

1982-2007

The Hong Kong Transition Project

The First Five Years

Floundering Government, Foundering Democracy?

(May 2002)

As Hong Kong celebrates its fifth birthday as Special Administrative Region in July, are democracy and self-government in terminal decline or temporary trouble? Is implementing the ministerial system equivalent to rearranging chairs on the deck of the sinking Titanic or will the reforms spark recovery and renewal? How goes the Hong Kong “ship of state” under the leadership of its shipping magnate as he takes up his new five year term on the 1st of July 2002?



The Hong Kong Transition Project reports on the triumphs, tribulations and dilemmas of “one country, two systems” completing its fifth year in practice.

A report from a multi-national longitudinal research project of academics from Hong Kong University, Hong Kong Baptist University, Academia Sinica & University of Macau on Hong Kong’s transition from British Royal Crown Colony to Special Administrative Region of the Peoples Republic of China & its people’s transition from foreign subjects to citizens.

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The SAR came into existence on the 1st of July 1997 borne up by three key slogans which embodied the promises of the Central People’s Government (CPG) for Hong Kong’s long term future. The slogans were “one country, two systems,” “Hong Kong people ruling Hong Kong” and “Stability and Prosperity.” All three slogans came with the assertion that they would protect Hong Kong people’s way of life, and the guarantee that there would be no change in that way of life for the fifty year lifespan (until 2047) of the Special Administrative Region.

Slogans are, after all, just slogans, but the intent of the slogans received expression and reification in the Basic Law and in the actions of SAR officials acting under its terms and interpreting its terms. In turn, these actions and events were perceived by Hong Kong people, who measured the performance of the government and its officials against the slogans drummed into their ears for years prior to 1997, and against memories of life under the British up to mid-1997. This report examines the perspectives and views of the Hong Kong people five years prior to 1997 to five years following its birth, and does so under the rubric of the slogans, or promises, made by the CPG and expressed in the Basic Law.

One Country, Two Systems

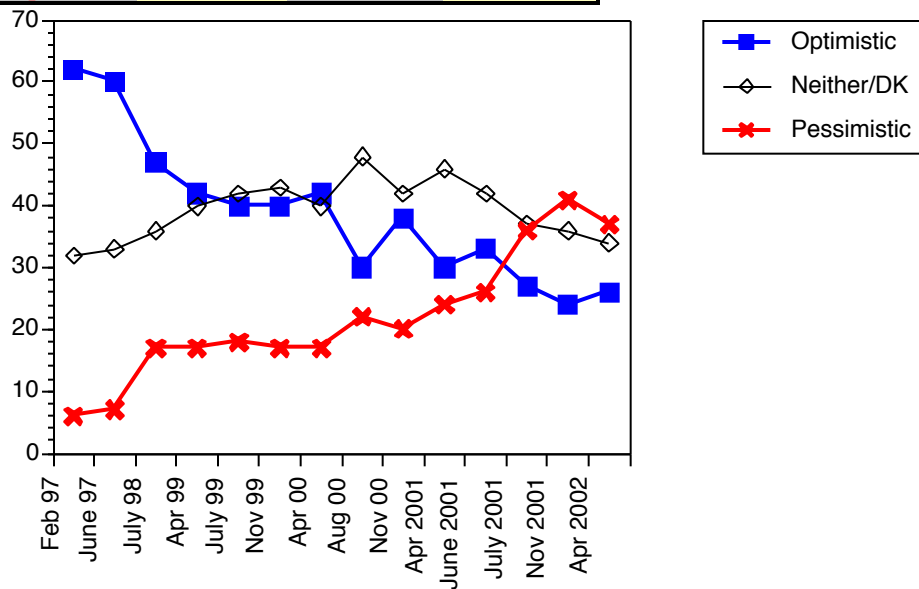
On the first of July 1997 hopes were high among most residents that Hong Kong’s reunification with China would lead to new heights of prosperity and stability. Fundamentally, the slogan “one country, two systems” was taken to mean that Hong Kong’s freewheeling capitalism and freedom loving lifestyles would be insulated from the government dominated, government intrusive socialist system practiced on the mainland. As long as Hong Kong did not act or allow groups to operate in ways intended to undermine or overthrow the mainland system, as long as it was loyal to China and its dominant governing party and supported China’s unity, it could retain its privileges and lifestyles. Nearly two thirds of Hong Kongers were optimistic in 1997 and only a mere handful, 6%, were pessimistic that reunification with China would damage Hong Kong’s way of life and prosperity. But by the fifth year of the SAR, sentiments soured considerably on Hong Kong’s future as a part of China, with only one in four remaining optimistic and more than a third pessimistic about Hong Kong’s future prospects as a part of China. (See chart)

Table 1 How do you feel about 1997 and Hong Kong’s reunion with China? (Feb and June 1997) Looking back over the first year, how do you feel about HK’s prospects for the future as part of China? (July 98) How do you feel currently about HK’s future prospects as a part of China? (April 1999 on)

	Feb 97	June 97	Jul 98	Apr 99	July 99	Nov 99	Apr 00	Aug 00	Nov 00	Apr 01	June 01	July 01	Nov 01	Apr 02
Very Optimistic	7	6	6	5	5	4	5	3	5	4	3	3	2	3
Optimistic	55	54	41	37	35	36	37	27	33	26	30	24	22	23
Neither	30	32	30	33	33	39	33	40	38	41	38	35	31	34
Pessimistic	6	6	13	15	14	13	15	19	16	19	21	29	30	30
Very Pessimistic	–	1	4	2	4	4	2	3	4	5	5	7	11	7
DK	2	1	6	7	9	4	7	8	4	5	4	2	5	3

Table 1A Collapsed categories—optimism about Hong Kong

	Optimistic	Neither/DK	Pessimistic
Feb 97	62	32	6
June 97	60	33	7
July 98	47	36	17
Apr 99	42	40	17
July 99	40	42	18
Nov 99	40	43	17
Apr 00	42	40	17
Aug 00	30	48	22
Nov 00	38	42	20
Apr 01	30	46	24
June 01	33	42	26
July 01	27	37	36
Nov 01	24	36	41
Apr 02	26	34	37



Optimism on Hong Kong’s future varies widely according to age, with those in their 50s up being the least optimistic as Table 2 shows. This is despite the 60 and up group being more supportive of a second term for the Chief Executive than other ages and despite more in the age groups above 50 being born in China and identifying themselves as Chinese. The most pessimistic age group now are those in their 60s, a group which has consistently been more pro-Beijing and pro-Tung since his 1996 selection. (See reports at www.hkbu.edu.hk/~hktp).

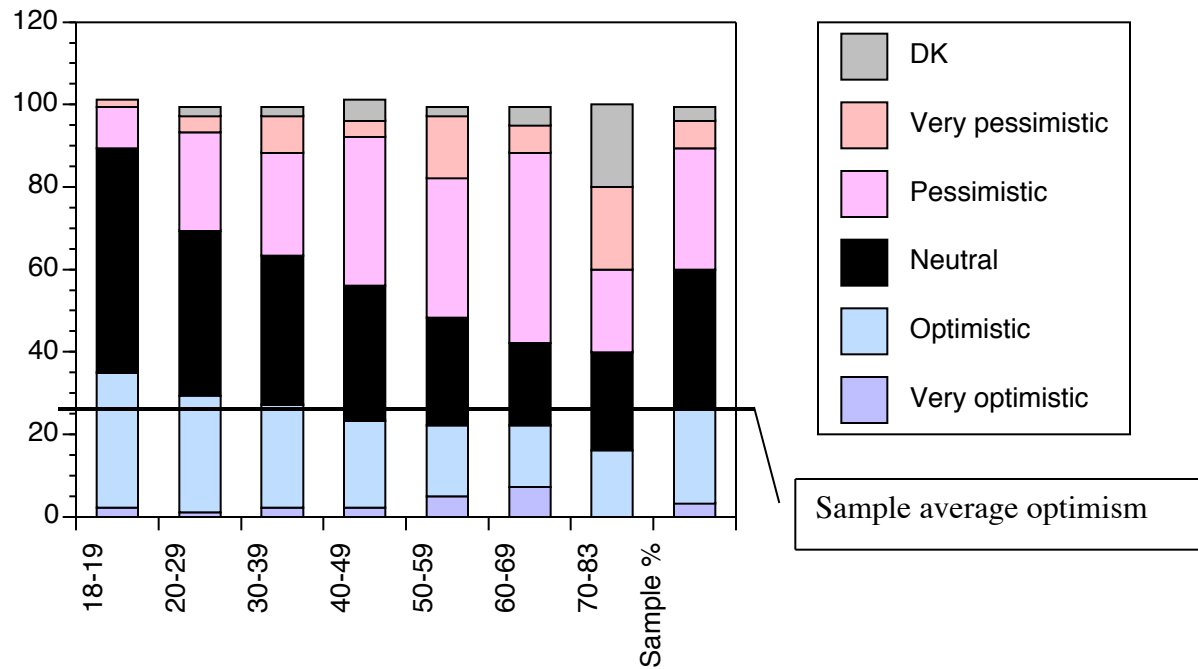
Table 2 Feel about Hong Kong future by Age group

	18-19	20-29	30-39	40-49	50-59	60-69	70-83	Sample %
Very optimistic	2	1	2	2	5	7	0	3
Optimistic	33	28	25	21	17	15	16	23
Neutral	54	40	36	33	26	20	24	34
Pessimistic	10	24	25	36	34	46	20	29
Very pessimistic	2	4	9	4	15	7	20	7
DK	0	2	2	5	2	4	20	3
total	100	100	100	100	100	100	100	100

table contents: Percent of Column Total N = 729

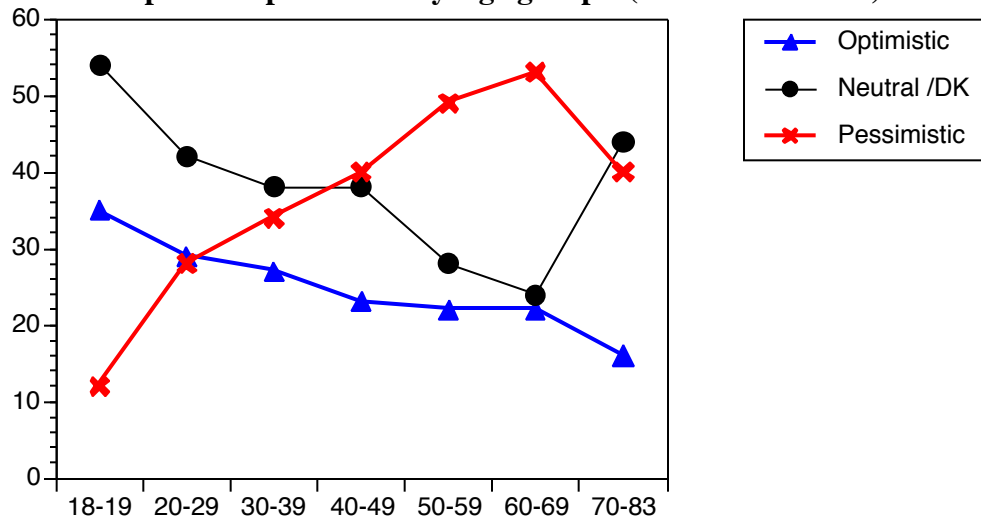
Chi-square = 96.95 with 30 df $p \leq 0.0001$ (sums not to 100 due to rounding)

Chart of Table 2 Feel about Hong Kong future by Age group



The general trends by age group can be seen more clearly if we collapse categories and chart.

Chart: Optimism/pessimism by Age groups (trend illustration)



Pessimism rises with age until we reach those over age 70. Neutral and don't know drop with age until the same over 70 age group. Age and educational attainment are strongly associated, with those who are older generally being less well educated than younger cohorts. And as Table 4 shows, educational attainment/age are strongly associated with optimism about Hong Kong's future. However, the widespread newspaper reporting that less educated groups more strongly resent high mainland migration due to increased competition for jobs does not appear to be supported by the data, with varying educational levels tending to show similar support or opposition to migration. (See below)

Table 3 Educational attainment by Age group

	18-19	20-29	30-39	40-49	50-59	60-69	70-83	total
None	0	1	1	8	18	22	44	8
Primary 1-6	0	1	4	11	15	32	32	9
F1-F3 (Grades 7-9)	7	6	11	22	19	11	8	13
F4-F5 (Grades 10-11)	43	38	40	35	25	13	4	33
F6-F7 (12-13 years)	39	16	10	7	10	7	0	12
Some univ. to univ grads/post-grads	11	39	34	17	13	15	12	24
total	100	100	100	100	100	100	100	100

table contents: Percent of Column Total

Chi-square = 277.1 with 30 df $p \leq 0.0001$

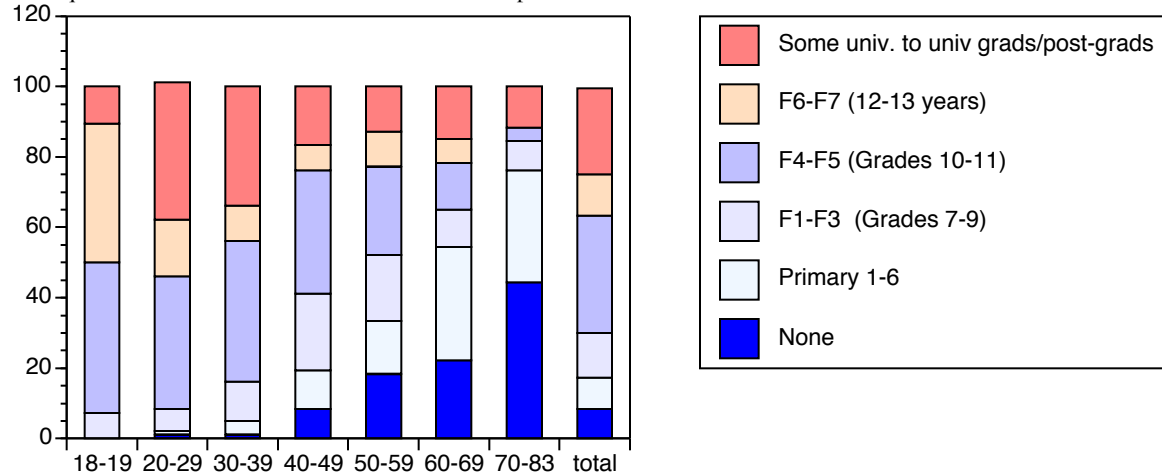
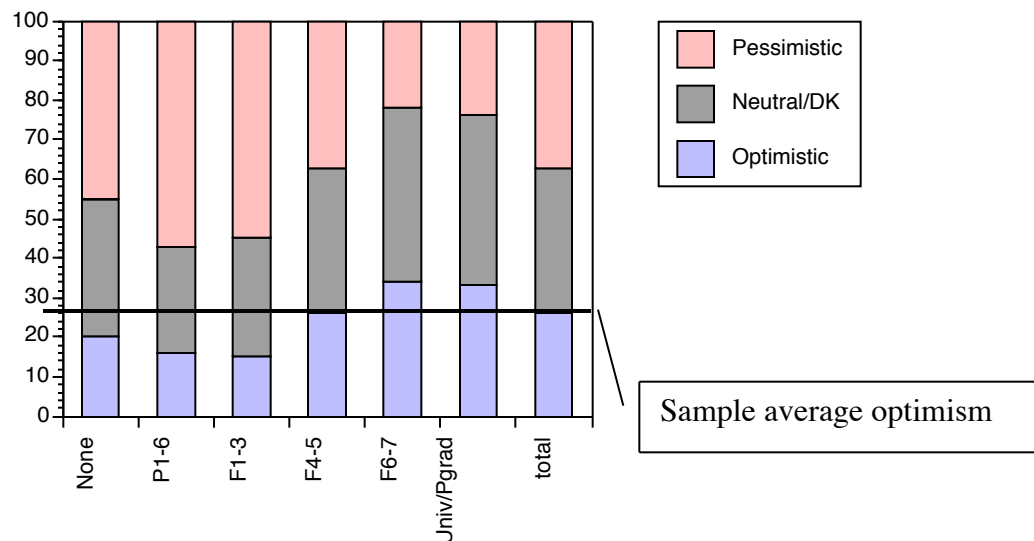


Table 4 Optimism/Pessimism on HK's future by Education

	None	P1-6	F1-3	F4-5	F6-7	Univ/Pgrad	total
Optimistic	20	16	15	26	34	33	26
Neutral/DK	35	28	30	37	44	43	37
Pessimistic	45	57	55	37	22	24	37
total	100	100	100	100	100	100	100

table contents: Percent of Column Total

Chi-square = 48.49 with 10 df $p \leq 0.0001$



The general association of lower educational level with higher levels of pessimism about Hong Kong's future as a part of China can also be seen in the higher levels of pessimism found among occupational groups dominated by the less educated.

Table 5 Optimism/Pessimism (collapsed categories) on HK future by Occupation

Group	Optimistic	Neither/DK	Pessimistic	total
Managers/Administrators	31	28	40	100
Professionals	37	45	18	100
Associate professionals	38	38	24	100
Clerks and secretaries	35	31	35	100
Service and sales	26	27	47	100
Ag & fish/craft workers	7	29	64	100
Plant & machine operators	21	34	45	100
Elementary occupations	17	37	46	100
Housewife	16	42	41	100
Retired	25	32	43	100
Unemployed	18	39	44	100
Student	36	50	14	100
Educator	32	36	32	100
Other	12	64	24	100

table contents: Percent of Row Total
 Chi-square = 67.04 with 26 df $p \leq 0.0001$

The chart of Table 5 has been reordered into those with the least amount of pessimism about Hong Kong's future as a part of China (students) to those with the most pessimism (agricultural and fishery and craft workers).

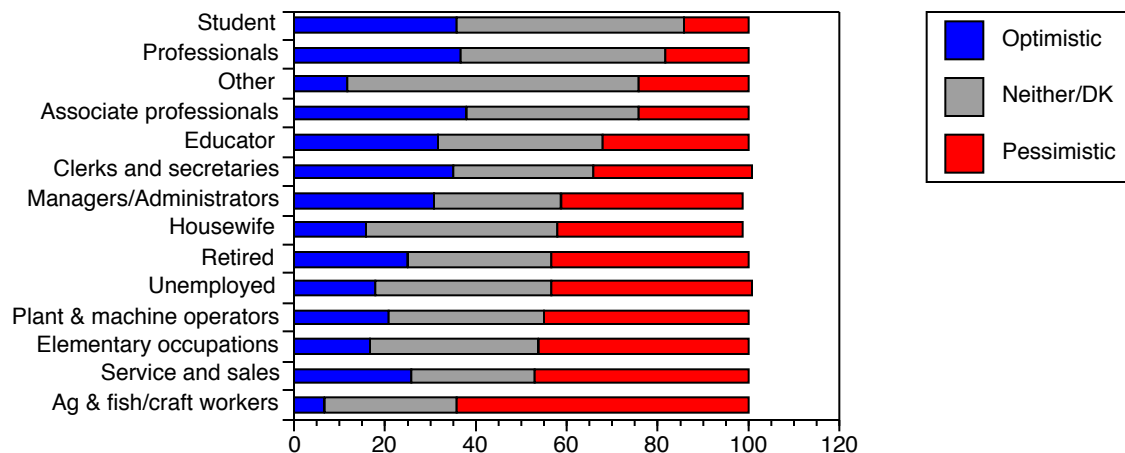


Table 6 shows the strong association of lower levels of education with the more pessimistic occupations like agriculture and fisheries, craft workers, service and sales, elementary occupations and plant and machine operators. All of these less educated workers feel more menaced by the millions of competitors on the mainland, or potentially, from the mainland,

and perhaps less likely to see the opportunities presented by Hong Kong becoming more a part of China.

Table 6 Education levels by Occupation

Group	None	P1-6	F1-3	F4-5	F6-7	Univ/Pgrad	total
Managers/Administrators	3	3	4	10	8	15	9
Professionals	0	0	2	4	7	25	8
Associate professionals	0	1	0	2	2	7	3
Clerks and secretaries	0	1	4	18	13	7	10
Service and sales	3	7	14	10	11	3	8
Ag & fish/craft workers	2	9	9	4	0	1	4
Plant & machine operators	12	7	8	5	3	1	5
Elementary occupations	10	15	8	4	2	0	5
Housewife	33	25	28	17	5	3	16
Retired	28	22	5	3	5	7	8
Unemployed	8	6	14	11	9	2	8
Student	0	0	2	7	31	13	10
Educator	0	0	0	0	1	14	4
Other	0	4	2	4	3	2	3
total	100	100	100	100	100	100	100

table contents: Percent of Column Total

Chi-square = 485.1 with 65 df $p \leq 0.0001$

Table 6 shows that, of those with no education, a third are housewives and 28% are retired, but 10% of all who have no formal education work in elementary occupations, and 8% are unemployed. Table 7 turns the data around, looking at the education level distribution of each occupation. 71% of professionals are university or post-graduate degree holders.

Table 7 Occupation by Educational levels

	None	P1-6	F1-3	F4-5	F6-7	Univ/Pgrad	total
Managers/Administrators	3	3	6	37	10	40	100
Professionals	0	0	3	16	10	71	100
Associate professionals	0	5	0	29	10	57	100
Clerks and secretaries	0	1	6	61	15	17	100
Service and sales	3	8	23	40	16	10	100
Ag & fish/craft workers	4	21	32	39	0	4	100
Plant & machine operators	18	13	21	34	8	5	100
Elementary occupations	17	28	22	28	6	0	100
Housewife	17	15	24	36	3	5	100
Retired	28	25	8	12	7	20	100
Unemployed	8	6	23	44	13	6	100
Student	0	0	3	25	38	34	100
Educator	0	0	0	0	4	96	100
Other	0	14	10	43	14	19	100

table contents: Percent of Row Total

Chi-square = 485.1 with 65 df $p \leq 0.0001$

Birthplace makes no difference in responses on optimism or pessimism about Hong Kong's future as a part of China, nor does years living in Hong Kong for those born in China. Table 9 shows the breakdown by years of residence of the 30% of the population born in China.

Table 8 Birthplace N = 751

Group	Count	%
HK born	499	66
China born	223	30
Born elsewhere	28	4

Table 9 Years residence in HK for those born in China

Years	Count	%
3-6	4	2
7-10	28	13
11-20	41	18
21-30	71	32
31-40	27	12
41-70	51	23

However, years living in Hong Kong does make a difference in terms of cultural identity. Cultural identity looks at how people, mostly ethnically Chinese, classify themselves as Hong Kongers, expatriates and returnees, or mainlanders working here as professionals (who may leave any time) and mainland migrants who have moved here to live but still see themselves as mainlanders. Table 11 recodes Table 10, dropping the Other identity and putting mainlanders together and expats with returnees.

Table 10 Cultural Identity

Group	Count	%
Expatriate	19	3
Mainland migrant	47	6
Mainland professional	3	1
Returnee to HK	24	3
Hong Konger	648	86
Other	10	2

Recoding clarifies categories. As Table 12 shows, the born in China show a tendency to identify themselves more and more with Hong Kong as their years of residence here increase.

Table 11 Collapsed categories Cultural Identity

Group	Count	%
Expat/returnees	43	6
Mainlanders	50	7
Hong Kongers	648	87

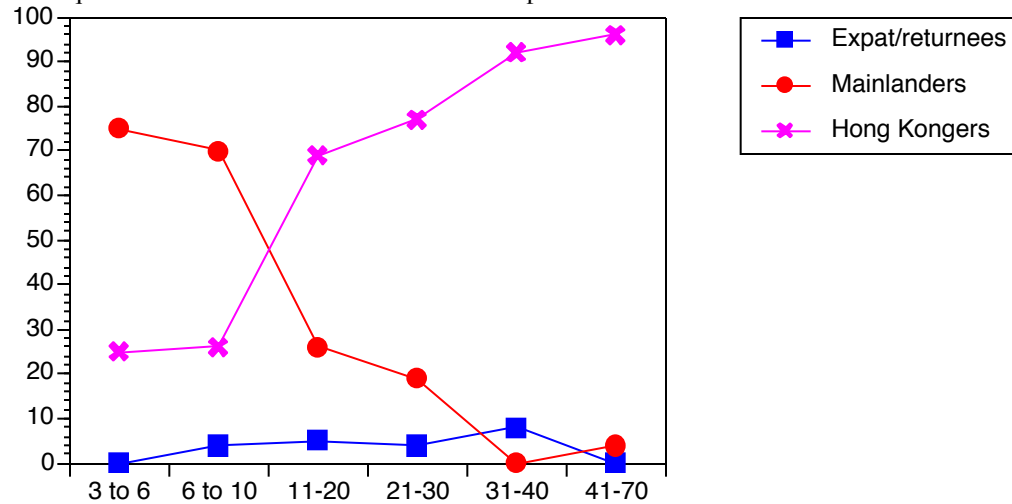
It seems to take about 10 years for China born migrants to shift identity toward seeing themselves as Hong Kongers.

