁷ By the end of the 1950s, statutory protections did not therefore extend to a large proportion of the industrial work force. From 1952-57 (a period for which estimates exist), factory employment grew by fifty per cent, from 100,000 to 150,000; employment in unregistered workshops, however, expanded by one hundred per cent, from 50,000 to 100,000.⁸

In the period under study, 1958-62, the regulation of industrial employment was an important issue for the government of Hong Kong, because local standards of living

in the colony became more closely tied to the prosperity of industry. As forty per cent of the working population of Hong Kong engaged in industrial employment, better labour laws had the potential to improve the ‘well being’ of hundreds of thousands of workers and, indirectly, their dependents.⁹ However, more stringent regulations might on the other hand slow the rate of growth of a sector that was, by the early 1960s, generating a quarter of Hong Kong’s national income.¹⁰ Industrialisation relied on external demand¹¹, and so if local manufacturers had to raise their prices under a more stringent regulatory regime their share of overseas markets would fall, and with it, local employment and incomes. Local bureaucrats and business people were forced to wrestle with this tricky dilemma of political economy due to external pressures acting on them.

From the mid-1950s, producers’ groups¹² in the West demanded protection from low-cost competition from newly industrialising countries exporting light industrial products (notably cotton textiles and clothing).¹³ For employers’ organisations and trade unions in the UK, trade with an industrialising Hong Kong was particularly problematic, because trade with this colony was ‘free’, not subject to quotas or tariffs.¹⁴ Between 1957-59, and then again between 1960-61, industrialists from Lancashire and Hong Kong conducted acrimonious negotiations to put in place ‘voluntary export restraint’ agreements to cap the growth of cotton textile exports from this British colony into the UK.¹⁵ To strengthen their case, these producers groups argued that trade was ‘unfair’. Industrialists in Hong Kong, it was argued, were exploiting excessively low wages and sub-standard working conditions. The Colonial Office, which had already formulated ‘progressive’ social policies for Hong Kong that sought to raise ‘core labour standards’, responded by encouraging the Hong

Kong government to accelerate the pace of legislative change in Hong Kong. Local bureaucrats were under intense pressure in the period under study to respond positively. They had, in theory, an additional incentive to act. By the end of the 1950s, UK consumers were buying a fifth of Hong Kong's domestic exports, and, by making this trade 'fair', it might reduce the chance that trade would become less 'free'.¹⁶ However, although the Hong Kong government gained (albeit it gradually) the will to intervene, it did not have the capacity. Employers' groups were therefore able to slow down and shape the process of legislative change.

This article tells a tale that will be familiar to imperial historians: of metropolitan agents demanding that the behaviour of individuals and groups in the colonies change; and of colonists resisting. It forms part of a larger project examining the impact of industrialisation (and thus protectionism) on the process of state building in Hong Kong, c. 1920-1970. This particular case study ends in 1962, a year which saw the introduction of an important new labour law and the establishment of a more formal international regime to manage the growth of trade in cotton textiles and clothing, the Long Term Arrangement (LTA) under the General Agreement on Tariffs and Trade. (Further research will assess how the politics of protectionism, and thus the political economy of labour laws in Hong Kong, shifted under the LTA). The article divides into six sections. The first explores the evolution of metropolitan labour policies; the second how the implementation of these policies was affected by the rise of protectionism in the UK. The third explores the attitudes of local bureaucrats, the 'gate keepers' who had to persuade business leaders, the main 'resistors', to adhere to new labour laws. The fourth explores why business groups did not want industrial employment regulated by the state. The fifth explores how differences between the

colonial government and business groups over particular measures were resolved: restrictions on the hours of work for women and young persons; holidays with pay; and sick pay.¹⁷ A final section concludes. As the position of workers has proven difficult to ascertain with any degree of precision, this section also sets out a new comparative research agenda on the history of labour institutions in the British Empire.

I

From the 1930s onwards, working within social policy frameworks designed for the Empire as a whole, politicians and civil servants based in Whitehall requested that colonial administrations introduce new legislation to extend legal rights to workers, part of a wider drive to promote colonial development more broadly conceived.¹⁸ In the mid-1940s, with the Colonial Office headed by Arthur Creech Jones, a Fabian with a long-standing interest in raising the standards of living of the poor in the Empire, the prospects for this more progressive policy agenda looked good.¹⁹ Implementation, however, was slow and patchy.²⁰ Raising ‘core labour standards’ was an important part of this ‘progressive’ metropolitan social agenda, and one that remained a priority for policy-makers working in the late 1950s and early 1960s under Conservative governments.²¹

The Colonial Office wanted to raise labour standards by encouraging trade unions and employers’ associations in the colonies to enter into collective agreements that would set and police minimum wages and working conditions. It was hoped that a British ‘voluntary’ model²² would work in the colonies. This was perceived to be a flexible model, one that allowed representatives of labour and capital to respond to ‘industrial

processes' that were 'constantly changing'.²³ Moreover, in Britain, strong trade unions, and corporate structures of governance, had, it was thought, laid the foundations for parliamentary democracy. Colonial Office labour advisers were of the view that the same could happen in the Empire: 'corporatism' might, it was argued, provide 'an alternative society . . . for men no longer bound by tribal and village affiliations', one that might give 'newcomers to industry and urban life' a "sense of belonging".²⁴

In the nineteenth century, British laws restricting the collective rights of workers had been applied in the colonies. So, from the 1930s, the Colonial Office encouraged colonial administrations to copy modern British trade-union legislation giving trade unions select immunities from prosecutions, appoint local labour officers to advise labour organisations, and arbitrate during industrial disputes. Hong Kong appointed its first labour officer in 1939, and enacted a modern trade union law in 1948. During the 1940s and 1950s, local labour officers in Hong Kong encouraged labour organisations to register under this 1948 ordinance, gave them advice on how to improve their internal governance, and promoted dialogue between unions and employers. By the 1950s, additional labour officers had been recruited to take on these tasks, and they were organised into a labour department, which systematically collected and analysed data on employment conditions.

'Voluntarism', the British model for improving labour conditions, did not work well in Hong Kong because trade unions were weak organisations unable to enter into collective agreements with employers. In the early 1950s, only 4 (out of 141) unions had 'joint machinery', and most trade union leaders had to go 'cap in hand' to plead

for redress under 'older paternal' forms of industrial relations.²⁵ Ten years later, the union movement was still weak. Only ten per cent of trade unions had entered into collective agreements with employers, and they had only managed to recruit a tiny fraction of workers employed in manufacturing, by then the largest sector of the economy.²⁶ Local government officials were quick to realise that 'voluntarism' had failed. Most local trade union leaders had aligned either with the Chinese Communist Party, or the Guomindang, and were not representing the core economic interests of their members, and employers were not recognising them. In 1955, Alexander Grantham, the Governor of Hong Kong, was admitting privately that the government had failed to reform trade union practices.²⁷ By 1957, E. B. David, the colonial secretary, informed the Colonial Office that efforts to promote 'non-political trade unions' had 'not met with any appreciable success'.²⁸

By the early 1950s, the main strategy of the Colonial Office for dealing with colonies where 'voluntarism' had failed was to encourage colonial administrations to set and police 'core' labour standards. In such cases Governors should, it was thought, act quickly, as poor working conditions would (as had occurred in Hong Kong) encourage workers to align with anti-liberal and anti-colonial movements. As Lyttleton, noted:

'Time was not on our side'. The tide of events was moving rapidly, and might well not allow scope for the organisation and structures which we wished to see develop in colonial societies to grow by the slow and sure process of natural evolution and 'learning by experience'.²⁹

With a civil war raging between nationalists and communists in China proper, social and political conditions in Hong Kong were particularly unstable, and so the Colonial Office sent out various labour advisers to the colony.³⁰ In 1946, Eleanor Hinder advised the colonial administration that it needed to enforce existing labour laws and promote vocational and general training for workers. In 1947, E. W. Barltrop, the labour adviser to Creech Jones, argued that Hong Kong should introduce wage boards for certain sectors, institute sick and maternity pay, compensation for injured workers, and encourage employers to provide housing for their workers. In 1951, R. G. H. Houghton, on secondment from the Ministry of Labour, produced a 'comprehensive report' which recommended that the trade union ordinance be amended; that trade boards be introduced for particular trades; that industrial courts and committees be piloted; and that work should begin on a skeleton employment bill to cover contracts of service, employment of children and the settlement of wage disputes.³¹ Most of these recommendations were ignored. Where drafting work commenced on new labour laws, to implement particular measures, progress was slow. The Labour department had limited resources, and no sense of urgency, which was only generated with the rise of protectionism in the UK.

II

The outcome of two General Elections (held in 1955 and 1959) could, it was thought at the time, be determined by the politics of protectionism. In the late 1950s British people consumed more imported textiles and clothing (mainly derived from Hong Kong and India) than other consumers in the developed world,³² and there were a large number of marginal parliamentary seats in Lancashire, where a British cotton textile industry in decline was located.³³ Employers' groups and trade unionists

lobbied for protection, and the Labour Party mobilised behind the 'Wilson Plan' for cotton textiles, which proposed setting up a public buying agency to manage imports of cotton.³⁴ Conservative governments, by contrast, refused to introduce quotas or tariffs on imports from the Asian Commonwealth, measures that would probably have meant the collapse of the system of treaties that gave British and Empire goods preferential access to Commonwealth and Empire markets.³⁵ Instead, beginning in 1956, Conservative governments encouraged industrialists from Lancashire to enter into intra-industry negotiations to secure 'voluntary' agreements with overseas industrialists in India, Pakistan and Hong Kong to restrict the growth of exports of cotton textiles from the Asian Commonwealth. A first round of intra-industry negotiations culminated in 1959, when Hong Kong industrialists agreed to cap the growth of exports for three-years. Protectionism grew as a political force thereafter.

By 1960, industrialists in the UK wanted the 'Lancashire agreements' (negotiated with industrialists in India, Pakistan and Hong, and due to expire by 1962) extended to cover a wider range of products over a longer time period.³⁶ Harold Macmillan's government had before the 1959 Election put in place an ambitious and potentially costly bespoke industrial policy, which provided cotton textile industrialists with subsidies to implement rationalisation.³⁷ The successful implementation of this policy, industrialists argued, was dependent on the existence of a protected domestic market. So, Conservative governments lent diplomatic support to British industrialists so that they could secure and extend VER agreements with the Asian Commonwealth.

In the late 1950s, the Colonial Office argued that the British government should not intervene in intra-industry negotiations involving Hong Kong industrialists because

there would be political repercussions for a colony dependent on 'free' trade.³⁸

However, Macmillan felt that 'voluntary' restraints were (in the run-up to the 1959 General Election) important politically. He sided with ministers at the Board of Trade, who wanted pressure put on Governors of Hong Kong (Grantham during 1957, and Robert Black from 1958) to secure the co-operation of industrialists in Hong Kong.³⁹

On losing this battle, the Colonial Office still insisted on implementing its existing strategy – to make trade with Hong Kong 'fair'. This could secure two beneficial effects. The introduction of better labour laws might signal to Lancashire industrialists that the Hong Kong state and business community were willing to adhere to western rules of the game; and that the British government had the power to constrain the growth of, and regulate standards within, industry in Hong Kong. If, moreover, labour laws were effectively enforced, and production costs in Hong Kong rose as a result, UK industrialists would be provided with some indirect protection. Legislative progress in Hong Kong might therefore keep UK industrialists talking to their counterparts in Hong Kong, and thus reduce the risk that UK governments would be forced to impose unilateral quotas on the colony's exports, a measure that would have a profound effect on Britain's economic relations with the Empire and the Commonwealth.

It was a parliamentary debate led by left-wing Labour MPs with close links to the trade union movement in Lancashire that gave the Colonial Office the opportunity to act. In May 1958 there was a House of Commons debate on 'Hong Kong Textile Factories (Hours)', led by Ernest Thornton, a Labour MP from Farnworth, Lancashire. He had recently investigated labour conditions in Hong Kong, and claimed that spinning and weaving mills in Hong Kong employed workers for 10-12

hours a day, seven days a week and all year around, with four days only allocated as annual holidays. Such conditions, he argued, had not existed in Britain since 1847. He recalled that working a 10-hour shift as a weaver in 1918 had left him with ‘nervous and physical fatigue’, and that his mother and grandmother, textile workers in Lancashire before him, had never worked for as long each week as women in 1950s Hong Kong.⁴⁰ Barbara Castle (Labour, Blackburn) hammered home the humanitarian case for labour laws when she quoted from a letter written by a female textile worker in Hong Kong asking for relief from her “84 hour week” so that she, and the rest of the “workers of Hong Kong”, could “enjoy a decent life”.⁴¹

The Colonial Office responded by sending out yet another official, S. Ogilvie, assistant labour adviser to Lennox-Boyd, to investigate working conditions in Hong Kong. In August, she submitted her recommendations to the Governor of Hong Kong and to the Colonial Office.⁴² She advocated a two-stage process of social reform. The Hong Kong government should firstly extend existing measures protecting women and children. She recommended that women and young persons (aged 16-18) should be employed in factories for no more than 10 hours a day (and 60 per week); that their overtime should not exceed six hours per week; that these workers be granted one rest day per week; and that they be given a statutory meal break of at least 30 minutes during each shift. She argued the Governor had a duty ‘to intervene’ where such sections of ‘the community’ were ‘receiving much less favourable treatment than others’.⁴³ On legislating in 1959, the colonial government only implemented her first two recommendations: that the hours of the work of women and young persons be set at a maximum of 10 per day (and 60 per week) and that they should not work more than six hours overtime.

They did, however, agree to Ogilvie's second major recommendation: that, to 'disarm further overseas criticism', Black should publicly declare in 1959 that there would be a 'determined effort' to reduce hours of work and raise 'minimum standards of industrial employment' for all Hong Kong workers. The Colonial Office wanted a new law to be enacted within two years (that is by the end of 1960) and for it to extend a greater range of entitlements: a weekly rest day; four to six paid public annual holidays; six days of paid annual leave; paid sick leave; and paid maternity leave for all regular employees.⁴⁴ However, by the autumn of 1960, it was obvious to the Colonial Office that political momentum in Hong Kong had dissipated, and that this deadline would be missed. As a result Lord Perth, the Minister of State at the Colonial Office, publicly informed unofficial members of the Executive and Legislative Councils that Hong Kong had 'international obligations' to meet. As a further delay would be 'indefensible in parliament', he also put in place a revised timetable for the extension of labour laws: it was agreed with local officials that a bill on holiday and sickness pay would be introduced by February 1961, and that, during 1962, the hours of work for women and young people would be lowered to nine per day, fifty-four per week.⁴⁵

These new deadlines were, however, also missed. The bill on holiday and sickness pay was not enacted until March 1962 (a further delay of over a year) and legislation lowering the hours of work of women and young people was not passed until 1968. Moreover, as explored in the penultimate section, employers were able to secure significant concessions. By 1962, workers had not gained the right to a weekly day of rest, nor to six days paid annual leave, nor to paid maternity leave. And, although

initially, it was proposed that there should be 24 days of sick leave per worker per year, this fell, during the process of consultation with employers, to twelve.