Table 12 Cultural identity of China born by years of residence in Hong Kong

	3-6	7-10	11-20	21-30	31-40	41-70	total
Expat/returnees	0	4	5	4	8	0	4
Mainlanders	75	70	26	19	0	4	22
Hong Kongers	25	26	69	77	92	96	75
total	100	100	100	100	100	100	100

table contents: Percent of Column Total N= 216

Chi-square = 65.87 with 10 df $p \leq 0.0001$



Nevertheless, most people in Hong Kong want migration from the mainland reduced, with one in six now wanting mainland migration cut to zero, up from one in ten in July 2001.

Table 13 The SAR government currently accepts 150 mainland migrants into Hong Kong every day. How many per day do you think is acceptable and desirable?

	Mean	median	0	<50	50	51-99	100	101-150	150+	No opinion*
July 01	96	100	10	10	20	6	15	36	3	29
Nov 01	85	75	17	13	18	9	15	24	5	29
Apr 02	83	90	18	14	13	5	15	31	3	15

* Percentages from 0 to 150+ are of those who gave a response. Those with no opinion excluded.

In sum, part of the problem affecting optimism toward Hong Kong's future as a part of China can be determined in Table 14. Mainland migrants, or better, too many mainland migrants for the present economic circumstances, are making many Hong Kongers pessimistic about the future prospects of their home city. Of those who want the quota of mainland migrants cut to zero, fully 60% are pessimistic. Those who want a quota above the 150 per day limit show only 21% pessimistic. But no category shows a majority optimistic about Hong Kong's future as a part of China. So mainland migration into Hong Kong is not the only or dominating factor affecting optimism about Hong Kong's future. Age, education, and in a word, life prospects are more determinative of attitudes towards Hong Kong's future prospects under Chinese sovereignty.

Table 14 Migration quota by optimism/pessimism HK future

	0	<50	50	51-99	100	101-150	150+	total
Optimistic	17	24	31	9	25	32	26	26
Neither/DK	23	38	38	31	46	39	53	37
Pessimistic	60	39	30	59	29	29	21	38
total	100	100	100	100	100	100	100	100

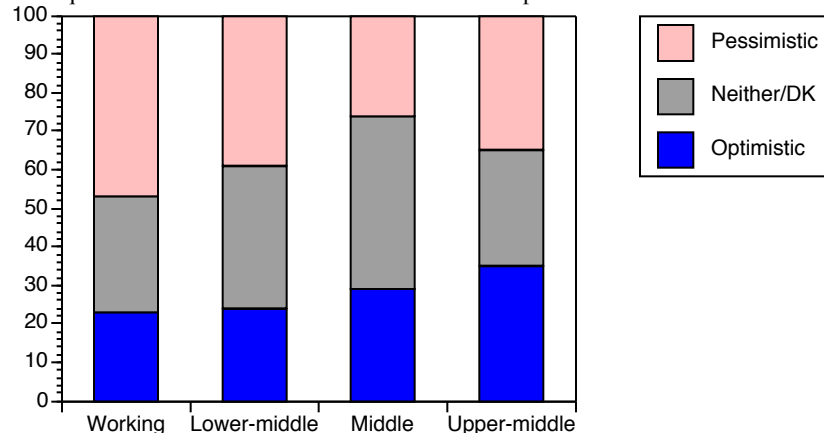
table contents: Percent of Column Total N = 634
 Chi-square = 47.30 with 12 df p ≤ 0.0001

Self-ascribed class also shows a correlation with optimism, but class is closely aligned with education. However, upper-middle class respondents appear a bit more pessimistic than middle class respondents.

Table 15 Optimism/pessimism HK future by Self-ascribed class

	Working	Lower-middle	Middle	Upper-middle	total
Optimistic	23	24	29	35	26
Neither/DK	30	38	45	30	37
Pessimistic	47	39	26	35	37
total	100	100	100	100	100

table contents: Percent of Column Total
 Chi-square = 23.48 with 6 df p = 0.0006



While migrants into Hong Kong can affect optimism or pessimism about Hong Kong's future as a part of China, so too can travel by Hong Kongers into the mainland. And travel into the mainland has risen dramatically since 1998 when nearly one in three had not traveled to the mainland in the preceding two years.

Table 16 How many times if any did you visit mainland over the past 2 years?

Times visited	July 98	April 02
None	30	18
1-2	27	27
3-5	17	22
6-10	9	10
11-15	3	5
More than 15	14	19

The reasons for travel have stayed roughly proportionate between 1998 and 2002, with 14% of the whole sample traveling to the mainland then for business purposes (broken into employment and having a business in Table 17). Family visits prompted 28% of all sampled to visit in 1998 with 37% of all traveling for tourism and vacationing in 1998. Table 17 shows the current breakdown of reasons to travel and the percentages of all, and the percentages of those who travel (which excludes the 18% who do not travel to the mainland in previous 2 years).

Table 17 Do you travel to the mainland for any of the following? (multiple answers permitted)

Reason	% of all	of those who travel	%Male	%Female
Family visits	32	40	46	56
Tourism	38	46	51	49
Shopping	10	12	53	47
Employment	12	15	71	29
Holiday home	10	12	49	51
Have a business	3	4	79	21

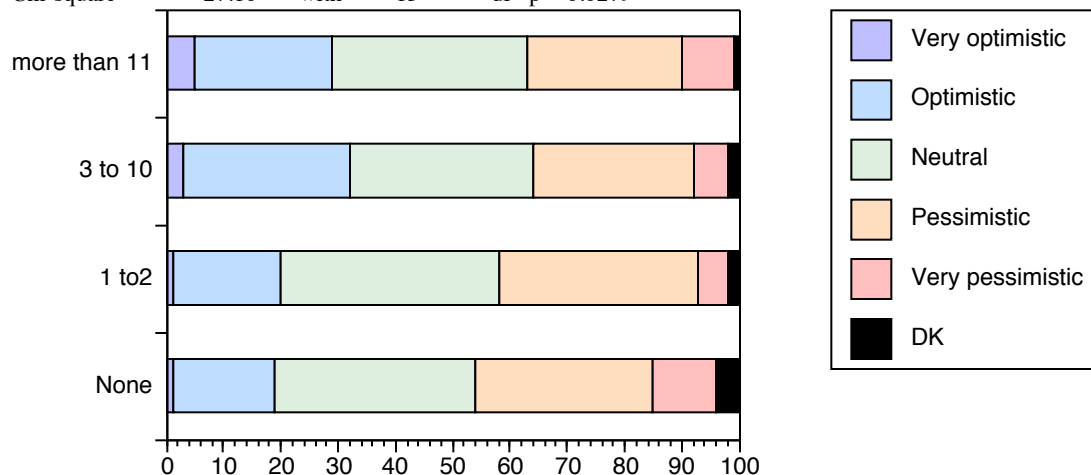
Frequency of travel affects optimism, with those traveling more frequently to the mainland tending to be more optimistic about Hong Kong's future as a part of China. Men dominate those traveling for business or employment, but women predominate for family visits.

Table 18 Optimism/pessimism about HK's future by frequency of travel to mainland

	None	1-2	3-10	11 or more	total
Very optimistic	1	1	3	5	3
Optimistic	18	19	29	24	23
Neutral	35	38	32	34	34
Pessimistic	31	35	28	27	30
Very pessimistic	11	5	6	9	7
DK	5	3	3	2	3
total	100	100	100	100	100

table contents: Percent of Column Total

Chi-square = 27.10 with 15 df p = 0.0279

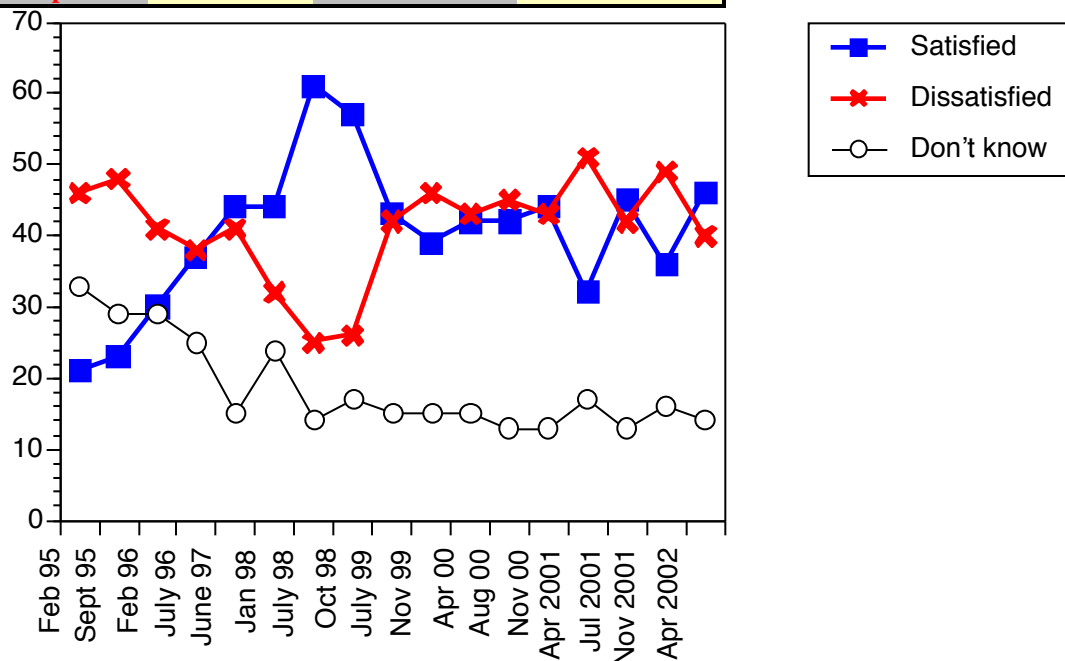


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Since satisfaction is much higher with the Hong Kong government's handling of cross-border travel and cooperation (see Hong Kong people ruling Hong Kong section below), the immigration issue affects, but does not determine the so-so record of overall assessment of the SAR government's dealing with the mainland post-1997 charted in Table 19.

Table 19 Are you currently satisfied or dissatisfied with the performance of the Hong Kong Government (SAR government) in dealing with the mainland?

	Satisfied	Dissatisfied	Don't know
Feb 95	21	46	33
Sept 95	23	48	29
Feb 96	30	41	29
July 96	37	38	25
June 97	44	41	15
Jan 98	44	32	24
July 98	61	25	14
Oct 98	57	26	17
July 99	43	42	15
Nov 99	39	46	15
Apr 00	42	43	15
Aug 00	42	45	13
Nov 00	44	43	13
Apr 01	32	51	17
July 01	45	42	13
Nov 01	36	49	16
Apr 02	46	40	14



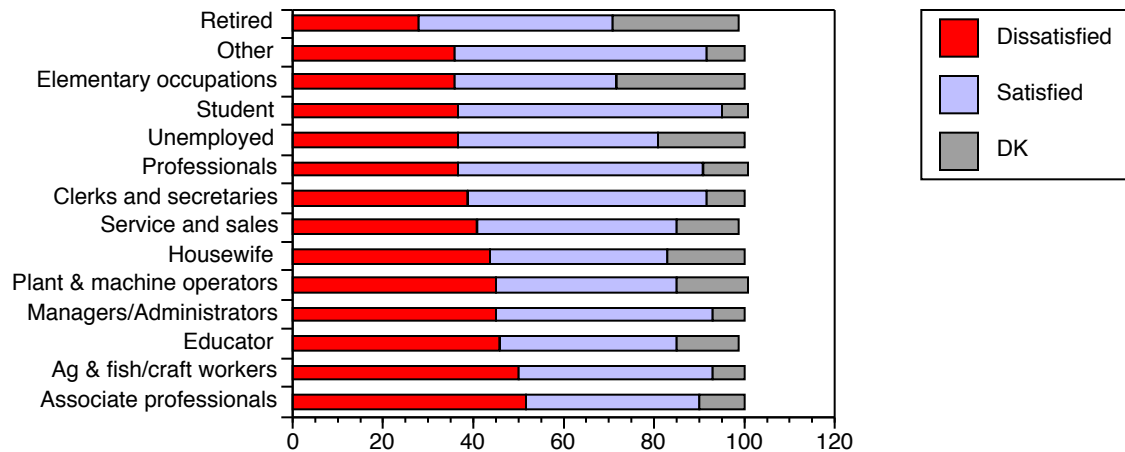
Fifty percent of men versus 42% of women are satisfied with the SAR's dealing with the mainland, though more men (11%) than women (6%) are very dissatisfied.

Table 20 Satisfaction w SAR gov dealing w mainland by Occupation

	Dissatisfied	Satisfied	DK	total
Managers/Administrators	45	48	7	100
Professionals	37	54	10	100
Associate professionals	52	38	10	100
Clerks and secretaries	39	53	8	100
Service and sales	41	44	14	100
Ag & fish/craft workers	50	43	7	100
Plant & machine operators	45	40	16	100
Elementary occupations	36	36	28	100
Housewife	44	39	17	100
Retired	28	43	28	100
Unemployed	37	44	19	100
Student	37	58	6	100
Educator	46	39	14	100
Other	36	56	8	100

table contents: Percent of Row Total

Chi-square = 38.92 with 26 df p = 0.0497



The chart above shows the levels of dissatisfaction with the SAR’s handling of mainland affairs in each occupation reordered from least to most. Associate professionals, educators and managers and administrators show levels well above most other groups other than agriculture and fisheries workers and plant and machine operators, showing that dissatisfaction with the SAR government’s handling of mainland affairs isn’t just a matter of high levels of migration into Hong Kong which threatens the lesser educated and less skilled.

Table 21 below divides the sample into public workers (8% of the overall sample, or 13% of the workforce) which includes Housing Authority, Airport authority, MTR, KCR and other public owned private management groups, private sector workers (48% of the sample) and NGOs (2%) put together (50% and labeled private sector) and those outside the workforce, 41% of the sample. Satisfaction with the SAR government’s performance dealing with the mainland is much higher among civil servants (66%) than among the private sector (50%).

Table 21 Satisfaction w SAR gov dealing w Mainland by workforce sector

	Public	Private	Non-workforce	total
Dissatisfied	34	50	46	47
Satisfied	66	50	55	53
total	100	100	100	100

table contents: Percent of Column Total

Chi-square = 4.692 with 2 df p = 0.0958

Civil servants also are more optimistic about Hong Kong's future as a part of China than other sectors of society, with 7% very optimistic, 27% optimistic overall, versus only 2% very optimistic among both private and non-workforce members. Conversely, while 39% of workforce members are pessimistic about Hong Kong's future as a part of China, only 28% of civil servants feel the same.

Table 22 Optimism/pessimism on HK's future by workforce sector

	Public	Private	Non-workforce	total
Very optimistic	7	2	2	3
Optimistic	20	26	21	23
Neutral	45	31	37	34
Pessimistic	23	31	29	29
Very pessimistic	5	8	7	7
DK	0	3	5	3
total	100	100	100	100

table contents: Percent of Column Total

Chi-square = 16.36 with 10 df p = 0.0899

One of the key factors affecting attitudes toward the mainland's handling of SAR affairs is travel on the mainland, as Table 23 shows, and the reasons for travel which most affect such attitudes are travel for tourism and employment (Tables 24 and 25).

Table 23 Frequency of travel to mainland by Satisfaction w PRC gov dealing with SAR

	None	1 to 2	3 to 10	11 and more	total
Very dissatisfied	6	3	3	2	3
Dissatisfied	24	22	20	23	22
Satisfied	47	51	59	58	55
Very satisfied	2	4	5	4	4
DK	22	20	14	14	17
total	100	100	100	100	100

table contents: Percent of Column Total

Chi-square = 18.63 with 12 df p = 0.0980

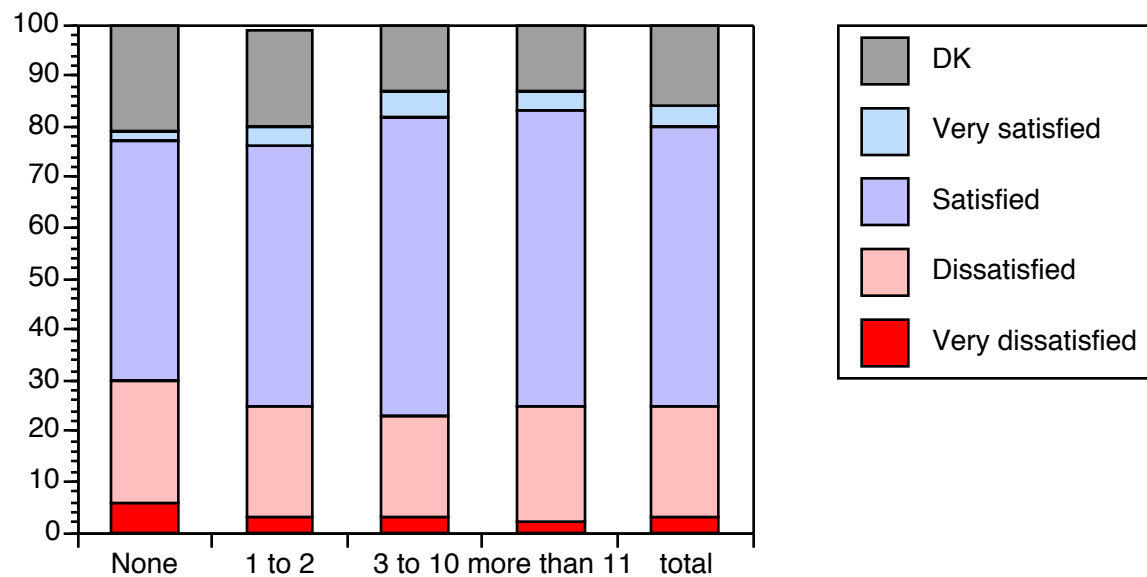
As Lau Chin-shek, one of the very few pro-democracy activists who has been allowed into the mainland testified, travel on the mainland changes attitudes toward the PRC government. The PRC government could win over some of its critics if it allowed them to tour the mainland and see the changes for themselves. As Chris Yeung reported in the 24 June 2002 *South China Morning Post*: "Lau Chin-shek, a core pro-democracy alliance leader branded

subversive by Beijing, is baffled by the dramatic turnaround he has seen in Hong Kong and mainland societies. For while communist authorities are losing their grip on daily life on the mainland, adversely he notes that the Hong Kong Government has tightened up on social and political control in the past few years.”

“A founding member of the Hong Kong Alliance in Support of the Patriotic Democratic Movement in China, Mr. Lau has been barred from . . . the mainland since 1989 . . . It was only after quiet lobbying by top SAR leaders . . . that he was allowed to pay a low-key visit to Guangzhou to see his ailing mother in May 2000. . . . He has since visited his mother four times, staying about a week each time. But the hostility between Beijing and his pro-democracy colleagues remains. More than 30 democrats have either had their home visit permits confiscated or been refused new ones after the permits expired.”

“Mr. Lau said he was hoping his colleagues would be able to visit the mainland to see the latest developments for themselves. "Certainly, it helps you to know more. It's true that the mainland still has a lot of problems. But you must say the overall atmosphere in society has become more relaxed," he said. "The Communist Party has controlled less . . . People's lives have improved and they have become more satisfied with their Government. What strikes me most is that people I meet are very friendly and forthcoming. They know my background, but they are not worried about talking to me. They come over and ask to take pictures with me. "This is also why Hong Kong people have a better perception of China now. It's quite the opposite here, with our Government getting more involved with our lives." He added he was optimistic about an improvement in relations between democrats and Beijing. "My case is exceptional, but it is still a big step. It is also good for me, good for Mr. Tung and good for Beijing," he said.” This survey bears out Mr. Lau’s experience.

Chart of Table 23 Frequency of travel to mainland by Satisfaction w PRC deal w SAR



As Table 24 shows, tourism of the mainland lowers dissatisfaction from 27% to 21%, and raises satisfaction from 54% to 65%.

Table 24 Satisfaction w PRC gov dealing with SAR by Tourism to mainland

	Non-tourists	Tourists to mainland	total
Very dissatisfied	4	2	3
Dissatisfied	23	19	22
Satisfied	51	60	55
Very satisfied	3	5	4
DK	19	14	17
total	100	100	100

table contents: Percent of Column Total
 Chi-square = 9.382 with 4 df p = 0.0522

Employment on the mainland also affects views, with none who travel on the mainland for employment very dissatisfied, versus 4% of those who do not so travel, and 71% of employment related travelers satisfied with the PRC government's dealing with SAR affairs versus only 57% of those who do not travel for work on the mainland.

Table 25 Satisfaction w PRC gov dealing w SAR by Employment related travel

	No employment related	Employment related travel	total
Very dissatisfied	4	0	3
Dissatisfied	22	22	22
Satisfied	53	65	55
Very satisfied	4	6	4
DK	18	8	17
total	100	100	100

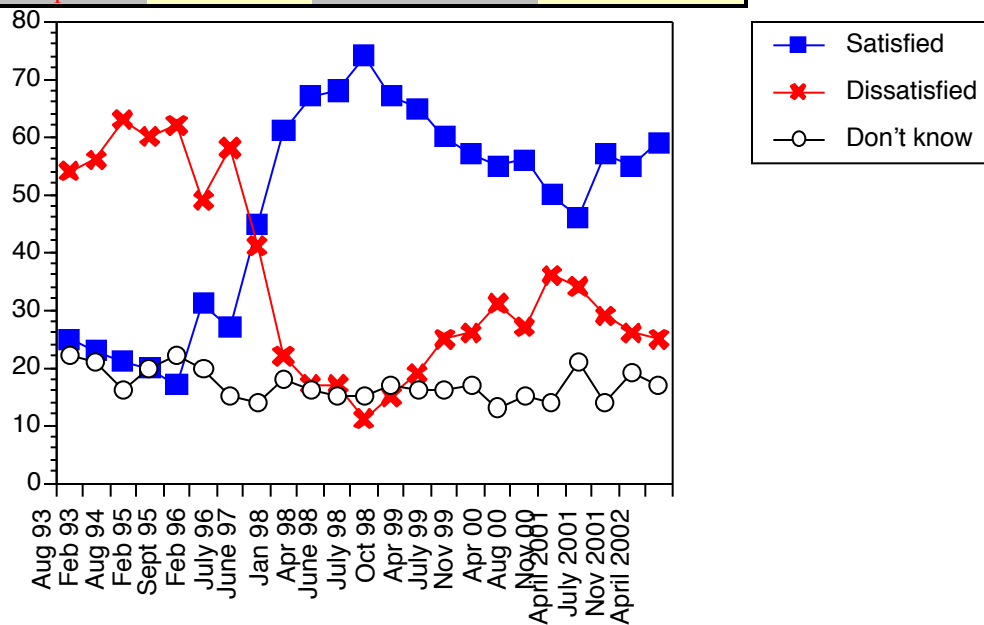
table contents: Percent of Column Total
 Chi-square = 11.09 with 4 df p = 0.0256

One may speculate, with good grounds, that the two recessions that Hong Kong has experienced since 1997 and the higher employment locally which has driven more and more Hong Kongers to seek work on the mainland may actually comprise one of the main factors behind the improved views of the mainland and its government which characterize the first five years of the SAR. Ironically, Tung Chee-hwa may have accomplished more in making Hong Kong people feel positive toward the mainland by failing to keep Hong Kong performing in its former role as a self-contained dynamo of growth and a magnet for workers from the mainland and the rest of the world.

As may be seen in Table 26 below, Hong Kongers have evidenced dramatically changed levels of satisfaction with the performance of the PRC government in dealing with Hong Kong affairs since the dark days before the handover when the PRC government constantly pronounced on Hong Kong issues. For example, as recently as just a year before the handover, in July 1996, only 27% of respondents were satisfied with the PRC government's handling of Hong Kong affairs. Today, 59% are satisfied, and satisfaction has reached levels as high as 74% the year President Jiang Zemin and US President Bill Clinton met in Hong Kong.

Table 26 Are you currently satisfied or dissatisfied with the performance of the PRC government in dealing with Hong Kong affairs?