III

In theory, the measures put forward by the Colonial Office were in Hong Kong's public interest. Regulations on working hours and holiday pay might, by increasing the number of workers employed, redistribute incomes more equitably. The provision of sick pay might slow the spread of infectious diseases by encouraging the ill to stay at home. However the colonial administration was reluctant to act: it delayed introducing some pieces of legislation, shelved others; and (as explored in the penultimate section) agreed to redraft laws to take into account opposition from business groups. Why was this so?

Before 1958, evidence is patchy and, for the most part, anecdotal, but it is clear that the basic aim of the government was to maximise the level of employment rather than improve 'standards' of employment. This policy was a response to conditions 'on the ground'. From 1945 to 1951, the population of Hong Kong grew four fold due (in the main) to the arrival of over one million economic and political refugees from a war-torn and revolutionary China. During the remainder of the 1950s, the local population continued to grow at between four to six per cent per annum (due to a high birth rate and declining death rate).⁴⁶ In the pre-war period, the unemployed (and the underemployed) migrated back to China or on to areas of labour scarcity in South East Asia or the Americas. Post-war, however, other parts of Asia were politically unstable, and there were more stringent controls on international migration.

Throughout the 1950s, therefore, conditions of labour abundance shaped economic and social trends, and political processes in Hong Kong.

In the early 1950s, due to the impact of western economic embargoes on trade with China and import-substitution economic policies adopted by the Chinese People's Government, employment in the 'entrepot trades' declined.⁴⁷ The transport and communication sectors had traditionally provided mass employment for semi and unskilled Chinese workers, and thus there was a real threat of social unrest in the colony. Only from the mid-1950s did this threat begin to subside, due in the main to rapid industrialisation. During the early to mid-1950s, the government did not regulate stringently health and safety in factories, or the hours of work of women and young persons. As table 1 below shows, the growth of the factory inspectorate did not initially keep pace with the rising number of industrial premises registered with the state. It was only from 1956 that the Hong Kong government began to recruit and train the inspectors required to cope with rapid industrial growth, but even at the end of the 1950s the state's regulatory reach was limited, because, as noted previously, the extra-legal sector was expanding fast. Evidence (albeit piecemeal) suggests that the government believed that this trend was in Hong Kong's best interest. In 1958, a labour officer admitted that:

The influx of go ahead industrialists with capital and the resultant industrial expansion overtaxed the small inspectorate which could not even keep pace with inspections of existing factories and the new ones reported under the Factories and Industrial Undertakings Ordinance. Many factories therefore started up in unsuitable premises, and were well established by the time we

learned of their existence. At this time commerce was flagging, and industry, once the small boy of the family, was developing into the breadwinner. The policy adopted was to consider first the all round economy of the Colony, and not to break rice bowls if it could be avoided.⁴⁸

Table 1: The strengthen of the labour inspectorate, 1950-1958

| Year | Factories | Workers | Inspectorate (officers under training) | Registered factories per inspectors |
|------|-----------|----------|--|---|
| 1949 | 1284 | 65, 271 | 7 (2) | 183 |
| 1950 | 1525 | 89, 512 | 9 (3) | 169 |
| 1951 | 1788 | 92, 852 | 9 (2) | 198 |
| 1952 | 1987 | 93, 837 | 10 (3) | 198 |
| 1953 | 2131 | 100, 902 | 10 (1) | 213 |
| 1954 | 2303 | 160, 291 | 11 (2) | 209 |
| 1955 | 2557 | 118, 568 | 11 (1) | 232 |
| 1956 | 3145 | 138, 818 | 15 (5) | 209 |
| 1957 | 3290 | 148, 035 | 19 (8) | 173 |
| 1958 | 3765 | 167, 609 | 25 (15) | 150 |

Source: derived from data presented in HK, PRO, HKRS1017/2/1, memorandum from E. C. Brown, Labour Office, to Commissioner of Labour, 28 Nov. 1958.

Notes: the figures for those in training are cumulative totals as workers went through a three-year training programme.

This does not mean, however, that the colonial government was idle, adhering strictly (as has often been argued) to an ideology of ‘laissez-faire’.⁴⁹ It was framing and implementing social policies, and incrementally improving social infrastructures (notably housing and the local built environment). Indeed it had initiated a policy of building ‘flatted factories’, to encourage workshops based in pre-war tenement blocks and squatter camps to relocate to purpose built units where they could be regulated.⁵⁰ This strategy had not been fully implemented when the Colonial Office forced the colonial administration to adopt an alternative metropolitan-made one: to set and police colony-wide minimum standards. Black’s immediate response to such demands was hostile. He argued that, due to the refugee crisis, ‘standards as the word is understood in the Western World had to go by the board’: Hong Kong people had been concerned first and foremost with ‘survival rather than standards of living’; and policy ‘had been governed’ much more by what could be done rather than ‘what should’ have been done.⁵¹ From the perspective of the colonial government, the Colonial Office strategy probably made little sense. It concentrated scarce bureaucratic resources on improving working conditions in the formal, legal sector, where employment conditions were superior; and if the measures were extended to cover employment in the extra-legal sector, unemployment might rise. In 1960, John Lacey, the US Consul in Hong Kong, noted that local bureaucrats were debating about how best to regulate industry:

The Hong Kong government is feeling its way towards changes in the Colony's economic ground rules and organisation. The government's main problem has been to determine the degree to which discipline should be imposed upon a business community which has needed, and will continue to need, considerable freedom of action to survive, and the degree to which discipline could be imposed without [inflicting] undue hardship upon the thousands of small traders, home industries, and 'shoestring' workshops.⁵²

Local labour officials felt instinctively that employment conditions were already being regulated by customary practices, ones agreed to by workers and employers. They argued that Ogilvie's recommendations were, consequently, misconceived. She had not, they argued, even attempted to understand 'local difficulties', but instead had arrived in Hong Kong with 'pre-conceived opinions', based on her knowledge of industrial relations in Britain. She had, moreover, talked only to select groups of workers and trade unionists, and not, therefore, made 'objective assessments' of local conditions.⁵³ Commenting on a line in her report that read 'the simplest thing to say about labour relations in Hong Kong is that there are none', a labour officer argued that: 'It is probably truer to say that labour relations do not follow accepted western patterns than they are non-existent'.⁵⁴ She had surveyed the manufacturing sector, where employment conditions differed from those in the service sector, because the aim of the Colonial Office was skewed: it wanted to improve conditions in sectors competing for a slice of the British market because economic relations with Hong Kong could affect the outcome of 'the 1959 general election and the renewal of the Lancashire Agreement [the VER]'.⁵⁵ However, as the penultimate section shows, the

views of local labour officials may have also been biased, based on a partial view of industrial relations, one obscured by employers who spoke on behalf of employees.

Black could have resisted the demands of the Colonial Office; historians have demonstrated how on many policy issues colonial bureaucrats could successfully oppose or circumvent metropolitan policies.⁵⁶ However, it would have been risky in this particular case because the Hong Kong economy was highly dependent on gaining access to a narrow range of overseas markets for a limited range of light industrial products. By the end of the 1950s, perceptions held overseas about employment conditions in the colony began to matter. Publicity about Hong Kong's 'sweated' labour conditions strengthened the case being made by producer groups overseas for the introduction of tariffs and quotas. Consequently, from the late 1950s, the colonial state adopted two strategies. Firstly, it began to forge alliances with progressive business groups to regulate employment conditions and raise industrial efficiency. Secondly, to change how Hong Kong, its people and products were being represented overseas, it committed government funds to bolster public relation campaigns run by state and private agencies in the UK, US and Europe.⁵⁷

However, colonial bureaucrats implemented these strategies slowly. It was unclear whether the introduction of better labour laws would reduce protectionist pressures overseas, and whether they would be enforceable. The government recognized that, if employers and workers did not agree to monitor 'core' labour standards – if 'self-regulation' did not work – then the government would have to expand the size of the factory inspectorate, and grant it additional powers (to, for example, investigate employment conditions in workshops). But these enforcement costs could be

prohibitively high. To reduce them colonial bureaucrats entered into dialogue with employers, to persuade them that laws were in the public interest, and to find out from them whether workers would consent. This was important because only workers could effectively police the measures, by reporting transgressions by deviant employers to local labour officers. According to Black, without popular endorsement, labour laws would become ‘paper windows impressive from a distance but of limited practical value to the working population of Hong Kong’.⁵⁸

Labour laws had to be passed by a Legislative Council comprising unofficials, members appointed by the Governor from the professional and business communities, and so to smooth the passage of bills it was customary for the government to send drafts to ‘advisory’ bodies for detailed scrutiny and to gain the consent of ‘pressure groups’.⁵⁹ In theory, this process was robust for labour laws because a Labour Advisory Board (LAB), comprising representatives from workers’ and employers’ organisations, had existed since the pre-war period. However, the LAB merely ‘rubber-stamped’ draft laws.⁶⁰ It was a moribund body,⁶¹ unable to ‘speak for all the thousands of workers in Hong Kong’, and perceived by them as imposing ‘officially preconceived’ plans and ‘white washing’ others.⁶² With trade unions weak and divided along political factions, employers became by default the ‘dominant’ influence on policy-making.⁶³ The interests of employers were, however, represented by a range of organizations, most of which had weak links with the colonial state.

Government departments had good relations with the Hong Kong General Chamber of Commerce, which had traditionally represented expatriate merchants. Relations with the main employers groups representing Chinese-owned businesses were, by

contrast, poor.⁶⁴ The Chinese [general] Chamber of Commerce was perceived by the colonial secretariat to be closely aligned to the Chinese Peoples' Government, but this did not prove to be a significant problem with regard to regulations on industrial employment, as this group mainly represented merchants. Relations with the Chinese Manufacturers' Association (CMA), which represented small-scale Chinese firms, were much more important, but these seem to have broken down (and certainly deteriorated) from the late 1950s. The CMA first 'pushed itself to the foreground' and encouraged its 'supporters to exercise a new-found influence in Hong Kong industrial matters', to, in effect, lobby against new labour laws and protectionism.⁶⁵ Then the colonial government sponsored the establishment of a competing body, the Federation of Hong Kong Industries (FED), to improve the governance of the manufacturing sector.⁶⁶

Unlike the CMA, the FED actively fed into the law-making process, scrutinising in detail draft bills.⁶⁷ However, the FED was under the chairmanship of Sir S. N. Chau, a 'suave, astute, dynamic, influential' businessman, with good links with Chinese and expatriate business leaders and with local bureaucrats.⁶⁸ He had 'strong views' about labour laws arguing that they would make Hong Kong uncompetitive, and were, in any case, unnecessary given that wages were rising.⁶⁹ In July 1960, along with Hugh Barton, the Head of Jardine Matheson, a prominent British agency house, he met with officials in London, and lobbied for the 'special local conditions' of Hong Kong to be taken into consideration, and for extra time so that the piecemeal changes introduced in 1959 could be 'gradually absorbed into the industrial system'.⁷⁰ Black did not want to 'brush aside' the objections of the FED, as the government needed to work closely

with this new body to implement its industrial policies and to counter hostile local press reactions to caps on the growth of Hong Kong exports.⁷¹

IV

The prevailing view across the business community in the late 1950s was that labour laws were a ‘Conservative Party scheme . . . foisted on the Colony for political reasons to counter Labor Party pressure in England’.⁷² C. C. Lee, the Chairman of the Hong Kong Cotton Spinners Association, one of the best organised of the textile associations, argued that overseas complaints were ‘unfounded’, based on ‘sentimentality and misinformation’. In a passage, in which he skilfully managed to convey that workers in Lancashire and Hong Kong were alike, and that Chinese bosses and employees had the same aims, he noted that:

Everybody would be gladdened to see the arrival of the day when local women textile workers could also spend their Sundays, as Lancashire lassies do, in enjoying themselves out in the country or, if the weather is cold, watching television by their own firesides. But we may be pardoned for sticking to realities in the existing difficult circumstances and first doing our utmost through hard work to improve conditions of employment by way of steady industrial growth.⁷³

The *Hongkong Standard* launched a more polemical assault arguing that Lancashire textile interests were trying to ‘break the rice bowls of HK mill workers and cause widespread unemployment in the colony’. The paper suggested that UK industrialists needed to emulate Hong Kong ones (not the other way around). They should get rid of

‘labour featherbedding’ within their factories, including ‘four-day weekends, two-hour lunch periods and endless breaks during the working day for tea and biscuits’. Thornton, the paper argued, was ‘shedding crocodile tears’ while he brandished ‘a mean dagger aimed at the heart of HK’s economy’.⁷⁴

These statements were not rhetorical. Businesses were operating in uncertain times, due to significant supply and demand-side shifts. Labour shortages (particularly of skilled labour) were indeed emerging in the late 1950s, so much so that wages rose by 10-30 per cent during 1959.⁷⁵ During the 1960s, the local labour market tightened further and real wage rises were sustained.⁷⁶ Other Asian newly industrialising countries (notably Singapore, South Korea and Taiwan), many with lower labour costs and lax regulatory regimes, were, from the late 1950s, liberalising their trade regimes (by switching from import-substitution to export-orientated policies) and beginning to penetrate overseas markets for light industrial products.⁷⁷ It is not surprising that the rise of protectionism caused such a ‘widespread mood of apprehension’ amongst local employers.⁷⁸ These twin effects contributed to falling profits (of thirteen per cent) suffered by ‘incorporated’ manufacturing firms during the years (1960-61 to 1961-62), at a time when the organised business community was being consulted about draft labour laws.⁷⁹

As the next section shows, employers argued that new regulations were not needed because working conditions were already regulated, by custom. For example, in workplaces where daily and weekly working hours were long, employees were given more rest days to compensate them, and all firms shut down to service machinery allowing their workers a period of rest.⁸⁰ In many large, progressive firms, employers

already extended sick, holiday and maternity pay to workers. As labour, particularly skilled, became scarce in a tight labour market, more employers would extend these fringe benefits to workers. Furthermore, regulations would be counter-productive. As Ogilvie noted, the optimal way for employers to respond to supply and demand side problems would have been for firms to invest in new production techniques, ‘to improve efficiency and productivity’.⁸¹ Employers were arguing, however, that the new statutory protections would make it more difficult for them to innovate.

Employers (as represented by the FED) argued that ‘regulations would be subject to malpractice and abuses’.⁸² Employers also feared that some factories might respond to regulations by subcontracting production processes to unregulated workshops, or to home workers. Unless stringently enforced, and extended to cover workshops, regulations might encourage a ‘race to the bottom’: towards more labour-intensive modes of production, towards lower levels of productivity, towards lower wages.

V

In East Asia, women, a source of cheap, and flexible labour, comprised a large proportion of the industrial workforce, and made a ‘significant contribution’ to the process of economic development, without however gaining ‘gender equality’, defined in terms of pay and working conditions, economic opportunities, and the extension of civil rights.⁸³ By 1961, in Hong Kong, one third of those employed in manufacturing were women; they worked in large capital-intensive factories making cotton yarn and cloth, in factories producing garments, apparel, and other light consumer goods, and assembled and packaged goods in the home.⁸⁴ As a result the decision to set limits on the hours of work for women, and young persons, was of some significance. The potential impact of Ogilvie’s first recommendation (on

working conditions for women and young persons), however, differed across the sector, depending on how women's work was organised.