	Satisfied	Dissatisfied	Don't know
Aug 93	25	54	22
Feb 93	23	56	21
Aug 94	21	63	16
Feb 95	20	60	20
Sept 95	17	62	22
Feb 96	31	49	20
July 96	27	58	15
June 97	45	41	14
Jan 98	61	22	18
Apr 98	67	17	16
June 98	68	17	15
July 98	74	11	15
Oct 98	67	15	17
Apr 99	65	19	16
July 99	60	25	16
Nov 99	57	26	17
Apr 00	55	31	13
Aug 00	56	27	15
Nov 00	50	36	14
Apr 01	46	34	21
July 01	57	29	14
Nov 01	55	26	19
Apr 02	59	25	17



Responses to both sides of the relationship tend to vary dramatically with age. Table 27 shows breakdowns for responses on the performance of the SAR government in dealing with the mainland while Table 28 shows responses to the performance of the PRC government in dealing with SAR affairs. Birthplace and education levels vary greatly with age, and these are the most influence on attitudes.

Table 27 Satisfied/dissatisfied with performance of SAR gov dealing with mainland by Age

	18-19	20-29	30-39	40-49	50-59	60-69	70-83	total
Very dissatisfied	4	10	10	4	12	11	12	8
Dissatisfied	27	34	35	36	26	20	16	32
Satisfied	58	48	47	40	40	33	40	44
Very satisfied	4	1	1	3	7	2	0	2
DK	8	7	8	17	15	33	32	14
total	100	100	100	100	100	100	100	100

table contents: Percent of Column Total

Chi-square = 66.28 with 24 df $p \leq 0.0001$

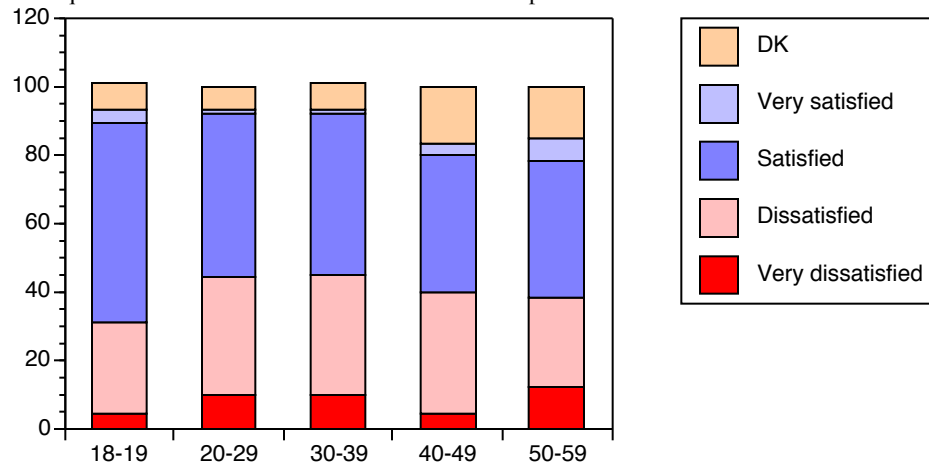
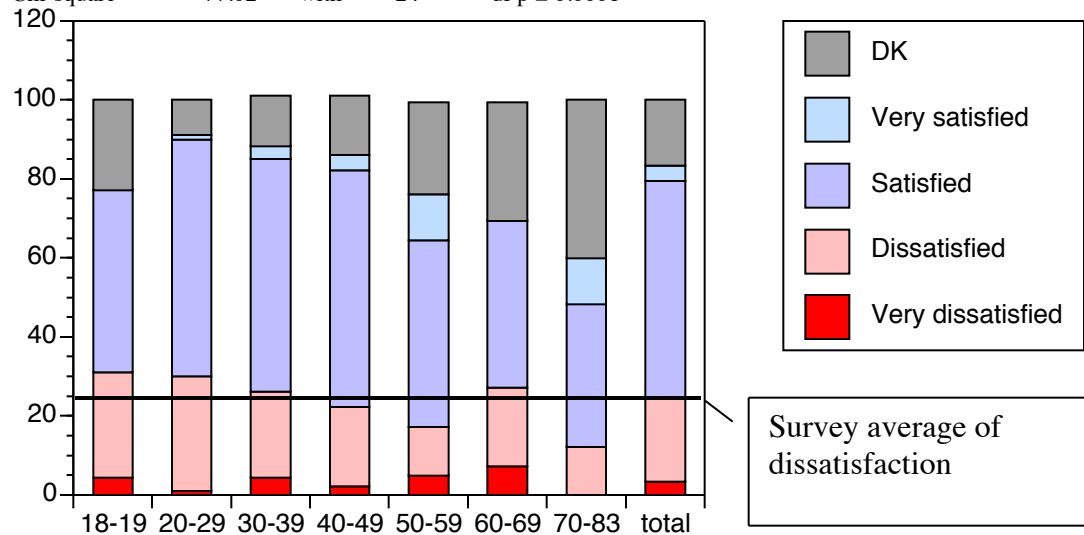


Table 28 Satisfied/dissatisfied with performance of PRC gov dealing with SAR by Age

	18-19	20-29	30-39	40-49	50-59	60-69	70-83	total
Very dissatisfied	4	1	4	2	5	7	0	3
Dissatisfied	27	29	22	20	12	20	12	21
Satisfied	46	60	59	60	47	42	36	55
Very satisfied	0	1	3	4	12	0	12	4
DK	23	9	13	15	23	30	40	17
total	100	100	100	100	100	100	100	100

table contents: Percent of Column Total

Chi-square = 77.02 with 24 df $p \leq 0.0001$

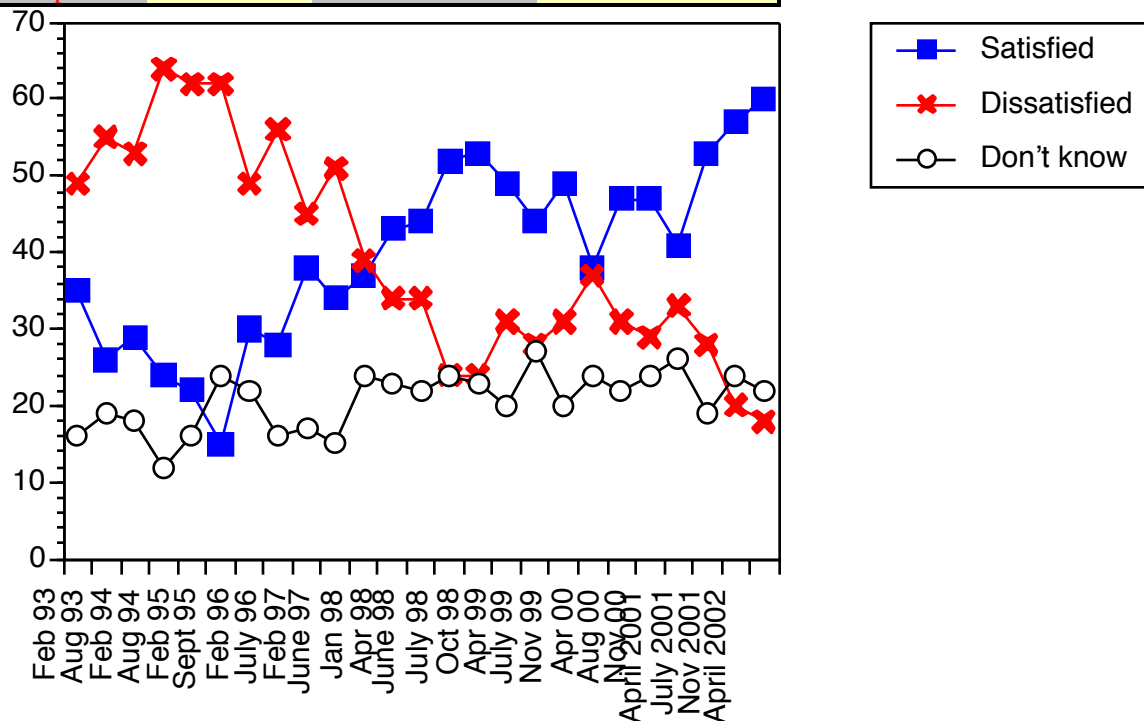


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Satisfaction with the performance of the PRC government in ruling China is at an all-time high, with 60% satisfied.

Table 29 Are you currently satisfied or dissatisfied with the performance of the PRC Government in ruling China?

	Satisfied	Dissatisfied	Don't know
Feb 93	35	49	16
Aug 93	26	55	19
Feb 94	29	53	18
Aug 94	24	64	12
Feb 95	22	62	16
Sept 95	15	62	24
Feb 96	30	49	22
July 96	28	56	16
Feb 97	38	45	17
June 97	34	51	15
Jan 98	37	39	24
Apr 98	43	34	23
June 98	44	34	22
July 98	52	24	24
Oct 98	53	24	23
Apr 99	49	31	20
July 99	44	28	27
Nov 99	49	31	20
Apr 00	38	37	24
Aug 00	47	31	22
Nov 00	47	29	24
Apr 01	41	33	26
July 01	53	28	19
Nov 01	57	20	24
April 02	60	18	22

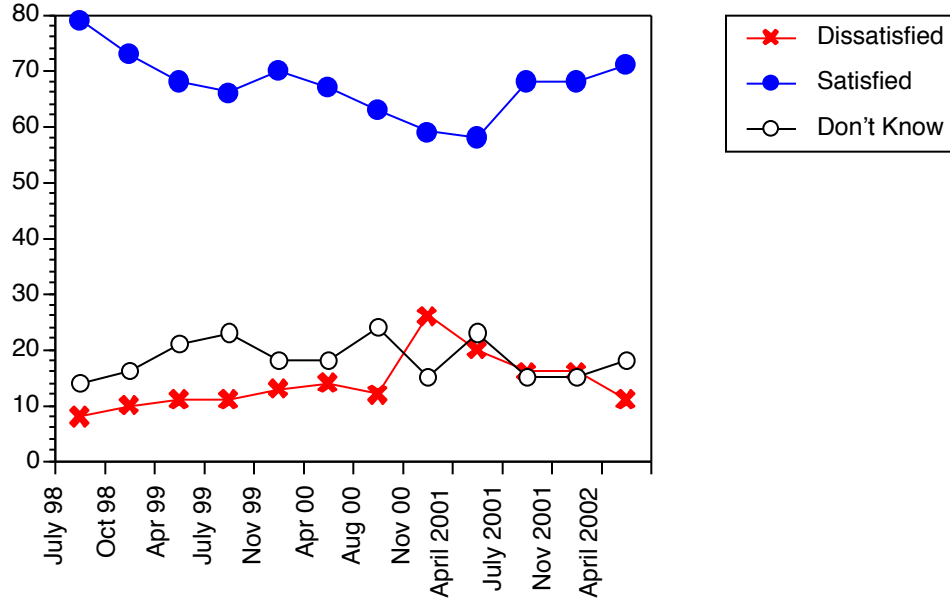


Satisfaction with the performance of President Jiang Zemin has remained fairly high throughout the first five years of the SAR. Dissatisfaction shot up in November 2000 after President Jiang got into a dispute with SAR reporters, with Jiang calling them naïve and comparing them unfavorably with American reporters such as Dan Rather. But by April 2002, not long after Jiang Zemin succeeded in getting China into the WTO, dissatisfaction is back down to about 1 in 10.

Table 30. Are you satisfied or dissatisfied with the general performance of the Chinese President Jiang Zemin?

	Very Dissatisfied	Somewhat dissatisfied	Somewhat Satisfied	Very Satisfied	Don't Know
July 98	2	6	70	9	14
Oct 98	--	10	66	7	16
Apr 99	2	9	61	7	21
July 99	1	10	57	9	23
Nov 99	2	11	63	7	18
Apr 00	3	11	62	5	18
Aug 00	3	9	58	5	24
Nov 00	7	19	53	6	15
Apr 01	4	16	53	5	23
July 01	2	14	62	6	15
Nov 01	2	14	61	7	15
Apr 02	1	10	63	8	18

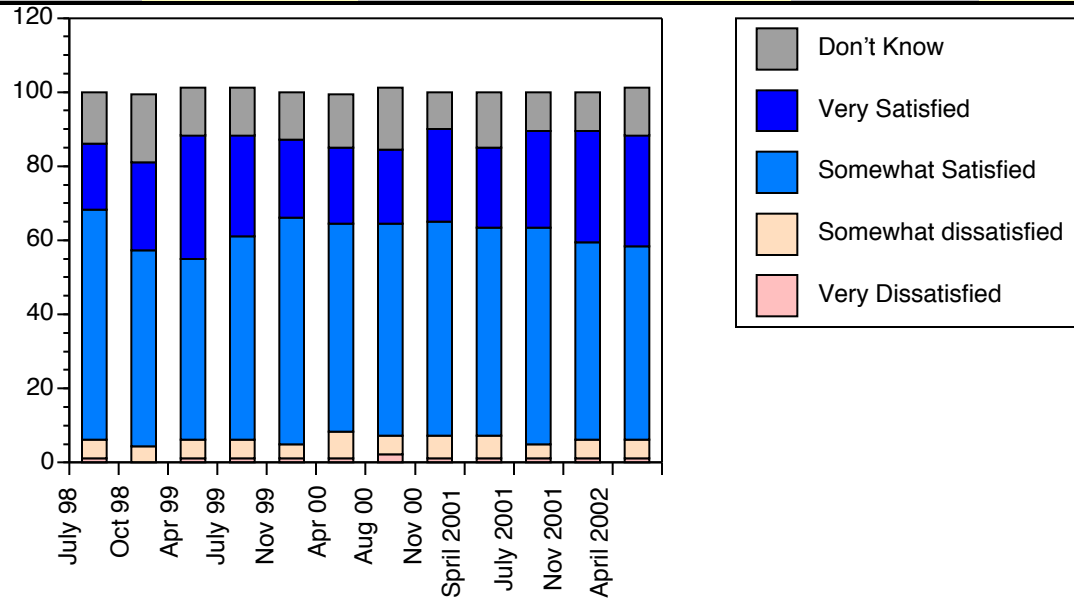
Chart: Collapsed Satisfaction/dissatisfaction with President Jiang Zemin



On the other hand, Premier Zhu Rongji has always commanded very high levels of satisfaction, never dropping below at least three out of four satisfied with his performance.

Table 31. Are you satisfied or dissatisfied with the general performance of the Chinese premier Zhu Rongji?

	Very Dissatisfied	Somewhat dissatisfied	Somewhat Satisfied	Very Satisfied	Don't Know
July 98	1	5	62	18	14
Oct 98	--	4	53	24	18
Apr 99	1	5	49	33	13
July 99	1	5	55	27	13
Nov 99	1	4	61	21	13
Apr 00	1	7	56	21	14
Aug 00	2	5	57	20	17
Nov 00	1	6	58	25	10
Apr 01	1	6	56	22	15
July 01	1	4	58	26	11
Nov 01	1	5	53	30	11
Apr 02	1	5	52	30	13



If Hong Kongers are so satisfied with the PRC Government and its leadership, why have they moved from accepting the SAR as a model for Taiwan (53% in 1997) to rejecting “one country, two systems” as suitable in 2001, with only 32% seeing it as suitable)?

Table 32 Hong Kong is a model for reunion with Taiwan (June 1997)

Strongly disbelieve	Disbelieve	No Opinion	Believe	Strongly believe
1	28	16	49	4

Table 33 Do you think the one country, two systems as being practiced in Hong Kong is suitable or unsuitable for applying to Taiwan? (July 2001)

Very unsuitable	Somewhat unsuitable	No opinion	Somewhat suitable	Very suitable
13	34	21	27	5

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The generally high levels of satisfaction with the performance of the PRC leaders and the PRC government over the first five years of the SAR are NOT visible when the leadership and performance of the SAR government are evaluated by respondents. In fact, satisfaction with the performance of the SAR government is now barely half what it was at the beginning of the SAR in 1997. The next section, “Hong Kong people ruling Hong Kong,” explores how Hong Kongers have evaluated the leaders and the governance system bestowed upon them in 1997. Reasons behind their rejection of the SAR’s “one country, two system” model as suitable for Taiwan rest in attitudes toward local, rather than national leadership, since they are largely happy with the conduct of the central government.

As the recent major reform of the executive system so much as admits, the first five years of the SAR were characterized by flaws and failures which the new “ministerial” system seeks to address and correct. These flaws and failures have done more to undermine “one country, two systems” as a model for Taiwan than anything the central government has done during the SAR’s lifetime.

Hong Kong People Ruling Hong Kong

This slogan came about because Hong Kongers distrusted the mainland to keep out of Hong Kong affairs. Their real fear was that mainland cadres would intervene in Hong Kong affairs and through corruption and misgovernment destroy that which made Hong Kong prosperous and stable. This fear was so strong that, as Table 34 shows, majorities rejected mainland sovereignty up until just six months before the handover.

Table 34 If you could control history and determine its outcome, which of the following arrangements of Hong Kong after 1997 would you choose?

	HK independence	British Colony	Commonwealth	Join China	Don't know
Feb 93	25	19	8	42	6
Aug 93	22	21	9	39	9
Feb 94	24	15	10	44	7
Aug 94	24	17	11	41	7
Feb 95	24	20	7	42	7
Aug 95	16	21	9	45	10
Feb 96	14	18	12	46	10
July 96	17	18	9	48	8
Dec 96	18	13	12	53	4
Feb 97	14	13	8	62	3
June 97	17	15	10	53	5

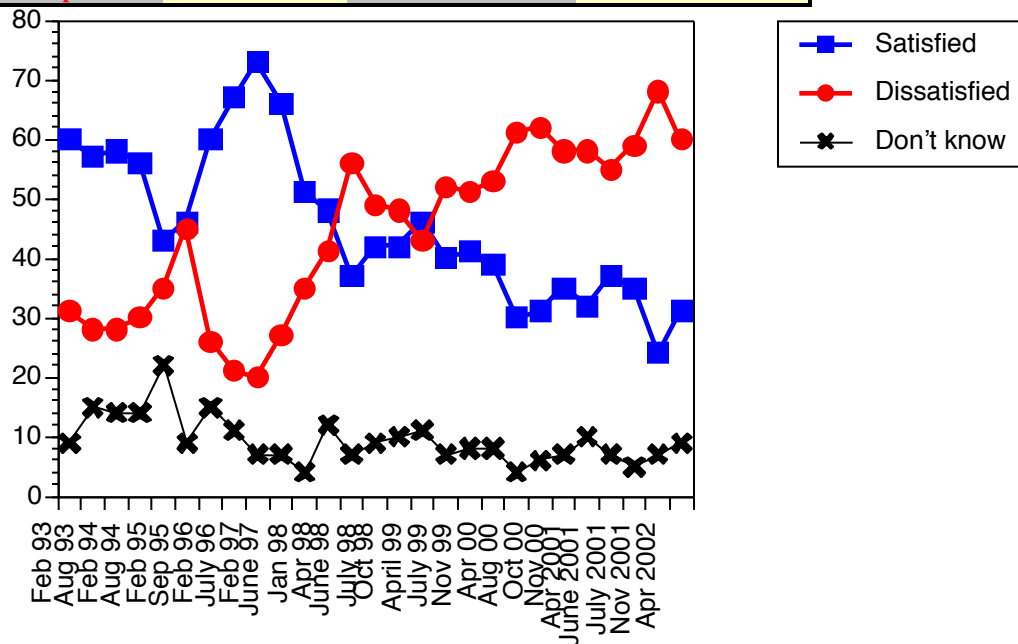
So the promise was made under Deng Xiaoping that Hong Kong people would have a high degree of autonomy from the central government and in effect, rule themselves. This promise had great effect because the colonial Hong Kong government had performed well. In the last month of its existence in June 1997, two thirds of Hong Kongers were satisfied with the performance of the colonial government. Barely two months before its fifth

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birthday, twice as many Hong Kongers were dissatisfied with the government's performance than satisfied, with only 31% satisfied and 60% dissatisfied.

Table 35 Are you currently satisfied or dissatisfied with the general performance of the HK Government?

	Satisfied	Dissatisfied	Don't know
Feb 93	60	31	9
Aug 93	57	28	15
Feb 94	58	28	14
Aug 94	56	30	14
Feb 95	43	35	22
Sep 95	46	45	9
Feb 96	60	26	15
July 96	67	21	11
Feb 97	73	20	7
June 97	66	27	7
Jan 98	51	35	4
Apr 98	48	41	12
June 98	37	56	7
July 98	42	49	9
Oct 98	42	48	10
April 99	46	43	11
July 99	40	52	7
Nov 99	41	51	8
Apr 00	39	53	8
Aug 00	30	61	4
Oct 00	31	62	6
Nov 00	35	58	7
Apr 01	32	58	10
June 01	37	55	7
July 01	35	59	5
Nov 01	24	68	7
Apr 02	31	60	9



A majority of those who are optimistic about Hong Kong's future as a part of China are satisfied with the performance of the government (53%), but the pessimistic about the future show 82% dissatisfied, with one in four very dissatisfied with its performance. Clearly,

views toward local government performance are more determinative of optimism about Hong Kong's future than views toward the central government.

Table 36 Satisfaction w HK gov performance by Optimism on HK future

	Optimistic	Neither	Pessimistic	total
Very dissatisfied	4	9	26	14
Somewhat dissatisfied	34	45	56	46
Somewhat satisfied	50	33	14	30
Very satisfied	3	--	--	1
DK	9	13	4	9
total	100	100	100	100

table contents: Percent of Column Total
Chi-square = 126.1 with 8 df $p \leq 0.0001$

The intensity of dissatisfaction with the performance of the government has lessened between November 2001 and April 2002, more due to the budget proposals made in late March by Financial Secretary Antony Leung than to the uncontested reelection of the Chief Executive. As seen below, the proportion of people happy with Tung's reelection has not changed from those who wanted him reelected in the November survey (16%). The budget address contained significant concessions intended to lessen stress due to the continuing economic downturn.

Table 37 Satisfaction with performance of government by Age group (Nov 2001)

	18-19	20-29	30-39	40-49	50-59	60-69	70-83	total
Very dissatisfied	12	22	22	25	26	14	22	22
Somewhat dissatisfied	42	52	49	50	34	33	30	46
Somewhat satisfied	37	19	23	20	27	29	35	24
Very satisfied	0	0	1	1	2	4	0	1
Don't know	10	7	5	4	11	20	13	8
total	100	100	100	100	100	100	100	100

table contents: Percent of Column Total N = 715
Chi-square = 50.85 with 24 df $p = 0.0011$

Table 38 Satisfaction with performance of government by Age group (April 2002)

	18-19	20-29	30-39	40-49	50-59	60-69	70-83	total
Very dissatisfied	2	13	17	14	18	11	16	14
Somewhat dissatisfied	39	49	45	52	47	41	16	46
Somewhat satisfied	44	32	33	25	26	26	48	31
Very satisfied	0	1	0	1	5	2	0	1
Don't know	15	6	6	9	3	20	20	9
total	100	100	100	100	100	100	100	100

table contents: Percent of Column Total
Chi-square = 64.50 with 24 df $p \leq 0.0001$

Neither educational attainment, marital status, nor having children makes any significant difference in satisfaction with government performance. As might be expected if performance of the government is being evaluated in terms of its effects on one's work and source of income, occupation shows differences. And, if the efforts to help businesses cope

with the downturn have been the most significant factor behind the overall improvement in satisfaction with the government's performance since November, those categories most affected by the budget concessions should register the most change in April. This turns out to be the case, with managers, the unemployed and others whose employment hinges on the most affected businesses, associate professionals, clerks and service and sales, all showing significant rises in April. Students, educators, retirees and housewives show little to no change, since most budget concessions did not affect them.

Table 39 Satisfaction with performance of government by Occupation (Nov 2001)

	Very dissatisfied	Somewhat dissatisfied	Somewhat satisfied	Very satisfied	Don't know	total
Managers/admin	26	63	6	0	6	100
Professionals	25	45	25	2	4	100
Assoc. professionals	36	42	17	0	5	100
Clerks	14	53	17	4	13	100
Service/sales	24	44	29	0	3	100
Agricul/fish craft & elementary	15	60	19	0	6	100
Machine operators	20	44	24	2	11	100
Housewives	20	47	26	0	7	100
Retirees	20	28	35	3	13	100
Unemployed	33	37	19	0	12	100
Students	8	48	38	0	7	100
Educators	26	47	21	0	5	100
Others	32	40	23	0	4	100
total	22	46	24	1	7	100

table contents: Percent of Row Total

Chi-square = 75.87 with 48 df p = 0.0063

Table 40 Satisfaction with performance of government by Occupation (April 2002)

	Very dissatisfied	Somewhat dissatisfied	Somewhat satisfied	Very satisfied	Don't know	total
Managers/admin	25	39	30	0	6	100
Professionals	15	48	27	3	6	100
Assoc. professionals	14	52	29	0	5	100
Clerks	10	49	32	0	10	100
Service/sales	15	44	39	2	2	100
Agricul/fish craft	14	54	25	0	7	100
Machine operators	29	32	24	8	8	100
Elementary occupation	11	40	31	0	17	100
Housewives	9	56	26	0	9	100
Retirees	13	35	35	0	17	100
Unemployed	18	40	31	2	10	100
Students	3	47	37	1	11	100
Educators	14	61	21	0	4	100
other	16	48	28	0	8	100

table contents: Percent of Row Total

Chi-square = 76.17 with 52 df p = 0.0161

Support or opposition to direct election of the Chief Executive is not a function of satisfaction or dissatisfaction with the performance of the government, since levels of satisfaction with performance of government are clearly associated with occupation, but support or opposition to direct election of the CE is just as clearly not, as the tables below demonstrate. Apparently, satisfaction or dissatisfaction with the performance of this Chief Executive, Tung Chee-hwa, determines or at least strongly influences respondent's support or opposition to direct election of any Chief Executive. The survey conducted in April 2002 indicates that public support for direct election of the Chief Executive is high (62%) with 20% opposed.

Table 41 Do you support or oppose direct election of the Chief Executive?

Group	Count	%
Strongly support	194	26
Support	277	37
Neutral	86	12
Oppose	129	17
Strongly oppose	24	3
DK	36	5

N = 746 April 2002

Opposition and support for direct election of the Chief Executive varies considerably by age group, with those in their 60s and in their teens most opposed (31% of 18-19 year olds and 28% of 60s).

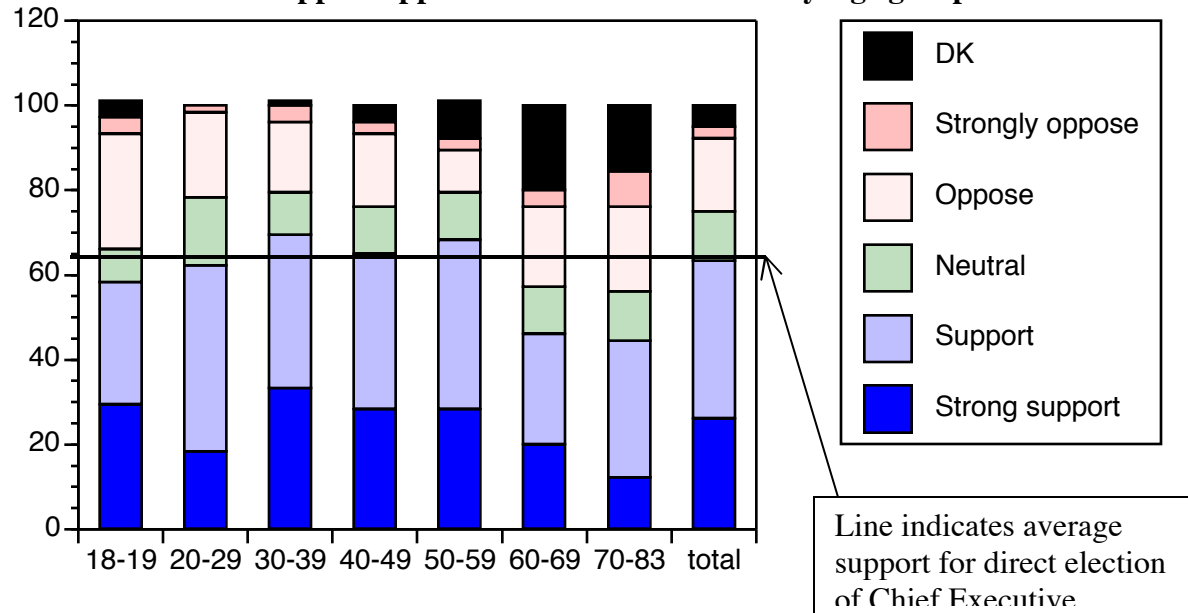
Table 42 Support/oppose CE Direct election by Age

	Strong support	Support	Neutral	Oppose	Strongly oppose	DK	total
18-19	29	29	8	27	4	4	100
20-29	18	44	16	20	2	0	100
30-39	33	36	10	17	4	1	100
40-49	28	37	11	17	3	4	100
50-59	28	40	11	10	3	9	100
60-69	20	26	11	19	4	20	100
70-83	12	32	12	20	8	16	100
sample	26	37	12	17	3	5	100

table contents: Percent of Row Total April 2002

Chi-square = 75.00 with 30 df p ≤ 0.0001

Chart of Table 42 Support/oppose Direct Election of CE by Age group



While there is no association between occupation and support or opposition to the direct election of the Chief Executive, there are interesting differences between occupational categories as Table 43 shows. However, age and educational level are more associated than occupation with support or opposition to direct election of Chief Executives.

Table 43 Support/opposition to DE of CE by occupation*

	Strong support	Support	Neutral	Oppose	total
Managers/Administrators	38	29	11	23	100
Professionals	32	36	11	21	100
Associate professionals	33	62	5	0	100
Clerks and secretaries	22	43	15	19	100
Service and sales	26	36	16	21	100
Ag & fish/craft workers	19	41	7	33	100
Plant & machine operators	27	38	19	16	100
Elementary occupations	29	36	16	19	100
Housewife	20	46	9	24	100
Retired	20	38	14	28	100
Unemployed	26	35	17	22	100
Student	32	38	9	22	100
Educator	36	43	4	18	100
Other	33	33	13	21	100
total	27	39	12	22	100

table contents: Percent of Row Total April 2002

Chi-square = 34.50 with 39 df p = 0.6752* No significant association

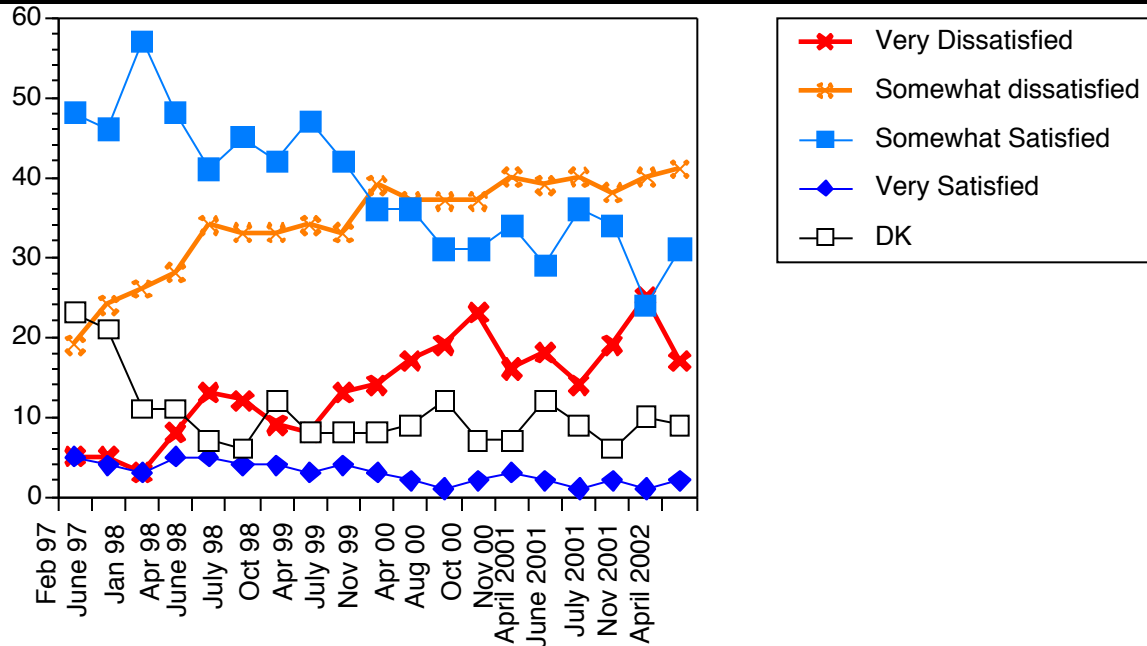
While satisfaction with Tung's performance hit 33% in April 2002, opposition to direct election of the Chief Executive is only 20%. However, the neutrals on direct election, 12%, might make up the gap. The November 2001 Hong Kong Transition Project report indicated

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that neutrals on his reelection bid tend to be satisfied with things as they are, and more supportive of the government and the Chief Executive. (See Nov report).

Table 44 Are you satisfied or dissatisfied with performance of C. E. Tung?

	Very Dissatisfied	Somewhat dissatisfied	Somewhat Satisfied	Very Satisfied	DK
Feb 97	5	19	48	5	23
June 97	5	24	46	4	21
Jan 98	3	26	57	3	11
Apr 98	8	28	48	5	11
June 98	13	34	41	5	7
July 98	12	33	45	4	6
Oct 98	9	33	42	4	12
Apr 99	8	34	47	3	8
July 99	13	33	42	4	8
Nov 99	14	39	36	3	8
Apr 00	17	37	36	2	9
Aug 00	19	37	31	1	12
Oct 00	23	37	31	2	7
Nov 00	16	40	34	3	7
Apr 01	18	39	29	2	12
June 01	14	40	36	1	9
July 01	19	38	34	2	6
Nov 01	25	40	24	1	10
Apr 02	17	41	31	2	9



The assumption is that people satisfied with the Chief Executive would also defend the nature of his election and re-election (by a very unrepresentative group of 800). Dissatisfaction is at 58% while support for direct election of the CE is at 63%, so there is

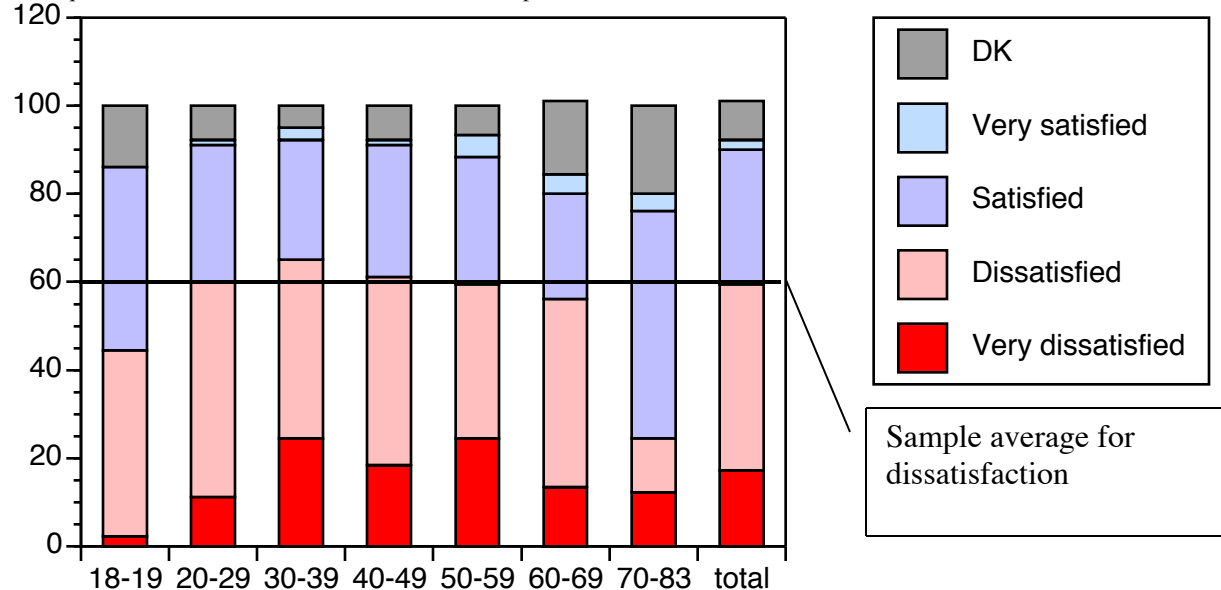
obviously some association of positions on this CE's performance and on positions taken regarding direct elections of any CE. This can be seen in Table 45, with those in their 60s and 70s and teens more satisfied with the CE's performance than other age groups. These are the same groups which are less likely to support direct election of the CE, as Table 42 above showed.

Table 45 Satisfaction with the performance of CE Tung by Age

	18-19	20-29	30-39	40-49	50-59	60-69	70-83	total
Very dissatisfied	2	11	24	18	24	13	12	17
Dissatisfied	42	49	41	43	35	43	12	42
Satisfied	42	31	27	30	29	24	52	31
Very satisfied	0	1	3	1	5	4	4	2
DK	14	8	5	8	7	17	20	9
total	100	100	100	100	100	100	100	100

table contents: Percent of Column Total

Chi-square = 55.91 with 24 df p = 0.0002



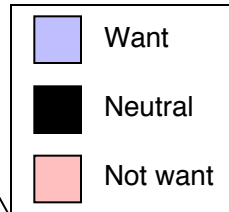
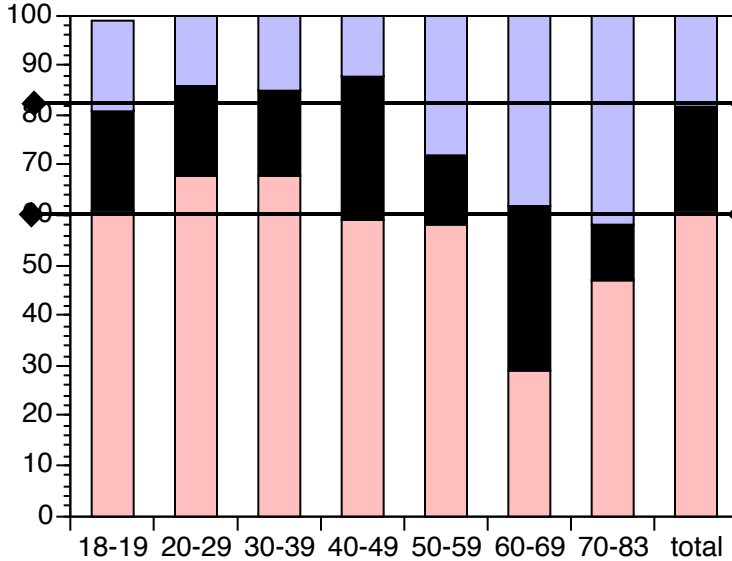
The same age group differences can be seen in those who wanted to see Tung Chee-hwa run for a second term and those who did not in the November 2001 survey, as shown in Table 46 below.

In the April 2002 survey we asked people if they were happy or not to see Tung Chee-hwa elected for a second term, and also to agree or disagree to a list of reasons why they were happy, unhappy, or neutral on his second term. The distributions among age groups of those who were happy to see Tung reelected as determined from the April 2002 respondents varies dramatically, with 7% of those in their teens happy to see Tung reelected versus 48% of those in their 70s and up.

Table 46 Want/Not want a second Tung term by age groups (Nov 2001)

	18-19	20-29	30-39	40-49	50-59	60-69	70-83	total
Not want	61	68	68	59	58	29	47	61
Neutral	20	18	18	29	15	33	11	21
Want	18	14	15	12	28	38	42	18
total	100	100	100	100	100	100	100	100

table contents: Percent of Column Total N = 657
 Chi-square = 47.29 with 12 df p ≤ 0.0001



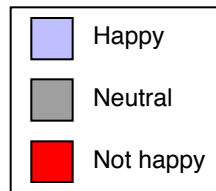
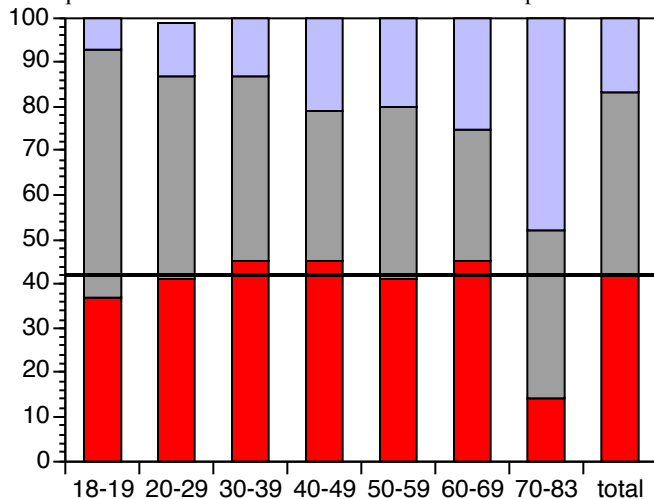
Lines indicate average of support or opposition for whole sample. Want levels below the line show above average support. Not want levels above the line show above average opposition to a second term.

Total bar shows proportions of whole sample.

Table 47 Were you happy or unhappy to see Tung elected for a second term by Age

	18-19	20-29	30-39	40-49	50-59	60-69	70-83	total
Not happy	37	41	45	45	41	45	14	42
Neutral	57	47	42	35	39	31	38	41
Happy	7	12	13	21	20	25	48	17
total	100	100	100	100	100	100	100	100

table contents: Percent of Column Total
 Chi-square = 33.40 with 12 df p = 0.0008



Sample average for unhappy with second term

Those unhappy to see Tung Chee-hwa reelected (42% of sample once Don't Knows were dropped) agreed or disagreed with the following list of reasons.

Table 48 What explains your unhappiness with second term? Agree or disagree:

	Agree	disagree	makes no difference	DK
Tung has done a poor job	84	12	2	2
Tung lacks political skills	81	10	1	7
Tung cares only for rich	73	20	2	4
Tung is pro-Beijing	64	21	11	4
Tung involves Beijing in HK affairs	63	24	5	7
Current problems are Tung's fault	60	32	5	3
Tung ties HK too close to mainland	56	31	6	6
Tung will do worse in second term	53	24	9	14

As Table 48 shows, incompetence and a felt bias toward the rich outweighs by large margins being pro-Beijing or involving Beijing in Hong Kong affairs. There are only bare majorities of those unhappy with a second term who agree they are unhappy with Tung Chee-hwa for tying Hong Kong too closely to the mainland. Those who are happy with Tung's reelection, however, do tend to be happy about his reelection because of Beijing related reasons. 93% are happy with his reelection because he has Beijing's trust and 89% because his good relations with mainland officials will benefit Hong Kong. Not even a majority agree he cares for people like them, and only 61% agree they are happy with reelection because he has done a good job, though 97% agree he is doing his best.

Table 49 What explains your happiness with second term? Agree or disagree:

	Agree	disagree	makes no difference	DK
Tung is doing his best	97	2	--	1
Tung has Beijing's trust	93	3	2	2
Tung has good relations with mainland officials which will benefit HK	89	8	1	4
Tung will do better in second term	79	10	3	8
Tung is patriotic	77	11	8	4
Current problems are not Tung's fault	76	16	3	4
Tung will keep Beijing out of HK's affairs	75	14	8	3
No better choice available	69	14	5	11
Tung has done a good job	61	21	14	4
Tung cares for people like me	47	35	9	8

The neutrals on a second term, 41% of the respondents, agreed/disagreed with a list of reasons for their neutrality on a second term. Most agreed they were neutral due to Tung's lackluster performance. About two thirds felt the current election system was fixed to favor certain candidates and they didn't know enough about politics, while 62% felt their views would make no difference anyway. A majority disagreed that politics didn't affect them, and more disagree than agreed it made no difference who was CE.

Table 50 What explains your neutral choice on a second term? Agree or disagree:

	Agree	disagree	makes no difference	DK
Tung's so so performance	84	10	1	5
Current election system fixed to favor certain candidates	69	17	3	11
Don't know enough about politics	67	24	4	5
My views will make no difference	62	23	9	6
Beijing would not accept CE I want	57	20	7	16
Business people & Beijing will run HK affairs regardless of who is CE	51	34	5	9
Satisfied with things as they are	46	41	4	8
Makes no difference who is CE	43	47	6	4
Politics doesn't affect me	39	50	7	5

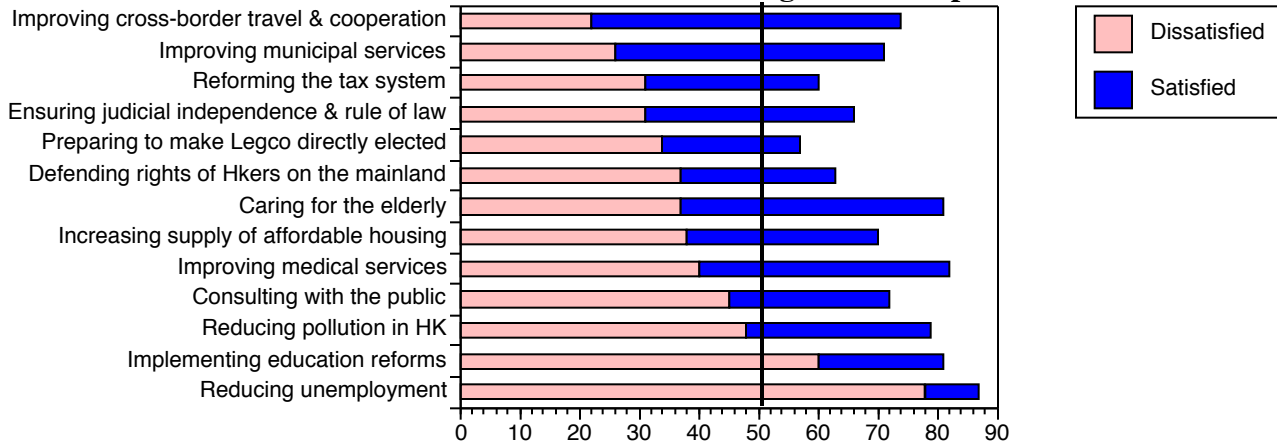
From these responses the suppositions that Hong Kong people don't pay attention to politics and don't care about politics or government because they don't see its relevance must be rejected. We test these assumptions that most don't monitor government actions in terms of satisfaction and dissatisfaction with performance on specific issues.

Table 51 How satisfied or dissatisfied are you with the performance of the government on:

	Satisfied	Dissatisfied	Neutral	DK
Reducing unemployment	9	78	9	4
Implementing education reforms	21	60	15	7
Reducing pollution in HK	31	48	16	5
Consulting with the public	27	45	18	10
Improving medical services	42	40	12	6
Increasing supply of affordable housing	32	38	18	12
Caring for the elderly	44	37	14	5
Defending rights of Hkers working & investing on the mainland	26	37	18	19
Preparing to make all Legco seats directly elected	23	34	21	22
Ensuring judicial independence & rule of law	35	31	18	16
Reforming the tax system	29	31	27	12
Improving municipal services	45	26	19	9
Improving cross-border travel & cooperation	52	22	17	9

Majorities are dissatisfied with government performance on only two things, reducing unemployment and implementing education reforms, with a near majority, 48%, unhappy with pollution reduction efforts. While only one issue, improving cross border travel and cooperation shows a majority satisfied, only reforming the tax system, preparing to make all Legco seats directly elected, and defending rights of Hong Kongers living and working on the mainland show more people dissatisfied than satisfied with government performance.

Chart: Table 51 Ranked order dissatisfaction with government performance on:



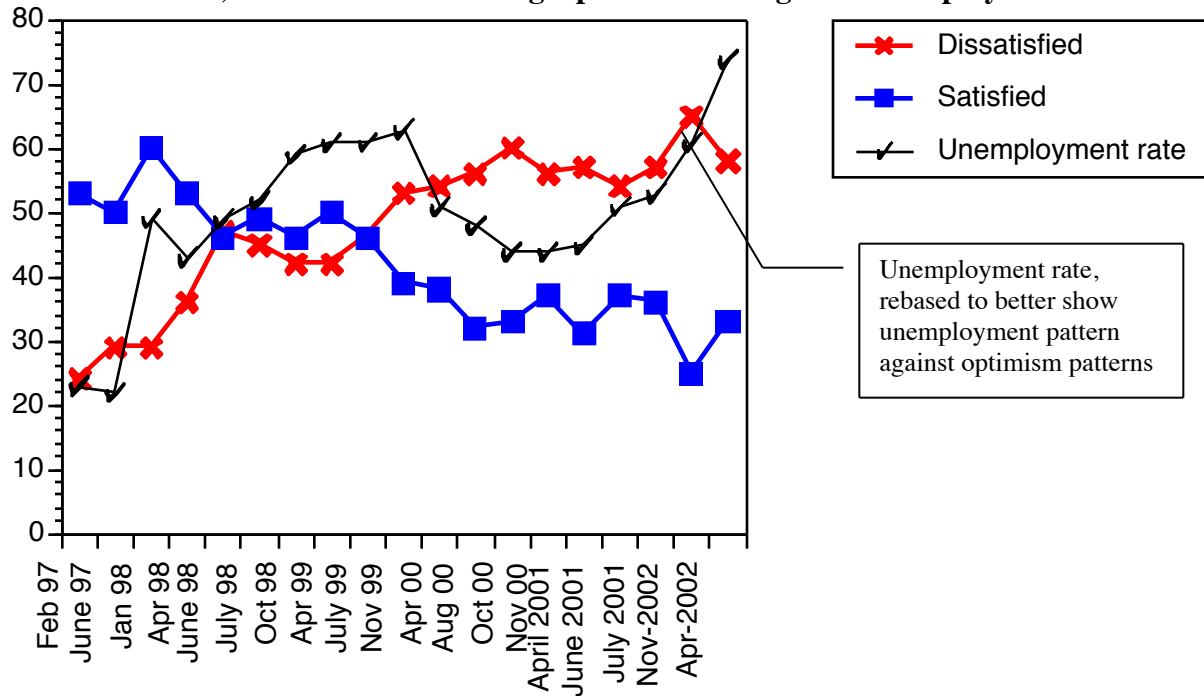
The performance of the government on reducing unemployment is by far the issue which seems to generate the most dissatisfaction. In Table 53 and the chart on the next page we test and illustrate the association or lack thereof between dissatisfaction with government performance on reducing unemployment and dissatisfaction with the performance of Tung Chee-hwa.