To maximise returns on capital, large, modern factories operated machinery for twenty-four hours a day, over two shifts, with men working the nightshift, women the dayshift. Employers argued that to adhere to the new regulations they would have to move over to three, eight-hour shifts, with men working two shifts, women one. This solution cut working hours for all workers in sectors competing in the UK market, a good outcome from the perspective of the Colonial Office. However, the income of individual workers would fall unless, that is, employers increased piece rates, or employees worked more productively. Employers argued that, in the short term, the only way to increase productivity (and thus off-set the higher costs of recruiting more workers, and moving over to a three-shift system) was to force all employees to work through their meal breaks.

To encourage a move to a three-shift system (and thus to reduce working hours for thousands of workers) the Hong Kong government agreed to relax the regulations on meal breaks for two years. To give employers and workers additional time to resolve their differences, and thus to prevent 'serious dislocation to large sections of Hong Kong industry', the Hong Kong government also introduced a six-month 'transitional period' during which the new regulations would not be enforced.⁸⁵ The Colonial Office agreed to these concessions on the understanding that within two years the maximum working day for women should fall to nine per day (54 per week).⁸⁶ Employers were initially confident that they could secure the agreement of workers because it was customary for them to eat snacks while operating machinery - and

many employers provided a free trolley service to encourage the practice. But, workers did not want to give up their meal and tea breaks, and rejected a compromise solution involving 'rotating' meal breaks, fearing that their wages would fall if those covering for them produced sub-standard work.⁸⁷

At year later, a Colonial Office labour adviser suggested that these employers had been disingenuous because few enterprises had moved over to a three eight-hour shift system - 30,000 textile spinners and weavers only from a total workforce of 250,000.⁸⁸ It was felt that employers had been given 'vague' powers of discretion – which they feared they would not be able to defend in parliament.⁸⁹ During consultations, employers had also fought for exemption clauses to be written into the ordinance to allow women to work overtime in 'exceptional circumstances'.⁹⁰ It is possible (but unproven) that spinning and weaving firms exploited this clause to employ women for an extra two hours per day, and thus to retain their two-shift system. It is also possible that garment factories, where the one daily shift commonly lasted 10 ½ hours, and where women were employed in large numbers, also used exemption clauses to circumvent the law.⁹¹ But, even if particular firms were denied the right to employ women for more than ten hours a day, unless employees were willing to report transgressions it would have been quite easy for employers to evade the regulations. In February 1960, although the Governor told the Colonial Office to respond to a parliamentary question by saying that the new regulations were 'vigorously enforced with increasing effectiveness', he privately admitted that the measures were not 'fully enforced', and that there had been 'considerable evasion'.⁹²

Although, employers had resisted the introduction of regulations in 1958-59, and evaded them in 1960, and even though it was estimated that the wage bill of the average employer would, on the introduction of statutory holidays, rise between 1.3 and 1.7 per cent, they did not oppose this particular measure vigorously. The FED initially requested that the number of statutory holidays be reduced from six to four, and that firms be given some flexibility in how they were allocated across the year, so that employers could accommodate the conflicting demands of right and left wing unions for particular 'national' and 'international' holidays. However, Black refused to concede, arguing that Hong Kong had to adhere to the norms set by the International Labour Organisation.⁹³ He was surprised to have won this fight so easily, but it soon became clear to him that employers were leaving their powder dry for a more important battle over the sick leave scheme.

Progressive employers already granted their workers paid leave during periods of ill-health, and many also offered free (or subsidised) medical care, and the Colonial Office proposed to extend this best practice across the sector as a whole. 'Regular' workers should, it was argued, be given the right to a week off sick at full pay, and then further periods at half pay.⁹⁴ In theory this would not have been a significant burden for employers because it was estimated that workers in small and medium sized factories had on average only two spells of illness per year, each lasting two days in duration.⁹⁵ Employers, however, balked at the potential liability, estimating that their wage bill would rise by three per cent.⁹⁶ They feared that workers would use a statutory system to subsidise leisure time. They felt, for example, that women workers would be able to abuse customary practices that allowed many of them 'to take a week or more off work for domestic reasons'.⁹⁷ They insisted that their

liability be capped, and succeeded during consultations to reduce the number of statutory sick days from twenty-four to twelve (and at half pay).⁹⁸

Even thereafter negotiations with the government became bogged down in the detail of how the scheme would be administered. Employers remained worried that workers would take up their full entitlement, arguing that doctors paid for by trade unions would readily issue sick notes. To prevent these abuses, they demanded that doctors paid for by employers and by the state should have the sole right to administer the scheme.⁹⁹ The public health service could not, however, cope with the estimated demand of between 2,000 and 4,000 certificates per day, and so negotiations between employers and the state became deadlocked, and the introduction of the new law delayed.¹⁰⁰ An annual leave scheme, giving workers the automatic right to take time off for holidays or sick leave, was vetoed by the Colonial Office as it undermined the ‘propaganda value of a measure designed to improve labour conditions’¹⁰¹, gave employers far too much leeway, and, because it failed to give workers ‘any rights or understanding of what are his rights’, would have been ‘impossible’ to enforce.¹⁰² But, even thereafter employers managed to delay the enactment of the law and secure last minute concessions. The qualifying period for workers was extended from 156 to 180 days; employers were given the right to call on workers to work on statutory holidays if they provided notice and offered ‘double pay’; and a transitional period of 30 days, when the regulations would not be enforced, was instituted so that firms could introduce employment records.¹⁰³ As with the 1959 law on hours of work, the success of the new measure would depend on how it was enforced, and this, in turn, depended on how ‘exemption’ clauses were administered; whether workers would

have the ability to complain to the labour department; and whether inspectors and workers would be able to gain access to good quality records of employment.¹⁰⁴

V

From the mid-1950s, the Colonial Office encouraged the Hong Kong government to use statute law to regulate hours of work and to standardise entitlements to fringe benefits such as sick, holiday and maternity pay. The Colonial Office had since the pre-war period sought to raise labour standards by encouraging colonial administrations to amend and apply British labour laws, but from the mid-1950s, pressures from industrialists and parliamentarians in the UK encouraged them to accelerate the pace of legislative change. From the contemporary perspective, ‘social protectionism’ promoted the equalisation of ‘labour standards’ between Hong Kong and the UK.¹⁰⁵ The colonial state, however, responded in a ‘limited, spasmodic and, at times, resentful’ way to this policy initiative, and certain employers’ organisations, on whom the state depended to implement regulations, delayed and diluted labour laws.¹⁰⁶

New labour laws had the potential to reap social gains for Hong Kong workers. However, channels of communication between employers, employees and the state were poor, which hamstrung those making and enforcing labour laws. Workers organisations did not feed directly into the law-making process. It was difficult therefore for labour officers to verify the claims made by business groups about the potential impact of labour laws on industrial relations. And, as it was unlikely that trade unions would report transgressions by employers, the costs of enforcing any laws that were unpopular with employers would have to be met by expanding the size

of the factory inspectorate. Contrasts can be drawn with the introduction of laws regulating conditions of work in Britain, where, according to recent research, employees and the state worked in alliance to reduce working hours.¹⁰⁷

The workers' voice in this Hong Kong story was muted, a whisper –perhaps a Chinese one passed on by employers. We need, therefore, to know more about industrial relations in an industrialising Hong Kong. Were employers speaking the truth when they claimed that workers would not amend their working practices in response to new regulations? Did employers actively consult them during the law-making process? Did 'paternalism' work in Hong Kong? Did customary practices successfully regulate working conditions in the absence of trade unions and the law? Or was 'paternalism' in Hong Kong a form of 'social control'?¹⁰⁸ Did workers take-up their new legal entitlements in the 1960s and 1970s? Did they enforce the law, and use statutory floors as benchmarks to negotiate better working conditions? Or did they collude with employers to evade the law, by agreeing covertly to work overtime, on statutory holidays, and when sick? And, how was the attitude of workers (to the making and breaking of labour laws) affected by differences between skilled and unskilled workers; between those working in capital-intensive and labour intensive units; between those working in the formal and informal (extra-legal) sectors; between women and men; between the young and the old; and between those aligned to Chinese political parties and those who were not.