The chart shows the trend line changes in satisfaction and dissatisfaction with the performance of the Chief Executive since February 1997, shortly after he was elected as the first Chief Executive. We also list the unemployment rate, and then multiply the rate by a factor of 10 on the chart to rebase the numbers so the patterns of unemployment will show more clearly against the trends in satisfaction and dissatisfaction.

Table 52 Are you satisfied or dissatisfied with performance of CE Tung?

	Dissatisfied	Satisfied	Unemployment rate
Feb 97	24	53	2.3 (rate multiplied by 10 in chart
June 97	29	50	2.2 below to more clearly show
Jan 98	29	60	4.9 pattern changes)
Apr 98	36	53	4.3
June 98	47	46	4.9
July 98	45	49	5.2
Oct 98	42	46	5.9
Apr 99	42	50	6.1
July 99	46	46	6.1
Nov 99	53	39	6.3
Apr 00	54	38	5.1
Aug 00	56	32	4.8
Oct 00	60	33	4.4
Nov 00	56	37	4.4
Apr 01	57	31	4.5
June 01	54	37	5.1
July 01	57	36	5.3
Nov 01	65	25	6.1
Apr 02	58	33	7.4

Chart Table 52, Satisfaction with Tung's performance against unemployment rate



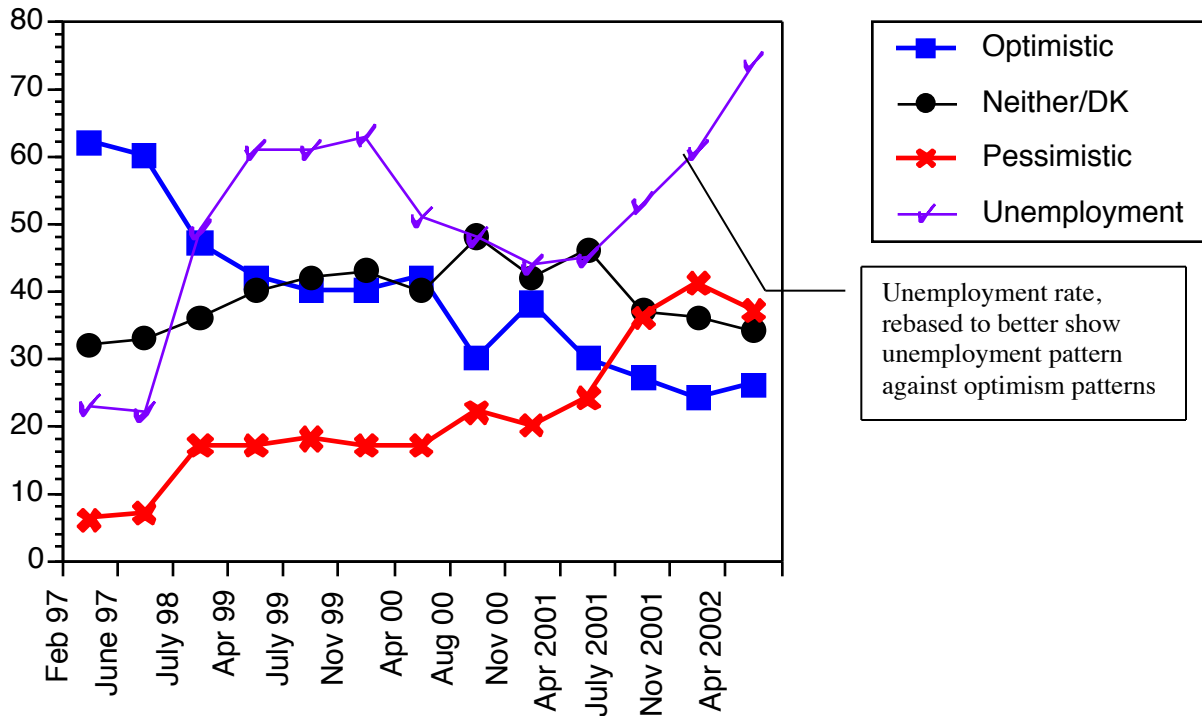
The chart shows that there is indeed some relationship between rises in unemployment and rises in dissatisfaction, but the relationship is weaker than might be expected, and weaker than has been argued by the Chief Executive and his defenders. Dissatisfaction, for example, remained high during 2000, even while unemployment was falling substantially, from 6.3 down to 4.4% and even while unemployment shot to historic highs of 7.4% in April 2002, dissatisfaction actually fell.

The same test can be made against optimism or pessimism about Hong Kong's future. In Table 53 and the chart on the following page such a test is made. We use the same rebasing technique for the unemployment rate.

Table 53 Optimism about HK's future against unemployment rate

	Optimistic	Neither/DK	Pessimistic	Unemployment rate (nearest 3 mth av)
Feb 97	62	32	6	2.3 (rate multiplied by 10 in chart)
June 97	60	33	7	2.2 below to more clearly show
July 98	47	36	17	4.9 pattern changes)
Apr 99	42	40	17	6.1
July 99	40	42	18	6.1
Nov 99	40	43	17	6.3
Apr 00	42	40	17	5.1
Aug 00	30	48	22	4.8
Nov 00	38	42	20	4.4
Apr 2001	30	46	24	4.5
July 2001	27	37	36	5.3
Nov 2001	24	36	41	6.1
Apr 2002	26	34	37	7.4

Chart: Table 53 Optimism about HK's future against unemployment rate



The chart shows an even weaker association of unemployment with pessimism about Hong Kong's future than with dissatisfaction with the Chief Executive. Pessimism stayed flat while unemployment rose steeply in 1999, then, as unemployment dropped in 2000 pessimism began to rise, shooting up with rising unemployment in 2001, but showing the same disjunction as the previous chart between November 2001 and April 2002, with less pessimism even as unemployment rocketed.

If it is not dissatisfaction with government performance on specific issues, except for unemployment and implementing education reforms, which seems to drive the overall levels of dissatisfaction with the government, then could disagreement on policies be the source of disaffection?

Table 54 shows the results of 19 policy options the government has either discussed or proposed, or which have been raised by Legco members in their debates on government proposals and policies. Majorities support introducing the land border crossing tax (53%), setting a minimum wage (52%), reducing civil service salaries (52%) or reducing the number of civil servants (52%) and selling government holdings like the MTR and KCR (52%). Larger majorities support increasing pollution control and environmental protection fees and charges (60%), introducing government regulated soccer betting (and no doubt, other sports-related betting) also with 60% support. But the two most supported policies are one dear to Mr. Tung's heart, developing Hong Kong further as a logistics hub (68%) and most support of all to one proposal NOT so dear to his heart, making all Legco seats directly elected (69% support). The same high level of opposition, 69%, can be seen against increasing fees and

charges of social services and not far off, opposition to increasing salaries taxes and introducing a goods and services, or sales, tax (58% opposed each).

Table 54 Would you support or oppose the SAR gov to adopt the following policies:

	Strongly support	support	neutral	oppose	Strongly oppose	DK
Increase fees & charges of social services	1	18	9	60	9	4
Increase salaries tax	--	21	14	52	6	8
Introduce goods & services taxes	1	22	11	47	11	8
Privatize government services	3	30	15	39	5	9
Increase fees & charges of commercial services	1	35	14	41	3	5
Introduce mandatory medical ins.	2	41	12	35	3	7
Increase profits tax	2	42	12	33	3	8
Introduce land border crossing tax	4	49	10	27	4	5
Bring public sector pay scales in line with private sector pay	4	45	12	28	1	10
Set a minimum wage	12	40	14	24	4	6
Allow property prices to fall	5	42	17	25	3	8
Reduce civil service salaries	4	48	16	23	3	6
Increase pollution-control and environmental protection fees	5	55	9	24	2	5
Sell government holdings (MTR)	2	50	12	22	3	12
Introduce government-regulated soccer betting	7	53	8	21	4	6
Reduce number of civil servants	3	49	17	22	2	7
Sell more land	1	49	18	22	1	9
Make all seats in Legco directly elected	11	58	8	13	1	9
Develop logistics hub	5	63	9	5	1	17

If government regulated soccer betting was used to lower the budget deficit, even more would support it, 65%, with 21% strongly supporting it, up from 7% strong support if it were introduced without specific reasons. Opposition drops only a little, from 25% down to 22% if the proceeds from legalized betting reduced the deficit. This shows that most supporters of the sports gambling crackdown are not swayed by fiscal arguments. Ten proposals are supported while only three are opposed by majorities.

Overall, 68% support replacing Legco functional constituencies with direct elections while 18% oppose and 14% replied don't know. Sentiment on further democratization is clear. Hong Kong people fully support it, even if their Chief Executive does not. But it appears the issue of support or opposition to direct election of the CE is disassociated by most people from the direct election of all Legco seats issue and from the performance of the government in making those preparations. This may change as the 2004 elections and 2007 decision on the way forward in Legco approaches.

We asked respondents the question in Table 56 to see if people connected the fair or unfair assessment of taxes with the direct election of the Chief Executive. Recall that respondents both happy and unhappy with the CE's reelection did regard him as more favorable to the rich than to people like them. (See above.) Table 55 lists perceptions about current tax rates.

Table 55 Which HK taxes do you think are too high, too low, or about right?

	Too high	somewhat high	about right	somewhat low	very low	DK
Fuel duty	14	26	36	3	2	19
Rates	10	14	62	1	1	12
User fees	8	18	56	5	1	13
Import duties on cars, wine, tobacco	7	14	46	10	2	21
Stamp duty on property sales	5	14	49	6	1	26
Salary taxes	5	12	62	5	1	14
Profit tax	3	7	53	12	5	20
Betting duties	2	6	43	19	5	24

Besides fuel duty there is very little feeling that taxes are too high. And besides betting taxes, no doubt from those who would like to tax betting out of existence, there is little feeling taxes are too low. Nevertheless, 50% think direct election of the CE would help make tax assessments fairer. Only 11% think direct election would make taxes less fair.

Table 56 Would direct election of the Chief Executive help make the assessment of taxes fairer or less fair?

Group	Count	%
Much fairer	74	10
Fairer	298	40
Stay same	134	18
Less fair	70	9
Much less fair	15	2
DK	155	21

This question tests the hypothesis that a popularly elected CE would pander to populist sentiments and tax the rich. Of those who strongly support direct election of the CE (DE/CE), 18% think DE/CE would make tax assessments much fairer while only 6% of those who oppose DE/CE think the same. A mere 3% of neutrals on DE/CE think DE/CE would make tax assessments much fairer. While just 7% of strong DE/CE supporters think DE/CE would make tax assessments less fair and much less fair, 29% of DE/CE opponents think DE/CE would make tax assessments less fair and much less fair.

Table 57 Fairness of tax assessments by support/opposition to DE/CE

	Strongly support	Support	Neutral	Oppose	total
Much fairer	18	8	3	6	10
Fairer	50	48	23	29	42
Stay same	11	19	36	16	18
Less fair	5	5	8	26	10
Much less fair	2	1	2	3	2
DK	16	19	27	20	19
total	100	100	100	100	100

table contents: Percent of Column Total N = 710

Chi-square = 118.7 with 15 df $p \leq 0.0001$

Table 58 below shows the results of the DE/CE on fairness of tax assessment question cross-tabbed against occupational categories. All categories show more convinced that direct election of the CE would make taxes fairer than less fair, most categories by large margins.

Table 58 DE of CE make tax assessments fairer by Occupation

	Fairer	Stay same	Less fair	DK	total
Managers/Administrators	46	22	16	15	100
Professionals	50	19	11	19	100
Associate professionals	62	38	0	0	100
Clerks and secretaries	63	15	13	10	100
Service and sales	47	24	10	19	100
Ag & fish/craft workers	54	11	21	14	100
Plant & machine operators	45	16	21	18	100
Elementary occupations	49	17	6	29	100
Housewife	50	14	10	26	100
Retired	35	13	7	45	100
Unemployed	44	13	11	32	100
Student	66	20	10	4	100
Educator	50	21	11	18	100
Other	32	24	12	32	100

table contents Percent of Row Total

Chi-square = 80.20 with 39 df p = 0.0001

Table 59 looks at areas of government expenditure to find out if respondents believe there are some which are substantially under funded or over funded. The only area which gets even one in four convinced it is over funded is CSSA. Most would increase funding in almost all areas except CSSA, recreation and culture, and public housing subsidies.

Table 59 Which of these areas of government expenditure would you cut or increase spending? (ranked in order of responses to increase)

	Greatly increase	increase	No change	Cut	Large cut	DK
Environmental protection	5	67	18	2	-	7
Primary & secondary education	6	64	21	3	-	6
Hi-tech subsidies	3	66	15	6	-	7
Crime fighting	5	61	25	1	-	7
University education	6	57	23	5	-	8
Continuing ed/job retraining	5	59	21	6	1	7
Food safety & public hygiene	4	56	29	3	-	8
Medical services	4	55	28	6	-	7
Infrastructure (roads, rail, etc)	3	52	24	11	1	9
Recreation/culture	1	44	40	5	-	9
Public subsidized housing	2	40	34	15	1	9
CSSA (social security/welfare)	1	31	32	23	3	10

Chart Table 59 Areas of expenditure to cut or increase spending

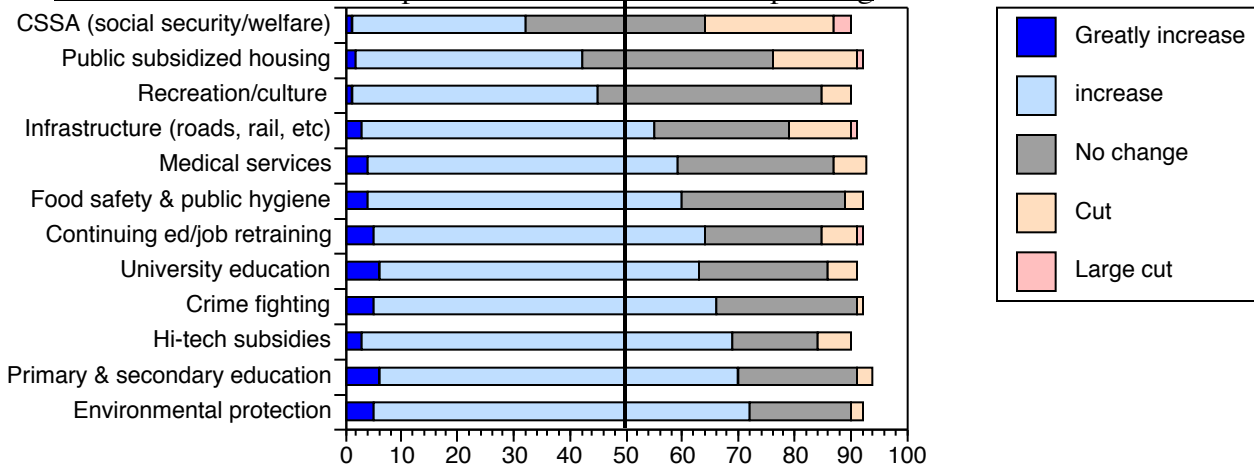


Table 60 shows that when it comes to increases or cuts in taxes, many people believe Legco has little influence over the matter, with 50% saying very small amount to none.

Table 60 How much influence does Legco have on taxes?

Great deal	fair amount	very little	none	DK
13	23	32	18	14

However, if all Legco seats were directly elected, 48% feel that influence would increase, with only 9% thinking it would decrease due to direct elections.

Table 61 If all Legco seats were directly elected, would that influence increase, decrease, or stay the same?

Greatly increase	increase	stay same	decrease	greatly decrease	DK
5	43	29	7	2	14

Even more believe that direct election of all Legco seats would help make the assessment of taxes fairer. In terms of looking at the leadership of Tung Chee-hwa and the Hong Kong government as a whole in relation to fundamentals such as taxes and expenditures, clearly many feel that reforms to the political system would help, rather than hurt.

Table 62 Would direct election of all Legco seats help make the assessment of taxes fairer or less fair?

Much fairer	fairer	stay same	less fair	much less fair	DK
10	45	16	8	2	20

Table 63 shows the trend responses on dissatisfaction with the top four SAR leaders over the past five years. As the area chart of Table 63 shows, overall levels of dissatisfaction with the top four officials have dropped from November 2001, but cumulative dissatisfaction with the top officials remains above the average in the first four years of the SAR.

Table 63 Dissatisfaction with performance of top 4 HKSAR leaders

	Jan 98	Apr 98	June 98	Oct 98	Apr 99	July 99	Nov 99	Apr 00	Aug 00	Nov 00	Apr 01	Jun 01	July 01	Nov 01	Apr 02
Tung	29	36	47	42	42	46	53	54	56	56	57	54	57	65	59
Chan		8	19	16	11	14	23	18	16	15	6				
Tsang		16	38	23	12	14	18	16	11	12	8	10	12	27	20
A. Leung												7	9	37	23
E. Leung		41	40	29	58	53	59	49	56	62	59	55	59	57	49

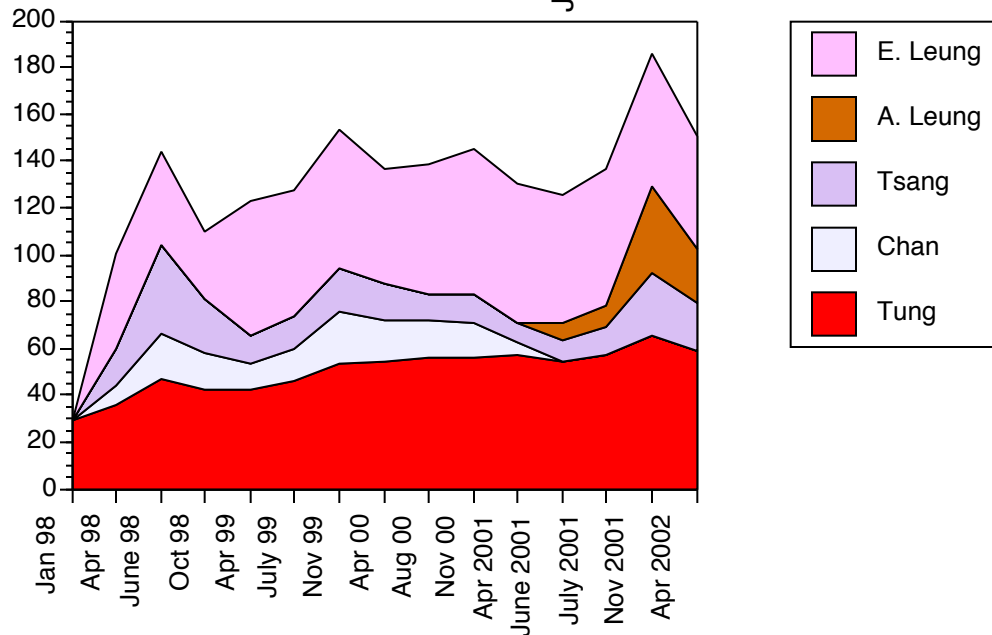
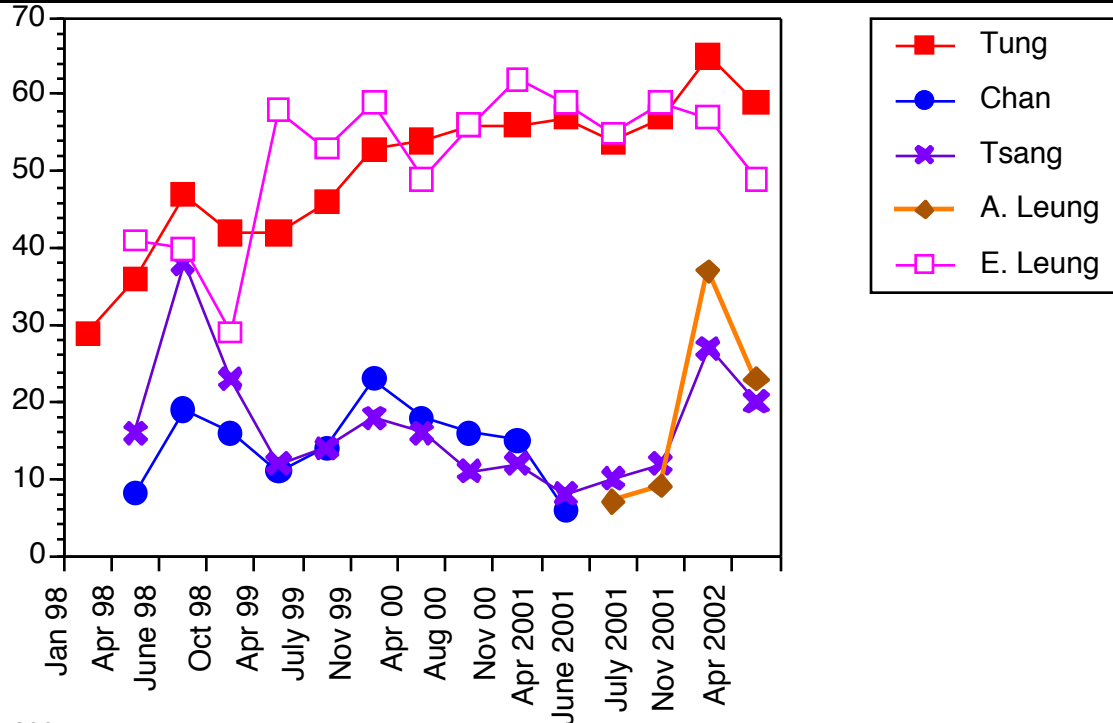
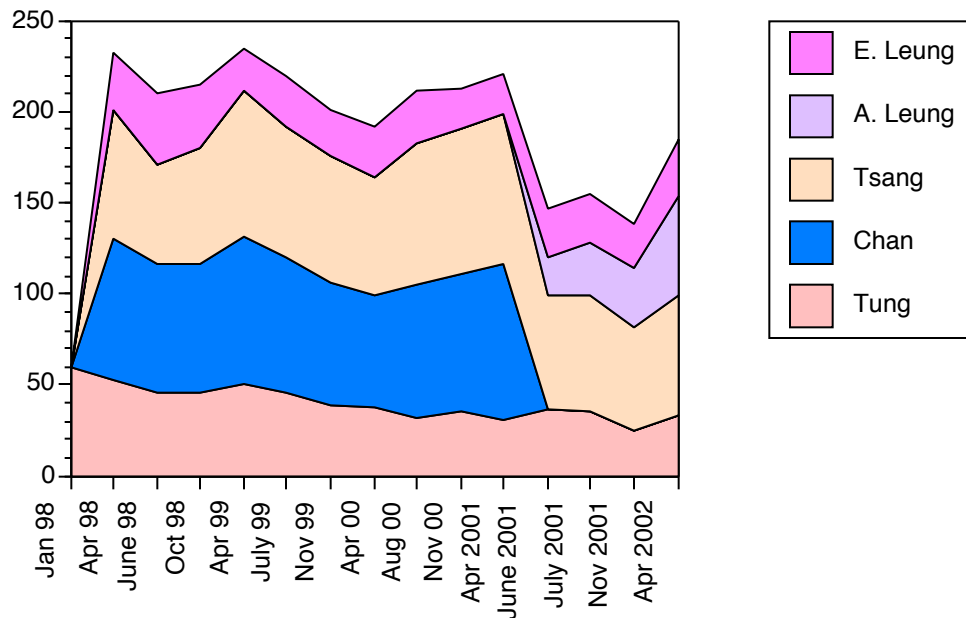
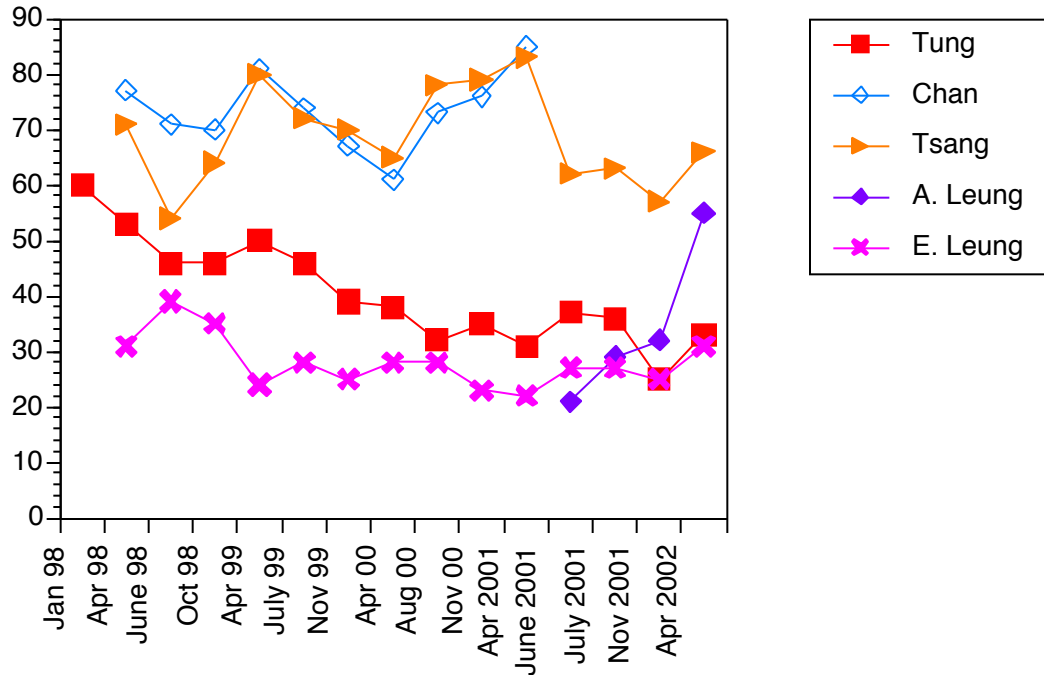


Table 64 below turns to trends in satisfaction with the top four officials, showing a sharp rise in satisfaction with Antony Leung's performance.

Table 64 Satisfaction with performance of top 4 HKSAR leaders

	Jan 98	Apr 98	June 98	Oct 98	Apr 99	July 99	Nov 99	Apr 00	Aug 00	Nov 00	Apr 01	Jun 01	July 01	Nov 01	Apr 02
Tung	60	53	46	46	50	46	39	38	32	35	31	37	36	25	33
Chan		77	71	70	81	74	67	61	73	76	85				
Tsang		71	54	64	80	72	70	65	78	79	83	62	63	57	66
A. Leung												21	29	32	55
E. Leung		31	39	35	24	28	25	28	28	23	22	27	27	25	31



Despite improvement, as the area chart above shows, cumulative satisfaction is as low now as during the first economic crisis in June 1998.

The new accountability or ministerial system which goes into effect on the fifth anniversary of the SAR has provoked quite a bit of discussion, at least at Legco and among the community, even if the government couldn't be bothered to conduct a regular consultation on the issue. The vast majority, 81%, claim to have heard about the new system as of mid-April when the survey was conducted. Only 16% had not heard.

Those who had heard of the proposals had the following views on various aspects.

Table 65 Do you approve or disapprove of the following (ranked by approval)

	Strongly approve	Approve	Disapprove	strongly disapprove	DK
Require Legco approval of appointees	12	65	14	1	8
Allow CE to dismiss minister for performance failure	17	54	17	3	10
Reduce and merge existing bureaus	6	63	14	3	15
Limit accountable ministers to same term of office as CE	4	61	17	2	17
Appoint accountable minister from private sector	4	52	26	3	16
Appoint ministers from political parties	1	47	32	4	16

Clearly, having Legco approve appointees was top of the list in terms of approval. It was the one thing NOT done by the Chief Executive. But all aspects had more support than opposition. Of those who had heard, asked about the effects on accountability to the public of the new system, there was strong distinction between responses of those in the civil service and public related areas like the MTR and KCR and Housing Authority and those in the private sector or out of the workforce.

Table 66 How do you think the proposed appointment system will affect government accountability to the public?

	Non-civil servants	Civil servants	total
Make gov less accountable	11	25	12
Make gov more accountable	38	38	38
No change	27	21	27
DK	24	17	23
total	100	100	100

table contents Percent of Column Total
Chi-square = 8.681 with 3 df p = 0.0338

Many civil servants are not convinced the changes will make government more accountable, more than twice as many as among the rest of the respondents. As this section of assessment of "Hong Kong people ruling Hong Kong" shows, those who are in the administrative arm of government face real challenges ahead. The same can be said for those who are in Legco

or who take a political leadership role as activists in the community, as the next section assessing “Hong Kong people ruling Hong Kong” shows.

Political leadership and participation in the SAR

The changing state of community leadership in the SAR can be seen in the following two tables which show, first in Table 67, satisfaction levels with the parties which won seats in the May 1998 election. (FTU and CTU not shown because they ran in partnership with the DAB and DP respectively). By 2002, as Table 68 shows, satisfaction levels had shifted significantly.

Table 67 How satisfied or dissatisfied are you with the following political parties? (July 1998)

	Very dissatisfied	Somewhat dissatisfied	Somewhat satisfied	Very satisfied	DK
Democratic Party led by Martin Lee	9	21	46	7	17
DAB led by Tsang Yok-sing	9	30	31	2	29
LP led by Allen Lee Peng-fei	10	28	32	2	28
Frontier led by Emily Lau	7	17	46	5	26
FTU led by Cheng Yiu Tong	3	18	36	3	39
HKPA led by Ambrose Lau	7	19	10	-	64
Citizens Party led by Christine Loh	3	14	44	2	37

Table 68 How satisfied or dissatisfied are you with the following political parties? (Apr 2002)

	Very dissatisfied	Somewhat dissatisfied	Somewhat satisfied	Very satisfied	DK
Democratic Party led by Martin Lee	12	27	28	1	32
DAB led by Tsang Yok-sing	6	25	31	1	37
LP led by James Tien	6	20	31	2	41
Frontier led by Emily Lau	9	24	26	3	37
CTU led by Lau Chin-shek	2	13	42	3	40
FTU led by Cheng Yiu Tong	2	18	32	2	46
HKPA led by Ambrose Lau	4	16	15	--	64
Citizens Party led by Alex Chan	2	13	14	1	70
HKADPL led by Fredrick Fung	1	10	39	2	48
New Century Forum led Ng Ching-fai	3	11	13	--	73

The charts of satisfaction/dissatisfaction with the Democratic Party and with the Democratic Alliance for the Betterment of Hong Kong illustrates that the Democratic Party lost substantially in terms of satisfaction with their performance since 1998. While the DAB has not gained in terms of satisfaction, its levels of dissatisfaction have dropped over the same time period. The Liberal Party has gone from 38% dissatisfied in 1998 to just 26% dissatisfied in 2002.

The new “governing coalition” of the DAB, FTU and Liberal Party commence their closer association with government at a level of satisfaction higher than that of 1998 or the same post-election period of 2000. Indeed, 23% chose the DAB as representing their interests best over 22% choosing the Democrats, while 10% saw both parties protecting their interests, 28% none and 18% didn’t know which of the two biggest parties might represent them best.

Chart: Satisfaction with Democrats, 1998 cf to 2002 (collapsed categories)

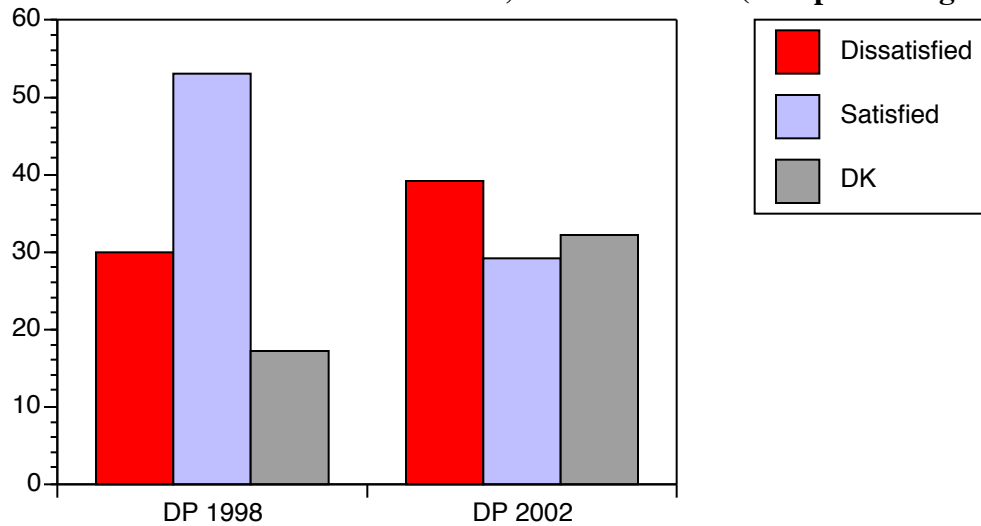
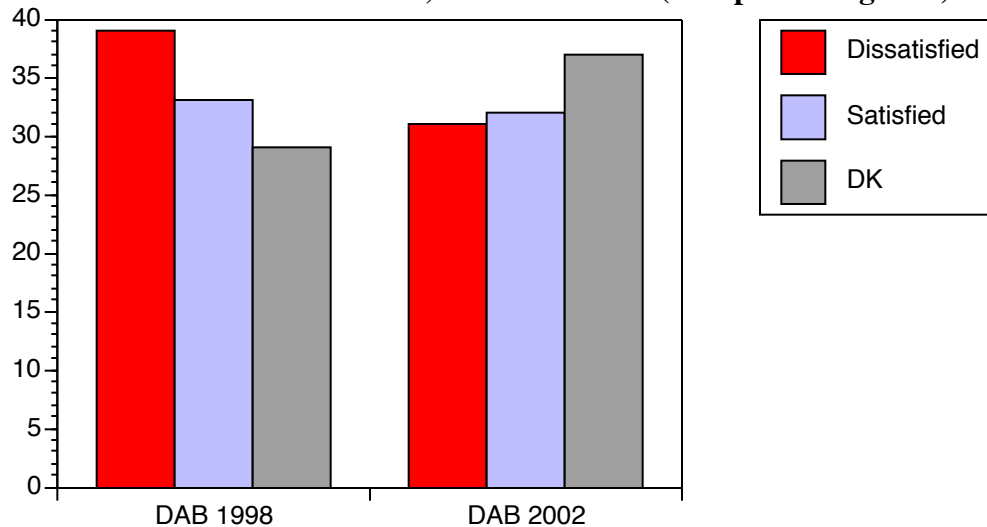
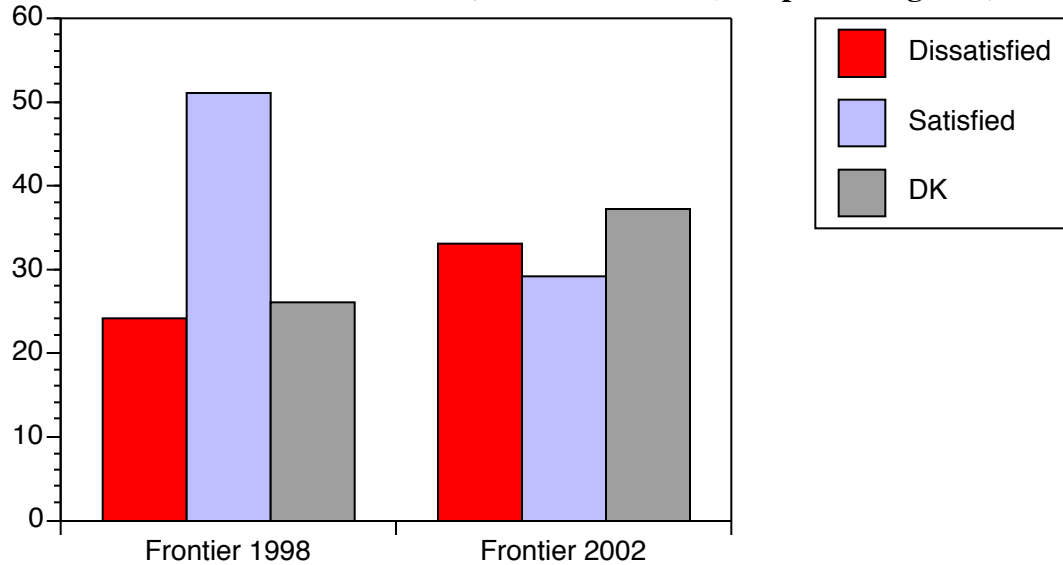


Chart: Satisfaction with DAB, 1998 cf to 2002 (collapsed categories)



The Frontier, a partner with the Democratic Party and often more outspoken in its protests, has moved substantially backward from 24% dissatisfied in 1998 to 33% dissatisfied in 2002. April is the first survey showing the Frontier with more dissatisfied than satisfied. Clearly, with both Democrats and Frontier, in effect the opposition, significantly down in respondents' satisfaction, yet with government also showing high levels of dissatisfaction, tactics and stances need a rethink on the part of both the government and its opposing parties. Clearly, with the new ministerial system, the government is trying to adopt new approaches. The Democrats and Frontier have yet to show any significant revamps of their organizations or strategies.

Chart: Satisfaction with Frontier, 1998 cf to 2002 (collapsed categories)



Neither Frontier nor the Democratic Party can cite a decline in participation as cause of their malaise. Participation rates have held up well over the entire five years of the SAR, with the sole exception of Mutual Aid Committees and Kaifongs (traditional mutual aid groups) which have together registered declines from about one in five (20%) participating in 1998 down to about 10% participating in 2002. This change has come about in part because of lowered funding and support from the government for the Mutual Aid Committees, which are located in public housing estates and have long been battlegrounds over influence among the political parties. Over the past five years, 10% of respondents indicate they have helped out in an election campaign or in support of a candidate for office. 4% (approximately 200,000 people if adults over 18 who are eligible to vote, or about 4 million, are taken for the base), indicate they have handed out party literature. Two percent have attended fund-raising party dinners.

Table 69 Have you attended any meetings or activities of one of the following groups in the last six months? (Percentage reporting membership/ attendance/doesn't add to 100)

	1/98	4/98	7/98	10/98	7/99	11/99	4/00	8/00	11/00	4/01	11/01	4/02
Trade Union	6	5	8	5	5	6	8	5	6	4	5	5
Professional association	8	6	5	5	6	6	10	6	6	5	6	8
Kaifong	7	5	5	8	6	5	5	5	5	5	4	4
Mutual Aid Committee	15	13	11	10	8	8	9	9	6	7	6	6
Clan Association	3	2	3	3	2	2	2	3	2	2	2	2
Political/pressure group	1	1	2	1	1	1	2	1	2	2	2	1
Charitable Association	17	12	15	16	13	16	18	18	16	11	15	15
Recreational & cultural group	6	4	4	5	4	7	6	7	7	5	5	7
Religious group or church	20	18	18	20	15	16	21	17	19	17	19	18
Owner's corporation				12	11	12	14	12	14	13	11	12
Environmental group				5	3	4	5	5	5	4	5	5

A steady 15% or so have indicated each time surveyed that they have donated to a political party in the past year, a rate comparing favorably with US surveys on the same issue. However, other measures of political activity indicate a drop in participation, and this may just as well be an effect of frustration with the political system as it is a cause of decline in party support. Table 70 shows that petition signing, signature campaigns, have contacted significantly fewer people since the 2000 election year. This will likely recover as the 2003 campaigns for District Councils and the 2004 Legco campaigns commence. There also seems a significant drop in protest and demonstration activity, from about 8% in the years before reunification down to 2 to 3% in 2001-02.

Table 70 Did you express concern or seek help from any of the following groups in the past 12 months? (% Yes responses only)

	7/ 96	2/ 97	6/ 97	1/ 98	4/ 98	10/ 98	4/ 99	7/ 99	11/ 99	4/ 00	8/ 00	11/ 00	4/ 01	11/ 01	4/ 02
Contact Government Dept.	8	10	10	13	10	12	13	10	12	17	14	12	11	11	10
Contact Direct Elected Legco rep.	7	6	6	3	3	5	6	6	4	5	4	6	6	4	3
Contact Legco Funct Rep. Council/Dist officer	1	2	1	--	--	1	4	2	3	3	2	3	3	1	1
Contact Xinhua/China Adviser, NPC delegate	-	1	1	-	2	1	1	1	1	1	1	--	1	1	--
Contact Mass Media	5	6	5	6	5	6	6	5	6	6	4	5	3	3	4
Contact MAC/Kaifong/ Unions	6	6	7	8	6	11	10	8	10	10	9	3	2	3	2
Contact pressure/pol. group	2	3	2	2	3	3	4	3	3	5	1	1	2	1	2
Demonstrate/protest	8	8	7	5	4	4	4	6	5	5	6	4	3	3	2
Signature Campaign	44	47	43	41	40	52	47	45	51	49	41	47	36	37	25
Opinion survey	32	29	33	37	37	48	44	40	47	46	41	46	39	37	36
Donate to pol. party	11	14	16	18	16	20	16	15	17	17	14	12	15	14	14

But Hong Kong people continue to monitor current affairs, perhaps more than ever. While 42% watched 7 hours or more of current affairs a year ago, this April 51% indicated the same levels of interest in news and current affairs programs. 30% indicated they accessed news and current affairs websites more than an hour a week, with 10% reporting accessing such websites 7 hours and more a week.

Table 71. How often do you listen to or watch any news and current affairs programs on radio and TV?

	Apr 98	July 98	Oct 98	Apr 99	July 99	Nov 99	Apr 00	Aug 00	Apr 01	Apr 02
Never	4	2	4	2	5	4	1	3	4	4
< 1 hr per week	5	7	7	6	9	11	8	8	8	7
1-3 hrs per week	23	21	24	28	25	25	29	31	26	22
4-6 hrs per week	20	24	24	24	21	20	23	20	20	15
7-10 hrs per week	17	18	17	17	17	18	18	17	18	24
> 10 hrs per week	31	29	24	23	23	22	20	21	24	27

Stability and Prosperity

The importance, in fact, centrality of economics to Hong Kong and to the plans of CPG officials for Hong Kong's future as an SAR of the PRC can be seen by these officials insistent description prior to 1997 of Hong Kong as an economic, not a political city. These officials, as frequently as the week the new ministerial system was announced in June 2002, indicated they did not see a rapid pace of political development in Hong Kong's future. However, in 1997 they certainly did not see a rapid pace of deterioration in Hong Kong's economic functions, but that turned out very much to be the case as growth dropped and unemployment soared to historic heights of 7.4% in the second quarter of 2002. As Table 72 shows, the worst may be over, though anxiety remains higher than at any time prior to November 2001, the height of economic concern during the SAR's existence.

Table 72. How do you expect your family financial situation to change over the next 12 months?

	Oct 98	Apr 99	July 99	Nov 99	Apr 00	Aug 00	Nov 00	Apr 01	Nov 01	Apr 02
Improve a lot	1	--	-	--	1	1	--	--	--	1
Improve somewhat	7	8	10	9	13	12	11	8	5	6
Stay same	47	57	52	62	58	60	63	60	43	52
Deteriorate somewhat	31	27	24	20	18	15	15	19	32	26
Deteriorate a lot	7	8	6	4	5	6	6	7	15	12
DK	7	4	7	5	5	6	4	5	5	4

Table 72A Collapsed categories of Table 72

	Oct 98	Apr 99	July 99	Nov 99	Apr 00	Aug 00	Nov 00	Apr 01	Nov 01	Apr 02
Improve	8	8	10	9	14	13	11	8	5	7
Stay same	47	57	52	62	58	60	63	60	43	52
Deteriorate	38	35	30	24	23	21	21	26	47	38

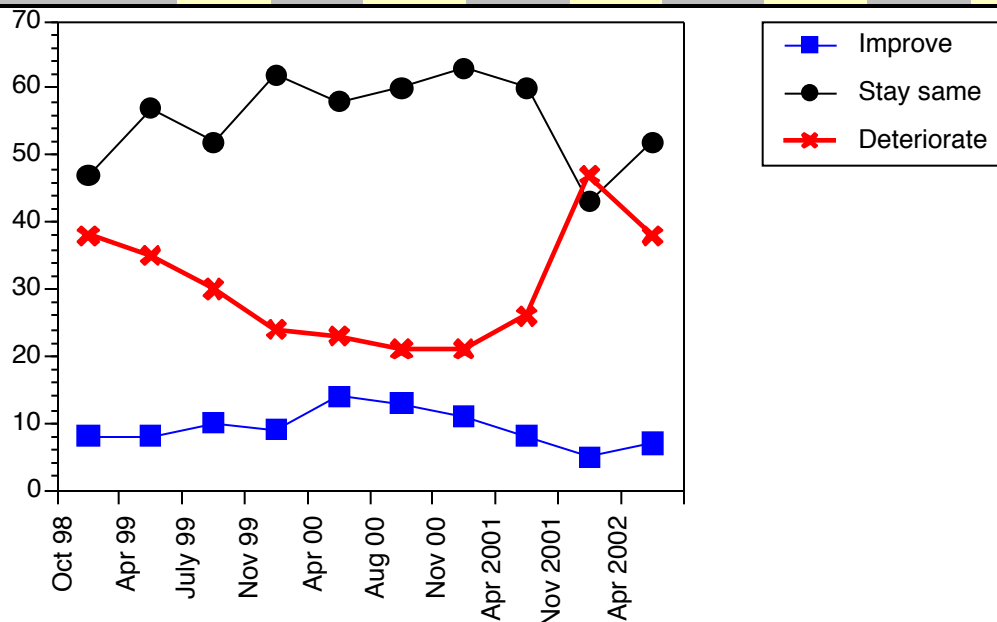
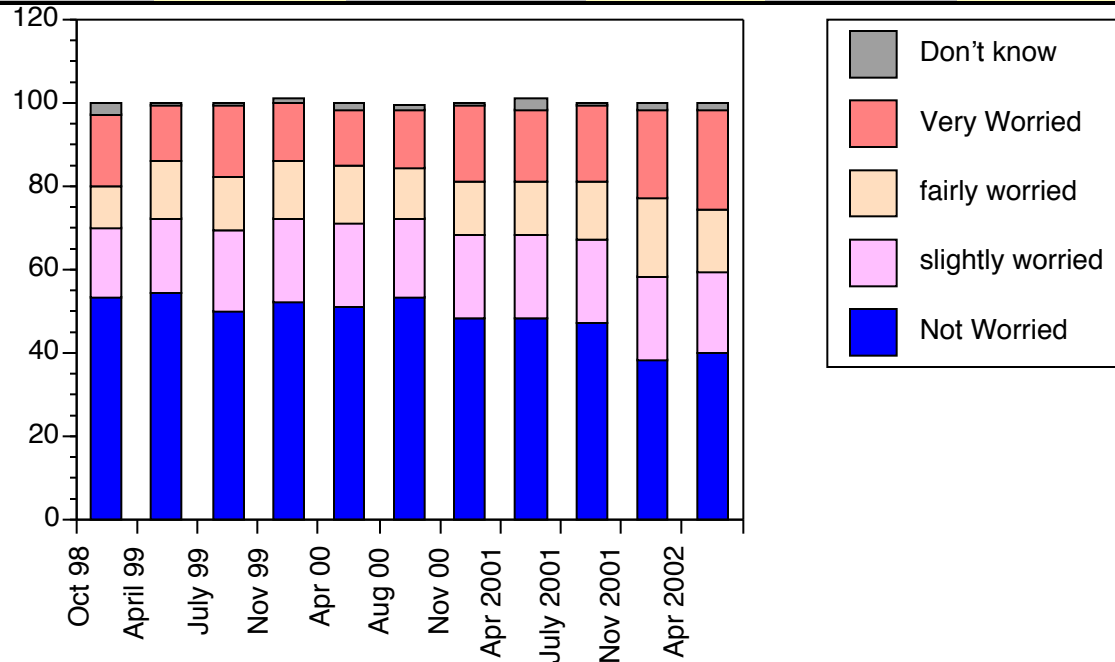


Table 73 shows that levels of worry about employment continue to trouble most people.