Given the paucity of sources for writing labour and business histories of Hong Kong, answers to these questions will be difficult to obtain. An alternative way forward would be to consider whether labour laws extended more rapidly, and had greater

impact, in parts of the British Empire where trade unions were strong institutions, rather than weak ones as in Hong Kong. By taking up this research agenda imperial historians will feed into contemporary debates about the impact of globalization on 'labour standards'. Social scientists and policy-makers need to know more about the relationship between economic convergence (as existed in the British Empire under conditions of 'free' trade) and political-cum-institutional convergence (such as the establishment of effective supra-national policy regimes to regulate behaviour). Did, as the liberals claim, markets raise living standards for all? Or did 'free' trade only deliver 'social justice' when regulated by institutions, such as trade unions and the law; when, in short, trade was 'fair'?

¹ Joe England, *Industrial Relations and Law in Hong Kong*, (Hong Kong, 1989), 14-15.

² England, *Industrial Relations*, 10.

³ Joe England and John Rear, *Chinese Labour under British Rule: a Critical Study of Labour Relations and Law in Hong Kong*, (Hong Kong, 1975), 122-23.

⁴ England and Rear, *Chinese Labour*, 123.

⁵ This augmented restrictions preventing such workers from working at night, and, in the case of young persons, for more than 54 hours per week.

⁶ The 1962 rights only extended to manual workers earning less than \$700 a month, who had worked for a minimum of 180 days in the preceding 12 months and on 20 of the preceding 28 days. Moreover, employers did not have to make a payment for the first three days if the employee was absent for fewer than seven days. Sick pay was also only paid at half the normal rate, rather than two thirds as set down by ILO. Even so, the 'provisions were 'not widely observed' during the rest of the decade. See England, *Industrial Relations*, 173-74.

⁷ Enterprises did not have to register when they employed fewer than twenty people, did not use power-driven or dangerous machinery or employ women and children.

⁸ This new data is fully described in a forthcoming article, David Clayton, 'Sources on the scale and scope of production in Hong Kong, 1950-70' to be published by *Asia Pacific Business Review*.

⁹ 'Well-being' defined broadly to include 'income' and 'health' measures, and political rights: for this approach, Amartya Sen, *Development as Freedom*, (Oxford, 1999). For the data: *Hong Kong Statistics 1947-1967*, (Hong Kong, 1969), 27.

¹⁰ *Report on the National Income Survey of Hong Kong*, (Hong Kong, 1969), 66.

¹¹ By the early 1960s, export/GDP ratios had reached 60-70 per cent for the economy as a whole, and over 80 per cent for the main export-orientated industrial sectors, such as textiles, garments, knitwear, electronic goods, toys and plastic products. Tzong-biau Lin and Mei-chiang Lin, 'Exports and employment in Hong Kong', Tzong-Biau Lin, Rance P. L. Lee, and Urdo-Ernst Simonis, (eds.), *Hong Kong: Economic, Social and Political Studies in Development*, (New York, 1979), 226-30.

¹² Comprising trade associations, and trade unions.

¹³ On the rise of protectionism, Herman van der Wee, *Prosperity and Upheaval: the World Economy 1945-1980*, (London, 1991), 380-409.

¹⁴ War-time quotas were removed in the late 1940s, and in 1962, 97 per cent of Hong Kong exports to the British market enjoyed preferential access, at an average margin of 19 per cent: see Victor Mok, 'Trade barriers and export promotion: the Hong Kong example', in Lin, Lee, and Simonis, *Hong Kong*, 300.

¹⁵ These are fully explored in David Clayton, 'Inter-Asian competition for the British market in cotton textiles: the political economy of Anglo-Asian cartels, c.1932-1960', in A. J. H. Latham and Heita Kawakatsu, (eds.), *Inter-Asian Competition for the World Market since the Sixteenth Century*, (London, forthcoming: 2005).

¹⁶ Lin and Lin, 'Exports and employment in Hong Kong', in Lin, Lee, and Simonis, *Hong Kong*, 226-30.

¹⁷ The article does not chronicle metropolitan demands for maternity pay. In the early 1960s, local business groups successfully argued that maternity pay was a 'heavy commitment', and that they did not want to be 'liable for the confinement' of female employees: see Black to Wallace, 21 Jan 1960; and Black to Wallace, 22 July 1960, CO859/1598, TNA. The Hong Kong government did not extend the right to unpaid maternity pay until 1970: See England, *Industrial Relations*, 175.

¹⁸ Stephen Constantine, *The Making of British Colonial Development Policy, 1914-1940*, (London, 1984).

¹⁹ Kenneth O. Morgan, *Labour in Power, 1945-51*, (Oxford, 1985), 188-190.

²⁰ For good studies: T. N. Harper, *The End of Empire and the Making of Malaya*, (Cambridge, 1999); Joanna Lewis, *Empire State-Building: War and Welfare in Kenya 1925-52*, (Oxford, 2000).

²¹ For the best study to date, B. C. Roberts, *Labour in the Tropical Territories of the Commonwealth* (London, 1964).

²² On 'voluntarism', Lord Wedderburn, *Labour Law and Freedom, Further Essays in Labour Law* (London, 1995).

²³ Conference of heads of labour departments, industrial relations in the colonial territories, [Sept-Oct. 1951], HKRS41/1/6771, Public Record Office, Hong Kong.

²⁴ Conference of heads of labour departments, CLAC (51), 48th special minutes, LC (LC) 19th minute, joint session with members of the Colonial Labour Advisory Committee, 5 Oct. 1951, HKRS41/1/6771.

²⁵ Foreign Service Despatch from American Consul General, to Department of State, no. 1358, March 19, 1951, 'economic reporting circular, no. 25, 'special labor report – trade unions in Hong Kong' [paragraph 15], RG846G (Economic, 1950-54), [box 4922), National Archives, Maryland, USA.

²⁶ For the best overview: England and Rear, *Chinese Labour*. At the end of 1960, there were 315 registered unions: 240 workers' unions; 63 employers' unions' and 12 mixed organisations: see Labour Department, Quarterly Report, October to December 1960, paragraph 64, HKRS41/1/440(3). Most collective agreements were, moreover, weak, covering general conditions of employment only, and they were widely evaded by employers.

²⁷ Foreign Service Despatch from Everett F. Drumright, Consul General, to Department of State, no. 470, 10. Dec. 1955, RG4538 [box 59] (Economic, 1955-59), 846G.

²⁸ Letter from E. B. David to J. B. Johnston, 9 Jan. 1957, CO859/1160.

²⁹ Oliver Lyttleton, Secretary of State, circular to the colonies, 79/52, 29 Jan. 1952 [report on the 1951 conference], CO859/183/7.

³⁰ For an overview, Note on Developments of Labour Policy and its Implementation', Sorby, 1 Oct. 1963, HKRS1017/2/2.

³¹ Noted in, comments on Miss Ogilvie's report [by local labour officer], HKRS1017/2/1.

³² John Singleton, *Lancashire on the Scrapheap: the Cotton Industry, 1945-1970*, (Oxford, 1991), 139; and Lynden Briscoe, *The Textile and Clothing Industries of the UK*, (Manchester, 1971), 88.

³³ Singleton, *Lancashire*, 114-140.

³⁴ The scheme was devised in 1953 by Harold Wilson and endorsed by the cotton textile unions. Singleton, *Lancashire*, 133.

³⁵ For the origins and early impact of Imperial Preference on Hong Kong, Norman Miners, 'Industrial Development in the Colonial Empire and the Imperial Economic Conference at Ottawa, 1932', *The Journal of Imperial and Commonwealth History*, vol. 30, no.2, May 2002, 53-71.

³⁶ For the best overview, Vinod K. Aggarwal, *Liberal Protectionism: the International Politics of Organised Textile Trade*, (Berkeley, 1985).

³⁷ On this policy, Caroline Miles, *Lancashire Textiles: a Case Study of Industrial Change*, (Cambridge, 1968), 46.

³⁸ These debates are chronicled in David Clayton, 'Inter-Asian competition'.

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- ³⁹ Black was formerly Governor of Singapore, and Colonial Secretary in Hong Kong.
- ⁴⁰ Thornton, 23 May 1958, *Hansard*, vol. 588, 1731-35.
- ⁴¹ Barbara Castle, 8 May 1958, *Hansard*, 1405-06.
- ⁴² Report on Visit to Hong Kong, [undated and no author cited but probably Ogilvie, c. 1958], CO1030/763, 27 Aug. 1958.
- ⁴³ Comments for the Colonial Office on Some Points in the Report, IV, Hours of Work, Ogilvie, 27 Aug. 1958, CO1030/763.
- ⁴⁴ Minute by Ogilvie, 25 Feb. 1960, CO859/1598.
- ⁴⁵ Black to Wallace, 10 Nov. 1960; 'Brief for Lord Perth', [undated], CO859/1598.
- ⁴⁶ Note David Podmore, 'The Population of Hong Kong', in Keith Hopkins, (ed.), *Hong Kong: The Industrial Colony: A Political, Social and Economic Survey*, (Hong Kong, 1971), 21-55.
- ⁴⁷ David Clayton. *Imperialism Revisited: Political and Economic Relations between Britain and China, 1950-54*, (London, 1997), 109-110.
- ⁴⁸ Memorandum from E. C. Brown, Labour Officer, to Commissioner of Labour, 28 Nov. 1958, HKRS1017/2/1.
- ⁴⁹ For a useful collection of essays revising the debates Tak-Wing Ngo, (ed.), *Hong Kong's History: State and Society under Colonial Rule*, (London, 1999); for the best recent examination of Hong Kong's political economy, Alwyn Young, 'Hong Kong and the art of landing on one's feet: a case study of a structurally flexible economy', (PhD., Fletcher School of Law and Diplomacy, Tufts University, 1989).
- ⁵⁰ On local policy-making, see the file series: HKRS270/1/2. The problem with this strategy was that during the 1950s and early 1960s there were very few flatted factories available, and most very small firms needed to generate external economies of scale from remaining in close proximity to local labour markets.

⁵¹ Black to Hilton Poynton, permanent under secretary of state, Colonial Office, 21 June 1958, CO1030/751.

⁵² Lacey to the Department of State, no. 474, March 2 1960, RG59 (Economic 1960-63) 846G.

⁵³ Minute by Assistant Labour Officer, 17 Dec. 1958 [on Ogilvie's report]; minute by Baker, 22 Nov. 1958; and minute by E. C. Brown, Labour Officer, 1 Dec. 1958, HKRS1017/2/1.

⁵⁴ Comments on Miss Ogilvie's Report, [c.1958], and [her] Visit to Hong Kong [c. 1958], HKRS1017/2/1.

⁵⁵ Minute by Sorby, 23 Aug. 1963, HKRS1017/2/2.

⁵⁶ The best case study for this particular period relates to monetary policy: Catherine R. Schenk, *Hong Kong as an International Financial Centre, Emergence and Development 1945-65*, (London, 2001).

⁵⁷ These policies will be explored fully in a forthcoming monograph.

⁵⁸ Black to Wallace, 22 July 1960, CO859/1598.

⁵⁹ See Norman Miners, *The Government and Politics of Hong Kong*, (Hong Kong, 1995), 186-88.

⁶⁰ The Department of Labour did not have a representative on the Legislative Council; instead the Secretary of Chinese Affairs was the *defacto* official spokesperson on labour affairs: see, Young to Creech Jones, 14 Oct. 1946, HKRS41/1/1438.

⁶¹ The LAB was established in Hong Kong in the 1920s – probably as a response to the 1925-6 General Strike-cum-boycott. At this stage, however, there were no representatives from the labour movement. A more 'modern', corporate, body existed by the 1940s, comprising six representatives from the employers, three representatives from labour and two members of the local labour department. By 1960, half of the

representatives were appointed by the Governor, half were nominated or elected by trade associations and unions. Communist unions, however, did not normally partake in elections. England and Rear, *Chinese Labour*, pp. 12-13. In 1946, the colonial government took the decision not to include representatives from the two local umbrella organisations, judging that the time was not ripe for a 'labour parliament': see: minute by Macdonald, 20 July 1946; and G. H. Hall to Young, 13 June 1946, HKRS41/1/1436.

⁶² Paul K. C. Tsui, Secretary for Chinese Affairs, to Commissioner of Labour, 7 July 1967, HKRS270/5/60; and minute by Ogilvie, 14 Dec. 1960, CO859/1598.

⁶³ Grace O. M. Lee, 'Labour Protection', in Paul Wilding, Ahmed Shafiqul Huque and Julian Tao Lai Po-wah, (eds.) *Social Policy in Hong Kong*, (Cheltenham, 1997), 128; for a contemporary position: Note from C. M. Sedgewick, Commissioner of Labour, to H. Angus, Department of Commerce and Industry, 21 Sept. 1961, HKRS270/5/60.

⁶⁴ During the late 1940s, the government had set up a Trade and Industry Advisory Board comprising representatives from the community-wide business organisations: note: Clayton 'Industrialisation and institutional change', in Latham and Kawakatsu, *Asia Pacific Dynamism*, 149-169.

⁶⁵ Lacey to the Department of State, Weekly Economic Review, no.3 Jan. 22 1960, RG59 (Economic 1960-63) 846G; *Far Eastern Economic Review*, vol. xxxiv, no. 13, 28 Dec. 1961, 581-83; and James R. Gustin, American Consul, Hong Kong, to the Department of State, Weekly Economic Review, no. 8, 26 Feb. 1960, RG59 (Economic 1959-63) 846G.

⁶⁶ On policy-making: CO1030/1177 and HKRS163/1/2/151.

⁶⁷ The CMA, for example, merely forwarded rather imprecise demands in 1961 that 'some flexibility and gradualness provided in the bill'; that the new law would 'open

wide the door for corruption' and create 'rampant' disputes between managers and workers: See Chu Shek Lun, President CMA, to Sedgewick, 28 Aug. 1961; Chu to Sedgewick, 12 Sept. 1961, Commissioner of Labour to Colonial Secretary, 26 Sept. 1961, HKRS260/2/14.

⁶⁸ Quoted in 'some personalities of interest to the permanent secretary', [1958] BT258/374.

⁶⁹ See, Black to Wallace, 4 July 1960, CO859/1598.

⁷⁰ Note of a meeting with Sir Sik-nin Chau and Hugh Barton, 27 July 1960, CO859/1598.

⁷¹ Black to Wallace, 21 Jan 1960, CO859/1598.