Table 73 Are you worried or not worried about your employment situation

	Not Worried	slightly worried	fairly worried	Very Worried	Don't know
Oct 98	53	17	10	17	3
April 99	54	18	14	13	1
July 99	50	19	13	17	1
Nov 99	52	20	14	14	1
Apr 00	51	20	14	13	2
Aug 00	53	19	12	14	1
Nov 00	48	20	13	18	1
Apr 01	48	20	13	17	3
July 01	47	20	14	18	1
Nov 01	38	20	19	21	2
Apr 02	40	19	15	24	2



Worry about employment varies widely between the private and public sector. But significant proportions of public sector employees are now worried about their employment, a change from 1998 when very few public sector workers worried.

Table 74 Employment worries by workforce/non-workforce

	Public	Private	Non-workforce*	total
Not worried	71	37	39	40
Slightly worried	11	25	13	19
Somewhat worried	9	14	16	14
Very worried	9	23	27	24
DK	0	1	4	2
total	100	100	100	100

table contents: Percent of Column Total

Chi-square = 49.01 with 8 df $p \leq 0.0001$

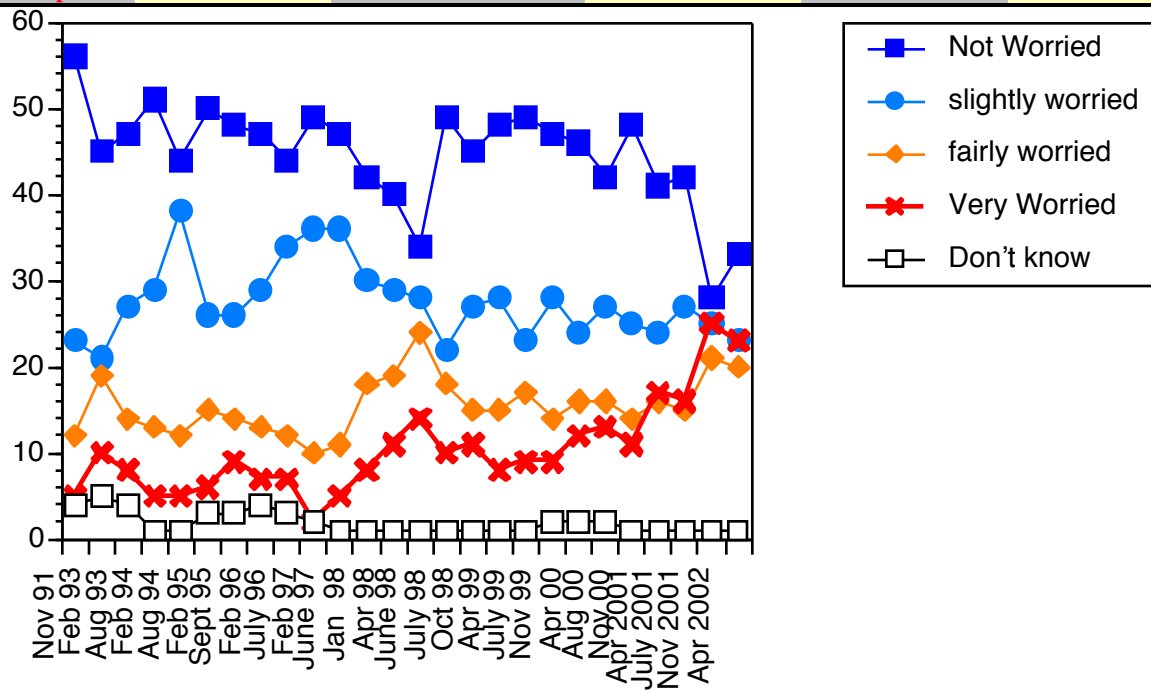
*Includes Housewives, retirees, students and unemp

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Levels of worry about personal standards of living continue very high, higher between November 2001 and April 2002 than at any other time since 1991. Deflation with its salary reductions bites as hard or harder than actual job loss, as this measure indicates.

Table 75 How worried are you about : Personal standard of living?

	Not Worried	slightly worried	fairly worried	Very Worried	Don't know
Nov 91	56	23	12	5	4
Feb 93	45	21	19	10	5
Aug 93	47	27	14	8	4
Feb 94	51	29	13	5	1
Aug 94	44	38	12	5	1
Feb 95	50	26	15	6	3
Sept 95	48	26	14	9	3
Feb 96	47	29	13	7	4
July 96	44	34	12	7	3
Feb 97	49	36	10	2	2
June 97	47	36	11	5	1
Jan 98	42	30	18	8	1
Apr 98	40	29	19	11	1
June 98	34	28	24	14	1
July 98	49	22	18	10	1
Oct 98	45	27	15	11	1
Apr 99	48	28	15	8	1
July 99	49	23	17	9	1
Nov 99	47	28	14	9	2
Apr 00	46	24	16	12	2
Aug 00	42	27	16	13	2
Nov 00	48	25	14	11	1
Apr 01	41	24	16	17	1
July 01	42	27	15	16	1
Nov 01	28	25	21	25	1
Apr 02	33	23	20	23	1



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Table 76 indicates that worry about Hong Kong's economic prospects continues at very high levels, above anytime prior to the past six months.

Table 76 How worried are you about: Hong Kong's economic prospects?

	Not Worried	slightly worried	fairly worried	Very Worried	Don't know
Feb 93	37	23	23	10	7
Jul 93	42	24	18	7	9
Jan 94	49	26	13	7	5
Aug 94	40	33	16	8	3
Feb 95	44	26	18	6	6
Sept 95	42	26	16	10	6
Feb 96	39	29	17	8	7
July 96	42	31	15	7	5
Feb 97	52	27	12	5	4
June 97	53	26	13	5	3
Jan 98	28	31	24	13	4
Apr 98	28	27	25	17	4
June 98	20	23	30	27	1
July 98	29	26	23	19	2
Oct 98	30	28	22	16	3
Apr 99	33	27	20	16	3
July 99	30	27	21	19	3
Nov 99	32	28	23	14	3
Apr 00	35	31	18	14	3
Aug 00	31	28	22	15	3
Nov 00	28	29	22	19	3
Apr 01	21	29	26	22	3
July 01	19	24	25	30	1
Nov 01	12	20	27	39	1
Apr 02	19	21	25	33	2

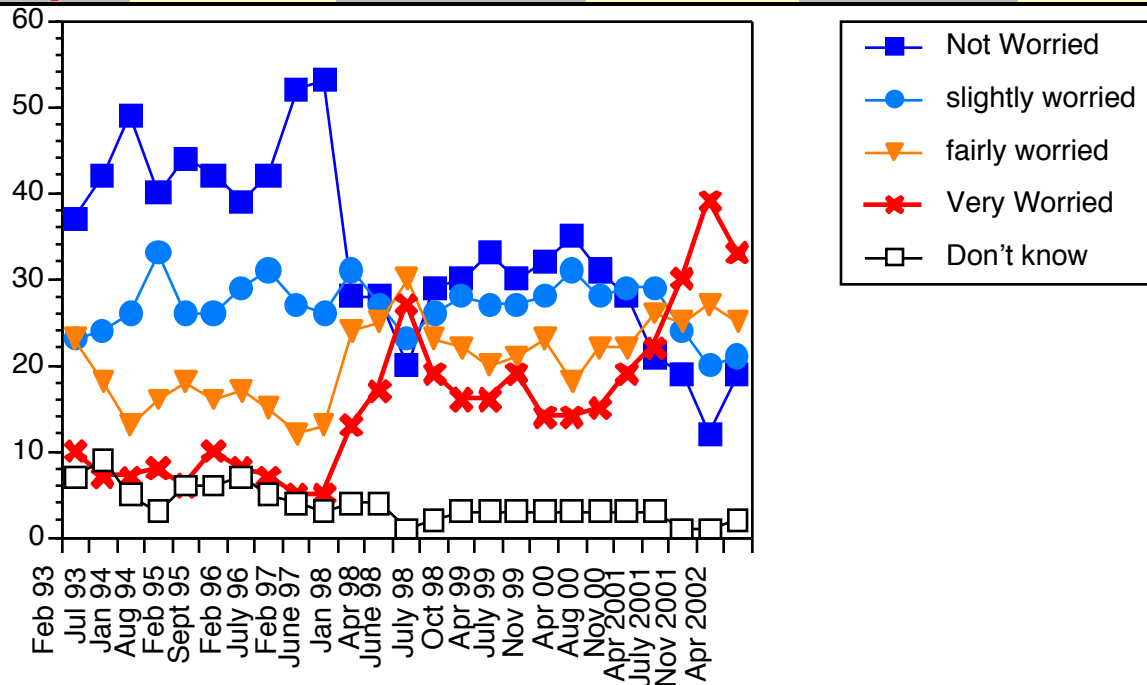
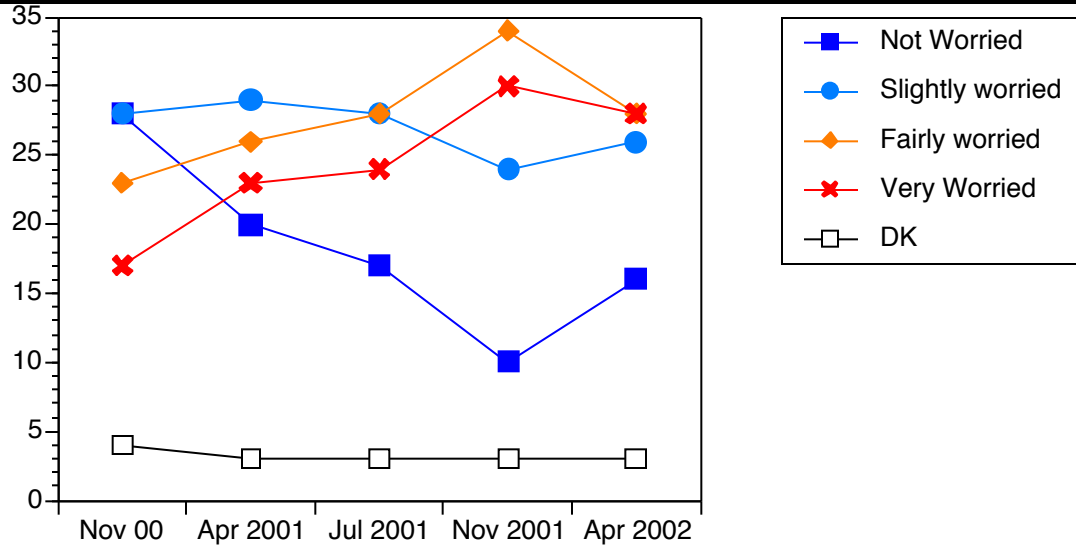


Table 77 shows that concern for Hong Kong's competitiveness troubles the vast majority of Hong Kongers.

Table 77 How worried are you about: competitiveness of Hong Kong?

	Not Worried	Slightly worried	Fairly worried	Very Worried	DK
Nov 00	28	28	23	17	4
Apr 01	20	29	26	23	3
July 01	17	28	28	24	3
Nov 01	10	24	34	30	3
Apr 02	16	26	28	28	3



One continuing bright spot, and one which still continues in sharp contrast to pre-1997 reunification circumstances, is worry about corruption. Fears that mainland style corruption would creep into the SAR have not been borne out.

Table 78 How worried are you about: corruption in HK?

	Not Worried	slightly worried	fairly worried	Very Worried	Don't know
July 96	22	26	23	22	6
Dec 96	11	25	29	31	4
Feb 97	20	31	24	17	7
June 97	20	28	28	21	3
Jan 98	43	25	17	9	6
Apr 98	42	24	16	12	7
June 98	46	24	18	9	4
July 98	52	20	14	9	4
Oct 98	53	23	12	6	6
July 99	54	22	12	6	6
Nov 99	48	21	17	9	6
Apr 00	53	20	13	10	4
Aug 00	46	23	17	9	5
Nov 00	50	24	13	9	4
Apr 01	44	25	13	11	6
July 01	54	19	13	10	3
Nov 01	50	24	10	11	4
Apr 02	54	23	11	9	3

Neither have worries about loss of personal freedoms which concerned a majority of people prior to 1997 been realized.

Table 79 How worried are you about: Personal freedom in Hong Kong?

	Not Worried	slightly worried	fairly worried	Very Worried	DK
Nov 91	56	23	11	6	3
Feb 93	44	21	20	10	4
Aug 93	43	28	16	9	4
Feb 94	46	28	16	8	2
Aug 94	37	38	14	9	1
Feb 95	44	26	18	8	4
Sept 95	50	23	12	12	3
Feb 96	43	29	16	9	4
July 96	41	34	15	8	2
Dec 96	42	35	12	7	4
Feb 97	48	31	14	5	2
June 97	45	34	13	7	1
Jan 98	63	21	11	3	2
Apr 98	66	18	11	4	2
June 98	70	15	9	4	1
July 98	74	13	9	4	1
Oct 98	74	16	6	3	2
Apr 99	72	17	7	3	1
July 99	70	15	9	4	2
Nov 99	66	19	9	4	1
Apr 00	62	20	10	5	3
Aug 00	64	19	9	5	3
Nov 00	71	18	7	4	1
Apr 01	70	17	7	5	1
July 01	74	14	6	4	1
Nov 01	66	19	8	7	1
Apr 02	71	17	7	4	1

Nor, as Table 80 to 83 show, have there been significant changes in concerns about particular freedoms such as press, speech, assembly and religion over the past year, despite crackdowns on Right of Abode applicants.

Table 80 Are you currently worried or not worried about: Free press

	Not Worried	slightly worried	fairly worried	Very Worried	DK
April 2001	50	25	13	7	5
July 2001	56	21	11	8	3
Nov 2001	53	23	12	8	4
Apr 2002	58	19	12	7	4

Table 81 Are you currently worried or not worried about: Free speech

	Not Worried	slightly worried	fairly worried	Very Worried	DK
April 2001	56	22	11	7	4
July 2001	61	20	11	6	2
Nov 2001	58	21	10	8	3
Apr 2002	63	18	10	6	4

Table 82 Are you currently worried or not worried about: Free assembly

	Not Worried	slightly worried	fairly worried	Very Worried	DK
April 2001	49	25	13	6	8
July 2001	55	24	11	7	3
Nov 2001	49	25	11	9	6
Apr 2002	55	23	10	6	6

Table 83 Are you currently worried or not worried about: Religious freedom

	Not Worried	slightly worried	fairly worried	Very Worried	DK
April 2001	61	18	8	6	7
July 2001	69	14	8	5	3
Nov 2001	68	17	7	4	4
Apr 2002	72	12	5	3	7

Personal freedoms concern some, but by no means a majority, except for rule of law which underpins both human rights and economic well-being. (see below) However, issues which threaten the fundamental living conditions concern most people, and in some cases, as many as one in three or one in four report themselves very worried about over population and air and water pollution.

Table 84 Are you worried or not worried about excessive population

	Not Worried	slightly worried	fairly worried	Very Worried	Don't know
July 99	18	19	28	33	1
Nov 99	19	18	31	30	1
April 00	23	21	28	27	1
Aug 00	20	19	27	33	2
Nov 00	19	18	23	38	2
Apr 01	24	21	24	29	3
July 01	22	20	22	35	1
Nov 01	22	15	25	36	2
Apr 02	18	21	25	35	2

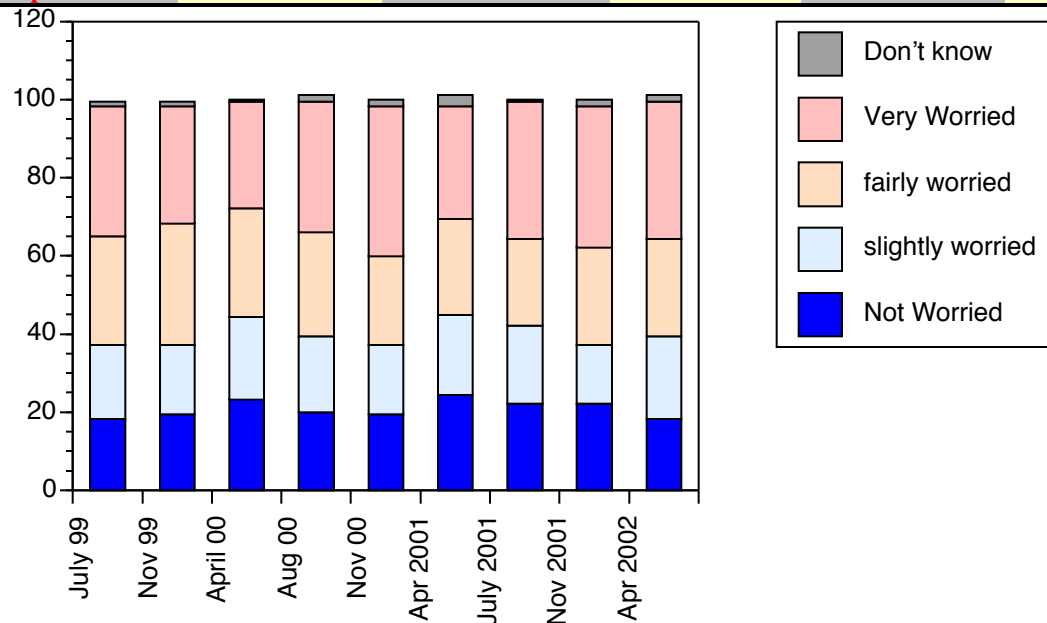
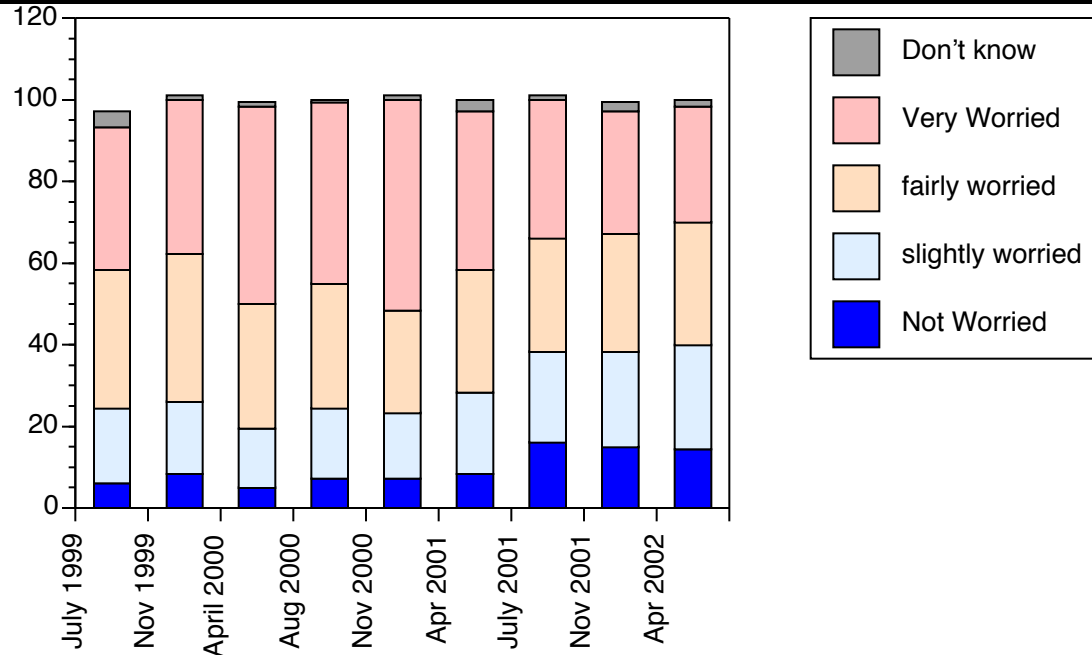


Table 85 Are you worried or not worried about air and water pollution

	Not Worried	slightly worried	fairly worried	Very Worried	Don't know
July 1999	6	18	34	35	4
Nov 1999	8	18	36	38	1
April 2000	5	14	31	48	1
Aug 2000	7	17	31	44	1
Nov 2000	7	16	25	52	1
Apr 2001	8	20	30	39	3
July 01	16	22	28	34	1
Nov 01	15	23	29	30	2
Apr 2002	14	26	30	28	2



Worry about the rule of law, which rose in 2000, continues at a fairly high level of concern for a majority. However, the Right of Abode dispute, which reached a finale with the expulsion of unsuccessful applicants at the end of March 2002, has not changed levels of concern about this most basic and foundational of aspect of Hong Kong.

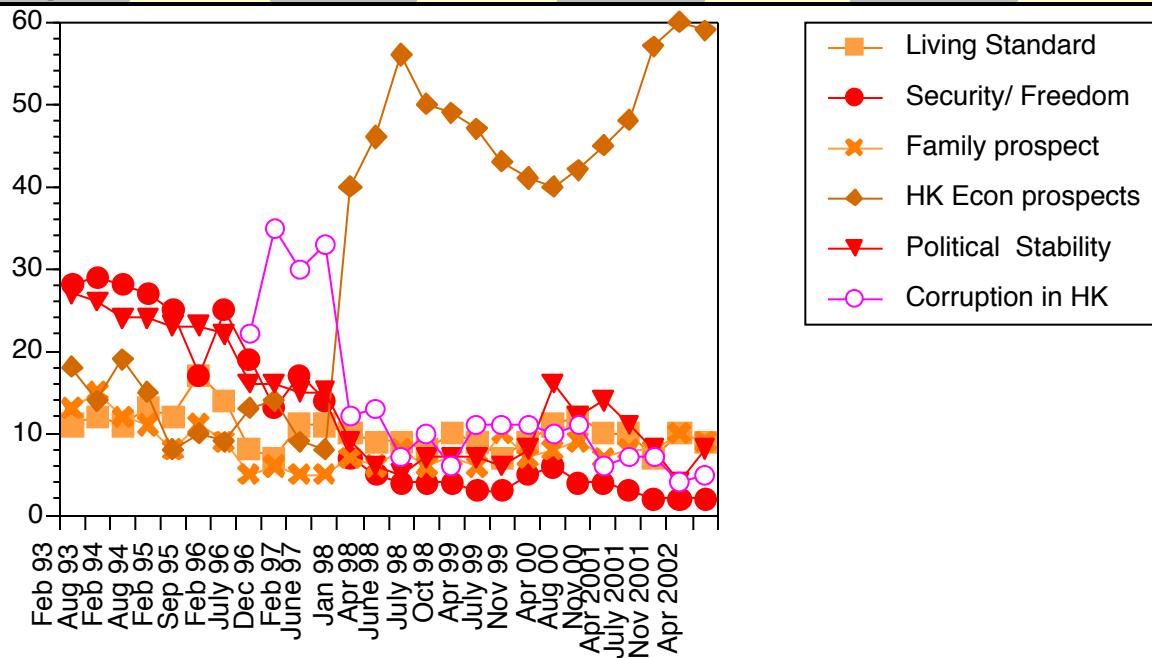
Table 86 Are you worried or not worried about rule of law in Hong Kong

	Not Worried	slightly worried	fairly worried	Very Worried	Don't know
July 1999	55	23	13	5	4
April 2000	56	21	12	7	5
Aug 2000	39	27	18	12	4
Nov 2000	39	23	18	16	4
Apr 2001	37	26	17	13	7
July 01	45	22	18	11	3
Nov 01	44	23	16	12	4
Apr 02	42	25	17	12	5

Of six issues, worry about Hong Kong's economic prospects dominates by far, as Table 87 shows. Political worries such as freedom and stability have diminished from pre-97 levels.

Table 87 Of the worried mentioned, which aspect worries you the most?

	Living Standard	Security/ Freedom	Family prospect	HK Econ prospects	Political Stability	Corruption in HK	Gov't efficiency	DK
Feb 93	11	28	13	18	27			3
Aug 93	12	29	15	14	26			3
Feb 94	11	28	12	19	24			6
Aug 94	13	27	11	15	24			10
Feb 95	12	25	8	8	23		9	15
Sep 95	17	17	11	10	23		9	12
Feb 96	14	25	9	9	22		9	12
July 96	8	19	5	13	16	22	5	10
Dec 96	7	13	6	14	16	35	4	5
Feb 97	11	17	5	9	15	30	8	7
June 97	11	14	5	8	15	33	7	6
Jan 98	10	7	7	40	9	12	6	9
Apr 98	9	5	6	46	6	13	4	10
June 98	9	4	8	56	5	7	6	6
July 98	8	4	6	50	7	10	4	10
Oct 98	10	4	7	49	7	6	9	10
Apr 99	9	3	6	47	7	11	6	12
July 99	7	3	10	43	6	11	6	15
Nov 99	9	5	7	41	8	11	8	9
Apr 00	11	6	8	40	16	10		9
Aug 00	12	4	9	42	12	11		11
Nov 00	10	4	7	45	14	6		14
Apr 01	10	3	8	48	11	7		12
July 01	7	2	8	57	8	7		12
Nov 01	10	2	10	60	4	4		10
Apr 02	9	2	9	59	8	5		8



Open ended worries continue to show that economic related issues dominate personal concerns. However, since July 2001 concerns over unemployment have hit unprecedented degrees, with a majority concerned about this single aspect alone.