⁷² Quoted in Lacey to the Department of State, no. 791, June 27 1960, RG59 (Economic 1960-63) 846G.

⁷³ *FEER*, vol. xxiv, no. 17, April, 1958, 52. Lee, a refugee mill-owner from China, owned South China Textiles and the Nan Sing Dyeing Works: note Lacey to the Department of State, 148, 17 Aug. 1961, RG59 (Economic, 1960-63) 846G.

⁷⁴ Quoted in *FEER*, vol. xxiv, no. 24, June 12 1958, 753.

⁷⁵ This was caused in part by the knock-on effect of higher wages paid to public sector manual workers: for the trends: Black to Wallace, 22 July 1960, CO859/1598; and Gustin to Department of State, no. 123, 9 Sept. 1959; Guy O. Long to Department of State, no. 33, 14 Aug. 1959, RG59, Box 4538, (1955-59), 846G.

⁷⁶ S. Chi Man Chow, 'Economic growth and income distribution in Hong Kong', (unpub. PhD thesis, Boston Univ, 1977), pp. 345-7.

⁷⁷ For the international context, Anis Chowdhury and Iyanatul Islam, *The Newly Industrialising Economies of East Asia* (London and New York, 1993), pp. 72-75.

⁷⁸ Colonial Secretary to Commissioner of Labour, 18 Oct. 1961, HKRS260/2/14; and reiterated in 'Conditions of Employment in Hong Kong: Summary of Correspondence Relating to the Reduction of Hours of Work of Women and Young Persons', W. Swan, 8 Sept. 1963, CO859/1715.

⁷⁹ National Income Survey, p. 67.

⁸⁰ *FEER* vol. xxv, no. 13, 25 Sept. 1958, 'Cotton Delegation from Lancashire', 409-10.

⁸¹ Comments for the Colonial Office on some points in the report, Ogilvie, 25 Aug. 1958, CO1030/763.

⁸² FED minutes, 16/140, 6 April 1961, HKRS270/5/40.

⁸³ Lucie Cheng and Ping-chun Hsiung, 'Engendering the 'Economic Miracle': the Labour Market in the Asia-Pacific', in Grahame Thompson, (ed.), *Economic Dynamism in the Asia-Pacific: the Growth of Integration and Competitiveness*, (London and New York, 1998), 135.

⁸⁴ The 1961 census data listed in *Hong Kong Statistics 1947-1967*, (Hong Kong, 1969); on the application of women: J. Riedel, *The Industrialisation of Hong Kong*, (Turbingen, 1974), 48.

⁸⁵ Black to Lennox-Boyd, no. 618, 15 April 1959, CO859/1264.

⁸⁶ Conditions of Employment in Hong Kong, Summary of correspondence relating to the reduction of hours of work of women and young persons, W. Swan, 8 Nov. 1963.

⁸⁷ Black to Lennox-Boyd, no. 506, 13 June 1959.

⁸⁸ Minute by Gibbs, 23 Sept. 1960, CO859/1598.

⁸⁹ Minute by G. Foggon, 24 Sept. 1958, CO1030/763; minutes by Ogilvie, 17 June, Gibbs, 19 June and 23 July, and by Foggon, 19 June 1959, CO859/1264.

⁹⁰ Black to Lennox-Boyd, no. 618, 15 April 1959, CO859/1264.

⁹¹ A. M. Poynton to Sir Guildhaume Myrddin-Evans, 3 July 1958, FO371/133343; 'Hong Kong Adjournment Debate', 8 Nov. 1956, CO1030/337; and Hong Kong Governor to the Secretary of State for the Colonies, no. 794, 15 May 1959, [regarding parliamentary debates on 'employment in Hong Kong' .], CO1030/751.

⁹² Telegram from Hong Kong to London, 128, 13 Feb. 1960, CO1030/751/1279.

⁹³ The lack of opposition to paid holiday can in part be explained by the fact that most Hong Kong employers already granted two days at Chinese New Year, the day of the Dragon Festival and the Mid-Autumn Festival as paid holidays: see Commissioner of Labour to Colonial Secretary, 26 Sept. 1961, HKRS260/2/14; and 'Conditions of Employment in Hong Kong: Summary of Correspondence Relating to the Reduction of Hours of Work of Women and Young Persons', W. Swan, 8 Sept. 1963, CO859/1715.

⁹⁴ Minute by Ogilvie, 25 Feb. 1960, CO859/1598.

⁹⁵ The government found it difficult to generate any precise figures. It was possible, they noted, to come up with some rough estimates of the rate of sickness for male workers because, as they were the main income earners in the household, it could be assumed that they could not afford to be absent for more than three days unless they were actually sick. It was noted that, 'because of financial hardship, fear of unemployment, or lack of suitable home conditions', it was 'probable' that those with 'minor or moderate physical ailments' continued to undertake factory work; indeed, the government survey uncovered an extreme case of a man who dropped dead from 'advanced pulmonary tuberculosis' while still at work. See Sedgewick to J. W. D. Holey, Crown Counsel, 14 Sept, copy of a 'random sample' of '50 factories survey of sickness absence, HKRS260/2/14.

⁹⁶ Sedgewick to Colonial Secretary, 12 Aug. 1961, HKRS260/2/14. According to the Colonial Office employers did not have reliable figures on the health of their workers, and so could not have predicted accurately what the scheme would have cost: Most employers did not keep records, and of those employers that ran a voluntary sick pay scheme, only one third required their workers to submit medical certificates: see C. B. Burgess to Eugene Melville, Colonial Office, 18 July 1961, HKRS260/2/14.

⁹⁷ Sedgewick to Hobley, 14 Sept, copy of a 'random sample' of '50 factories survey of sickness absence, HKRS260/2/14.

⁹⁸ Sedgewick to Colonial Secretary, 12 Aug. 1961, HKRS260/2/14.

⁹⁹ They also insisted that workers be denied the right to challenge the diagnosis of doctors in the courts: see C. B. Burgess to Melville, Colonial Office, 18 July 1961, CO859/1599.

¹⁰⁰ It was estimated that 240,000 workers (60 per cent of the industrial workforce) would qualify for paid sick pay, and that 192,000 of them did not have medical services available to them in the workplace: see Commissioner of Labour to Colonial Secretary, 7 June 1961, CO859/1599. Precise estimates could not be made because it depended on whether workers were willing to pay private doctors for certificates. Sedgewick to Hobley, 21 June 1961, HKRS260/2/14.

¹⁰¹ Minute Gibbs, 13 Dec., CO859/1598.

¹⁰² Minute by Ogilvie, 14 Dec. 1960; CO859/1598. The debates about the annual leave scheme had been complicated by a break down in communication over the issue in the aftermath of Lord Perth's visit. The Hong Kong government mistakenly thought that such a scheme was acceptable in Whitehall and began consultations with local business groups on the finer details. When they realised that the Colonial Office opposed the scheme, they were forced to reopen negotiations with employers.

¹⁰³ Sedgewick to Colonial Secretary, 12 Aug. 1961, HKRS260/2/14.

¹⁰⁴ Sedgewick to J. Kite, Employers' Federation Hong Kong, 20 Sept. 1961.

¹⁰⁵ On 'social protectionism', Jagdish Bhagwati, 'Free Trade and Labour' (Columbia, 2001), at, www.columbia.edu/~jb38/papers.htm.

¹⁰⁶ England and Rear, *Chinese Labour*, 19.

¹⁰⁷ James Arrowsmith, 'The Struggle Over Working Times in Nineteenth and Twentieth-century Britain', *Historical Studies in Industrial Relations*, 13, Spring 2002, 83-117.

¹⁰⁸ See E. P. Thompson, *Customs in Common* (Harmondsworth, 1993).