Table 88 Which problem of Hong Kong are you most concerned about now personally?

	Jan 98	Apr 98	Oct 98	Nov 99	Apr 00	Aug 00	Nov 00	Apr 01	July 01	Nov 01	Apr 02
Economic growth rate	38	32	20	10	13	16	22	12	7	20	14
Affordable housing	8	4	2	2	1	1	1	2	1	--	--
Unemployment	11	27	47	48	31	40	32	40	55	54	53
Salary cuts, welfare cuts			5	4	6	6	4	4	2	4	3
Property, stock markets			4	2	3	3	2	3	2	3	1
Int'l competitiveness			2	3	3	2	2	2	5	2	2
Other econ.			4					1	1		2
Economic Issues total	57	63	84	69	57	68	63	64	73	83	75
Education	4	3	4	8	6	9	10	7	12	8	6
Elderly	5	5	3	2	3	2	2	4	3	2	2
Crime	6	5	2	4	6	4	2	3	3	2	1
Medical	2	1	1	1	2	-	2	2	1	--	1
Pollution/overpopulation	1	1	1	5	10	4	2	4	4	2	2
Social Issues total	18	15	11	20	27	19	18	20	23	14	12
Corruption	1	1	-	1	1	-	--	1	+	+	--
Political stability	5	4	2	2	4	5	4	2	1	2	2
Freedom of press	2	2	+	1	2	1	1	1	+	+	--
Freedom to demonstrate	2	1	+	1	1	+	1	1	+	+	--
Autonomy of HK	2	1	+	2	2	+		1	1	+	--
Fair judges/freedom to travel	3	3	+	3	1	2	1	--	+	--	--
Competence of Tung & civil servants	-	-	-	1	1	1	1	--	+	+	1
(all with + above)			2+			1+			1+	1+	
Political Issues total	15	12	4	11	12	10	8	6	3	3	3

There has been very little change in terms of satisfaction or dissatisfaction with the government's performance on these personal problems of most concern to respondents.

Table 89 Are you satisfied or dissatisfied with the government's performance on this problem?

Group	Nov 2001	April 2002
Very satisfied	1	1
Satisfied	9	11
Dissatisfied	46	44
Very dissatisfied	32	31
Don't know	8	9
Not a government problem	4	5

Table 90 shows that there has been about a 7 percentage point drop in those who deem Mr. Tung's efforts to solve this problem which troubles them the most as insufficient or very insufficient between November 2001 and April 2002.

Table 90 Do you think Mr. Tung is making sufficient or insufficient effort to solve this problem, or is this a problem he should not be responsible for?

Group	Nov 2001	April 2002
Very sufficient	2	2
Sufficient	16	18
Insufficient	41	39
Very insufficient	22	17
Don't know	10	11
Not a government problem	10	14

In sum, prosperity has certainly departed for many, and even more fear for their continued prosperity. In terms of the government's ability to address these fears, the jury is still out. So far, however, the governance system the British left behind in 1997 seems strong enough to sustain these hard knocks, yet it also seems unable to produce the leadership needed to guide Hong Kong out of its dark and troubled state. With the new ministerial or accountability system going into effect on the start of the SAR's sixth year, and abandonment of rule by the civil service and behind the throne loyalists for more overt political actors subject to more publicly political forces, the final questions in this report turn toward the most foundational aspects: expectations of government, identity, and commitment to Hong Kong.

No Change for Fifty Years

This concluding part of the Hong Kong Transition Project assessment of the first five years of the SAR looks at questions asked in 1995 and 1996 about the responsiveness of government. Clearly, people worried that prospectively the SAR government would be less responsive to their protests than the colonial government. However, while 31% under colonialism thought the government would listen or might listen to protests, 37% think so today, and while 48% thought the colonial government would reject or likely reject their concerns and modify policies, today 40% feel that way about the SAR government run by "Hong Kong people ruling Hong Kong." This represents some improvement, especially among those giving a flat no response, but many are still feeling alienated from what was billed as being "their" native government.

Table 91: If many HK people disagree with certain policies of the HK government, (SAR government) do you think they would change or modify those policies? (Two separate questions asked, one currently, one prospectively)

	HK Government		SAR Government		
	Sept 95	July 96	Sept 95	July 96	April 2002
Yes	15	17	8	9	18
Maybe yes	10	14	11	9	19
Can't say	7	13	9	15	16
Maybe not	8	5	7	6	10
No	52	43	51	50	30
DK	9	8	13	11	6

Hong Kong people also have not changed their minds about who is appropriate to listen to if there is an important livelihood issue affecting them. The mainly want themselves to be

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consulted. There has been some change from specialists toward grassroots activists, reflecting that continued conviction among most that the people affected know best.

Table 92: If there is an important issue which is affecting people's livelihood, which is the MOST appropriate group that the governor/Chief Executive should listen to?

	July 96	Apr 2002
Legislative council members	12	13
Specialized knowledge on the issue	21	15
Chinese officials	1	2
Preparatory Committee members	1	-----
Grassroots activists	-----	5
Political parties & pressure groups	2	2
General public opinion	53	52
Don't Know	10	10

Since June 1998 when a record number of Hong Kongers turned out to vote in the first SAR elections for Legislative Council, acceptance of democratic fundamentals such as multiparty competition in elections and party debates in Legco has remained strong, but at the same time, consensus on these has weakened somewhat from 1998. Support for street demonstrations and protests has fallen off markedly from 1998.

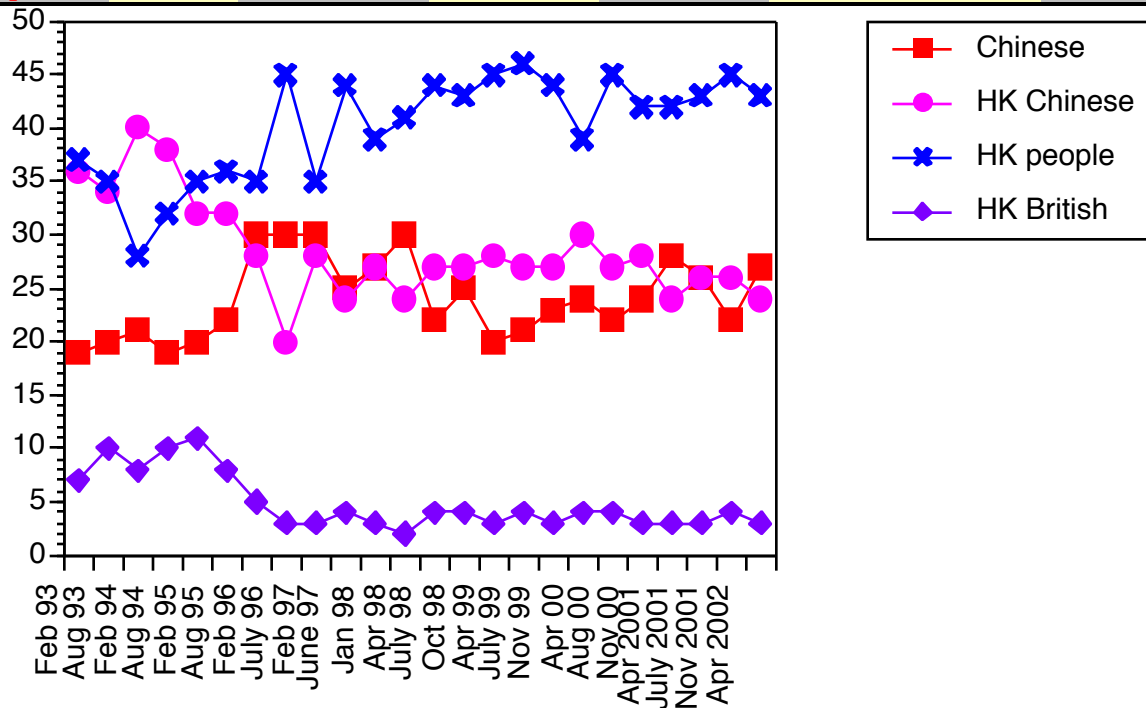
Table 93 Acceptability of political disputes ((those accepting only)

	June 1998	Apr 2000	Apr 2001	Apr 2002
Multiparty competition in elections	85	78	73	70
Party debates in Legco	83	77	73	72
Disagreements between Exco & Legco	76	75	73	68
Arguments btwn party leaders on tv/radio	73	72	67	67
Street demonstrations & protests	72	67	63	57
Exco veto of Legco proposals	50	51	47	51
Lawmaker's use of harsh words in debate	50	52	49	45
Business group veto of grassroot proposals	34	39	40	42
Protests in Legco by non-Legco protestors	25	26	24	24

As Table 94 below shows, after the establishment of the SAR in 1997, identity as a Hong Kong person strengthened, on average, from being in the 35 percent range to being in the 45 percent range. Identity as Hong Kong British diminished, but seems steady at about 3%. Identity as Chinese has been about one in four since the handover, up from 1993-94, but not up from pre-handover averages.

Table 95. The following is a list of how you might describe yourself. Which is the most appropriate description of you?

	Chinese	HK Chinese	HK people	HK British	Overseas Chinese	Others
Feb 93	19	36	37	7		1
Aug 93	20	34	35	10		1
Feb 94	21	40	28	8		1
Aug 94	19	38	32	10		1
Feb 95	20	32	35	11		1
Aug 95	22	32	36	8		1
Feb 96	30	28	35	5		2
July 96	30	20	45	3		2
Feb 97	30	28	35	3	3	1
June 97	25	24	44	4	2	1
Jan 98	27	27	39	3	2	2
Apr 98	30	24	41	2	2	2
July 98	22	27	44	4	1	1
Oct 98	25	27	43	4	1	1
Apr 99	20	28	45	3	1	2
July 99	21	27	46	4	1	1
Nov 99	23	27	44	3	1	2
Apr 00	24	30	39	4	1	2
Aug 00	22	27	45	4	2	1
Nov 00	24	28	42	3	2	2
Apr 01	28	24	42	3	2	2
July 01	26	26	43	3	1	2
Nov 01	22	26	45	4	1	2
Apr 2002	27	24	43	3	1	2



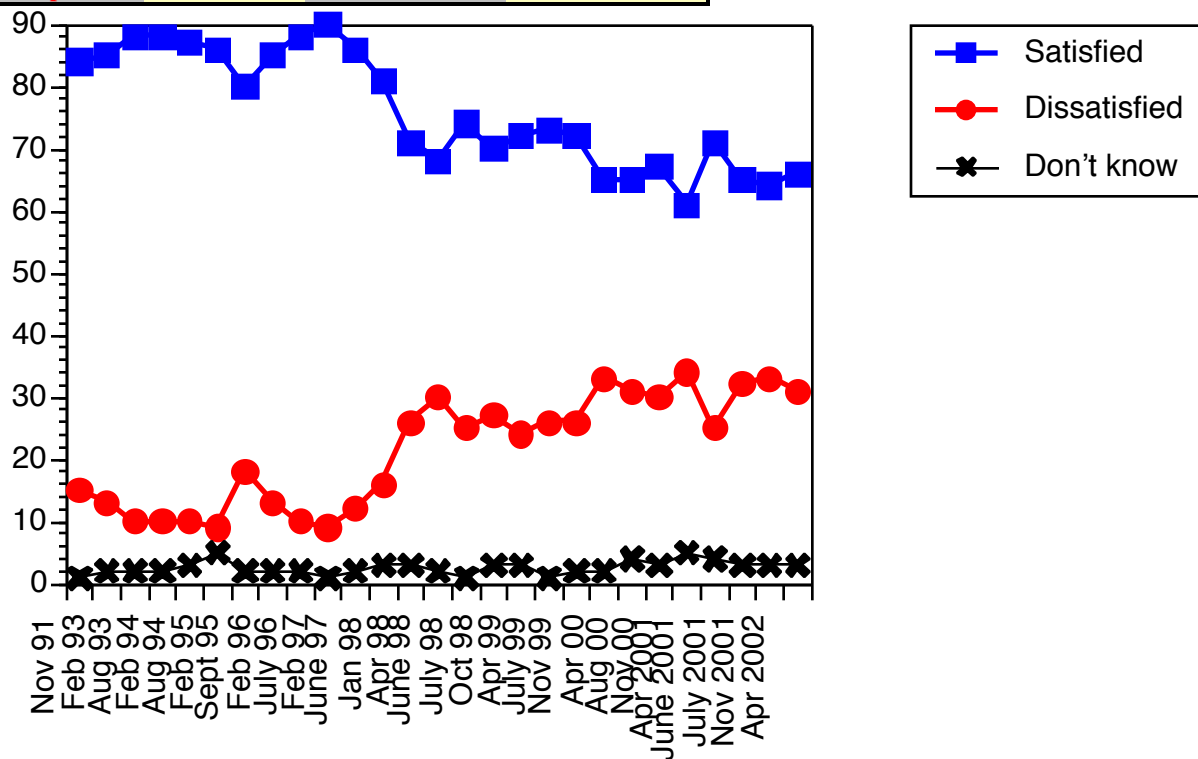
One area of significant change over the five years of the SAR has been a long-term decline in satisfaction with life in Hong Kong. Reports indicating more and more professionals willing

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to work elsewhere simply reflect a loss of satisfaction with life in Hong Kong which once rivaled that found anywhere else in the world.

Table 96 Are you currently satisfied or dissatisfied with your life in Hong Kong?

	Satisfied	Dissatisfied	Don't know
Nov 91	84	15	1
Feb 93	85	13	2
Aug 93	88	10	2
Feb 94	88	10	2
Aug 94	87	10	3
Feb 95	86	9	5
Sept 95	80	18	2
Feb 96	85	13	2
July 96	88	10	2
Feb 97	90	9	1
June 97	86	12	2
Jan 98	81	16	3
Apr 98	71	26	3
June 98	68	30	2
July 98	74	25	1
Oct 98	70	27	3
Apr 99	72	24	3
July 99	73	26	1
Nov 99	72	26	2
Apr 00	65	33	2
Aug 00	65	31	4
Nov 00	67	30	3
Apr 01	61	34	5
June 01	71	25	4
July 01	65	32	3
Nov 01	64	33	3
Apr 02	66	31	3



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The bottom line test of the SAR is its ability to maintain Hong Kong's commitment to stay. Hong Kong has long been a borrowed place on borrowed time under the British, well known for its transient population. The SAR was to mark a return to the motherland, to reunification, to "home." However, Hong Kongers retain their conditional allegiance to Hong Kong, with barely half determined to stay with the Lion Rock no matter what changes may come.

Table 97 Would you leave or seek means to leave if changes are unsuitable to you after 1997? (Excludes those planning to leave.) Phrasing from Jan 1998: If HK is no longer suitable for you, would you seek means to leave HK?

	Yes	No	Like to but can't	Don't know
Feb 93	50	35	8	7
Aug 93	43	38	9	10
Feb 94	45	42	6	7
Aug 94	40	44	10	6
Feb 95	41	37	7	8
Sept 95	48	34	8	8
Feb 96	40	40	8	12
July 96	44	39	8	9
Feb 97	45	42	8	5
June 97	41	44	9	6
Jan 98	38	53	4	5
July 98	43	49	3	6
Oct 98	42	46	4	8
July 99	40	48	5	7
Nov 99	44	43	8	4
Apr 00	58	26	9	7
Nov 00	46	40	10	4
Apr 01	43	44	9	4
Apr 2002	42	50	5	2

As always for Hong Kong, economic reasons could drive most out, but political concerns such as freedom and stability also continue influential on many in this place built by, and still largely populated by, refugees from economic and political upheaval.

Table 98. What is the MAJOR change which you would find so unsuitable as to make you seek to leave? (of those responding Yes to question above)

	8/93	2/94	8/94	2/95	9/95	2/96	7/96	6/97	Jan 98	Jul 98	Oct 98	July 99	Nov 99	Apr 00	11/00	Apr 01	Apr 02
Pers standard/living	25	24	21	21	11	11	13	16	13	21	13	21	16	17	15	15	13
The way of Life (Freedom)	32	37	31	27	21	29	30	22	22	11	18	10	8	9	11	8	7
Family prospects	3	6	9	5	11	10	12	9	7	5	6	7	9	8	13	8	10
HK econ. prospect	6	7	7	5	17	21	18	18	22	21	21	25	26	23	23	32	37
HK pol stability	25	19	28	35	24	23	16	27	23	27	27	16	23	18	27	19	12
Corruption							5	4	5	1	2	1	2	2	2	1	1
Excessive pop. pollution												6	4	5	3	3	5
												5	4	10	4	5	2
Other	6	5	2	0	5	2	2	3	4	8	5	2	2	3	2	3	7
Don't know	3	2	3	7	7	4	3	2	5	5	8	6	6	4	2	6	5



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Some seven percent have right of abode in other countries. More than 43% have close relatives living abroad with right of abode. Over half, 53% discuss politics and public affairs with their family members here and abroad. Large numbers of Hong Kongers are alert and aware of changes to their community. They are by no means the inert, politically apathetic colonial ants both the British and the mainland masters propagandized them as being. And looking about them, five years after the flags changed, Hong Kongers have much to be concerned about.

The local economy is heavily rife with cartels and monopolies which have become worse in many ways than better since 1997. For example, many gray market products, legal, non-pirated goods but goods not imported by manufacturer-authorized companies, have been outlawed. Widespread piracy, which effectively introduced competition in many sectors such as video, music and movies, has been greatly reduced. The unemployment rate has risen from just over 2% to 7.4% and is still rising. Government intervention in the stock market of over 100 billion HKD in 1998 has led to a reduction of share turnover. And the Heng Sang Index has dropped from over 17,000 just after the handover to an average barely above 10,000. The government budget has moved from vast surpluses to historically high deficits.

Hong Kong now has much worse air quality than in the early 1990s and an increasingly overburdened health system. The property market has plummeted, with scores of thousands of families trapped in negative equity. There are record levels of bankruptcy by individuals. There are also record levels of suicides and family violence. The domestic economy has been in decline or stagnation for the past five years with local SME's seeing profit margins virtually disappear. There is a record flat vacancy rate with some 50,000 flats standing vacant. Hong Kong has had nearly four years straight of monthly deflation. There have been drastic cuts in initial salary levels in the private sector and in the public sector with contract workers and lower salaried new pay scales as well as cuts of thousands of civil service jobs. The Mandatory Provident Funds actually lost money for many account holders during its first year of operation, with many contributors seeing the 5% mandatory contribution taken from their pay, not paid by employers. Thousands of back office and call center jobs are moving to the mainland and thousands more may well move there in the near future. The work week has lengthened from its nominal 5 and half day week, which is already higher than the OECD norm and higher than the mainland workweek of 5 days.

The economy has clearly gone backwards, but so too has politics. Since 1981 Hong Kong people came to expect gradually expanded democracy and participation in their government. In 1982 the British introduced district boards, 1985 functional constituencies in Legco, 1991 direct elections in Legco, 1993 fully directly elected district boards, 1994 fully directly elected urban and regional councils, 1995 more directly elected seats and vastly expanded functional franchises in Legco. The 1996 election of a Chief Executive came after four candidates competed for votes of a wholly appointed body.

This was reversed dramatically after 1997. There were no elected members on Legco for the first year, and a drastically reduced franchise in functional elections in 1998. The SAR government has imposed a virtual ban on private member bills. Tung reintroduced the

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abandoned practice of one in four district board members being appointed. He abolished the urban and regional councils, the only independent policy making elected bodies in Hong Kong in 1999. Expansion of direct elections in Legco by six seats in 2000 marked the only democratic progress at all during the SAR period. Introduction of public nomination procedures to the 2002 Chief Executive election and retention of an Election Committee elected for another purpose in 2000 led to no competition at all for Chief Executive versus the contested election in 1996. The only substantial “democratic” progress under the SAR was election of members to the Election Committee by functional constituencies, but its democratic effect was eliminated by a very undemocratic nomination process which eliminated secret balloting for nominees, a fundamental aspect of democracy now even recognized on the mainland in its village elections where such public nomination procedures have been eliminated. In many ways, Hong Kong has fallen behind not just Taiwan, but also the mainland.

In sum, the SAR has gone backwards politically and economically since the 1997 handover. Perhaps the conjunction of economic failure with political failure is no accident. The ministerial system may introduce new blood and new ideas, but this team faces far steeper challenges now than in 1997. The first five years of the SAR have been momentous, but for all the wrong reasons. Whether the new team and new system can reverse Hong Kong’s felt decline, but do so under the leadership of its first Chief Executive, awaits the verdict of history.

Demographics

Age and Sex breakdown

	Male	Female	total
18-19	7	7	7
20-29	21	18	20
30-39	24	23	23
40-49	23	31	27
50-59	14	11	12
60-69	8	7	7
70-83	4	3	3
total	100	100	100

Other demographic details may be found within the body of the report. Occupation is listed below.

Occupation

Group	Count	%
Managers/Administrators	67	9
Professionals	63	8
Associate professionals	21	3
Clerks and secretaries	72	10
Service and sales	63	8
Ag & fish/craft workers	28	4
Plant & machine operators	38	5
Elementary occupations	36	5
Housewife	117	16
Retired	60	8
Unemployed	62	8
Student	71	9
Educator	28	4
Other	25	3

Survey Methods

The April 2002 survey numbered 751, 6 reported themselves as without permanent residency. Interviews were conducted by telephone in Cantonese, Mandarin, English, Hakka and Fujianese. Respondents were selected by random generation of final 4 digits of number dialed after random selection of initial exchange digits (first four digits) from latest directories. After determining number of people resident at the number aged 18 and up, respondent chosen to interview was made by use of Kish table in which final digit of number dialed and total number resident in the household embedded in a matrix of randomly generated possibilities. The Kish table below is the table used.

No. of people in the household

The last digit of the telephone number _____

	1	2	3	4	5	6	7	8	9	0
1	1	1	1	1	1	1	1	1	1	1
2	1	1	2	2	2	1	1	2	1	2
3	3	2	2	1	2	2	3	1	1	3
4	1	4	2	3	3	2	1	4	2	4
5	5	2	1	1	3	2	4	3	5	4
6	1	6	2	6	4	5	3	2	4	5
7	2	3	5	5	7	4	6	6	1	7
8	7	2	3	4	8	6	5	7	8	1
9	6	7	4	2	1	9	8	5	3	9
10	4	5	8	7	9	3	2	1	6	10

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Phone calls were made from 6 pm to 10:30-10:45 pm over weeknights, and from 2 pm to 10:30 pm on Saturday and Sunday, with scheduled callbacks for those who requested such. Up to 5 attempts were made per number or until a respondent was identified, nature of the number determined (fax, answer machines, business numbers discarded), or interview was refused. Completion rate of interviews once a respondent has been identified (in other words, we have attempted to reach the specific person indicated by the Kish table at a particular number) was lower than the government's bimonthly survey completion rate in the low 40% (at 24%), but still acceptable in terms of demographic comparison with the comprehensive census data of March 2001. Range of error at 95% confidence interval in a sample this size is on average +/- 4 percentage points (rounded off). All numbers are percentages unless otherwise indicated. Following World Association of Public Opinion Research guidelines, all survey results are rounded off to the nearest whole number to avoid the impression of overprecision. Other surveys by the Hong Kong Transition project in this series used the same methods, with varying contact and completion rates.

N=	Nov	91	902											
	Feb	93	615	Aug	93	609								
	Feb	94	636	Aug	94	640								
	Feb	95	647	Aug	95	645								
	Feb	96	627	July	96	928	Dec	96	326					
	Feb	97	546	June	97	1,129								
	Jan	98	700	April	98	852	June 98	625	July 98	647	Oct 98	811		
	Apr	99	838	July	99	815	Nov 99	813						
	Apr	00	704	Aug	00	625;	Aug 00	1059	Oct 00	721	Nov 00	801		
	Apr	01	830	June	01	808	July (media)	831	July (party)	1029	Nov 01	759		
	Apr	02	751											

All Figures are in percentages unless otherwise stated All references should be to the Hong Kong Transition Project, which has project members at Hong Kong Baptist University, Hong Kong University, and Academia Sinica.

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