

# Middle class feeling the squeeze

The term ‘middle class’ has many definitions, but ‘being poor’ has not traditionally been one of them. However, soaring inflation and home prices have been pushing Hong Kong’s middle class towards poverty. How will this social and economic crisis impact on the community at large?

MANY people in Hong Kong have worked their way up from the grassroots to the middle class in the past few decades, but they are now on a downward slide. Runaway inflation and high property prices have created financial difficulties for them, and some are faring even worse than social welfare recipients.

This hard-pressed group has been dubbed the ‘poor middle class’ and their plight is receiving more attention. As their situation worsens, voices calling on the government to give them a hand are getting stronger.

Yet, the SAR administration is not offering any assistance specifically to the middle class. Chief Executive Leung Chun-ying’s latest policy address, for example, contained no relief for the middle class. Leung denied having overlooked the middle class, which he described as “a large and hard to define group with different aspirations”.

As such, he said, their needs would not be achieved through providing subsidies. Instead, he said, the middle class would benefit from an improved economic environment and nurturing the next generation’s development.

## Defining middle class

THE group has been described as

people sandwiched between the grassroots and the affluent classes. Many criteria have been used to define middle class, but there has been no **consensus** on which one is the most **definitive**.

The Bauhinia Foundation Research Centre (智經研究中心) has observed that institutions such as the World Bank and United States Department of Commerce have defined the class by income level, while some scholars have extended the term to a wider scope, including occupation, academic qualification, lifestyle and even personal feelings.

Last July, the private think tank conducted its own survey to find out what the image of the “middle class” is in the eyes of Hong Kong people. It found that people here considered economic capital, a measure of wealth, as the most important criterion to define the middle class, more than education and occupation.

People believe that to be middle class, the family has to own properties worth between HK\$2 million and HK\$8 million. On top, they should have assets valued at between HK\$500,000 and HK\$6 million and a monthly income of between HK\$30,000 and HK\$60,000.

Other important criteria cited were ‘being culturally enriched’ and ‘being concerned about social issues’.

## Middle class losing footing

THE 1980s and 1990s were the golden era for Hong Kong’s middle class. That was a time when the local economy was booming. Many people with a grassroots background rose on the social ladder through education and hard work.

During that period, the mainland economy also became more open and grew fast, presenting **ample** opportunity for both employees and entrepreneurs in Hong Kong. The rosy conditions spurred a



**dramatic** rise in income levels and property value, and a strong middle class emerged.

The ‘middle class dream’ was one that was shared by many because ‘middle class’ meant a stable income, a chance to **accumulate** wealth and the hope of a better life.

Having high education levels and professional standing, the middle class is a major group of taxpayers who have driven Hong Kong’s development.

Today, about 46 percent of Hong Kong households belong to the middle class, according to Census and Statistics Department figures, but their middle class dream has been somewhat **shattered**.

The skyrocketing cost of living and the cost of keeping their own home in recent years have pushed some of these families into poverty. Hong Kong Monetary Authority figures showed that the average home mortgage payment alone has exceeded 50 percent of household income.

The heavy household financial burden has seriously eroded the living standard and spending power of the middle class. In these respects, the middle class would be worse off than families on Comprehensive Social Security Assistance or those living in public housing.

The plight of the middle class can be summed up as high expenditure, high tax payment and few welfare benefits.

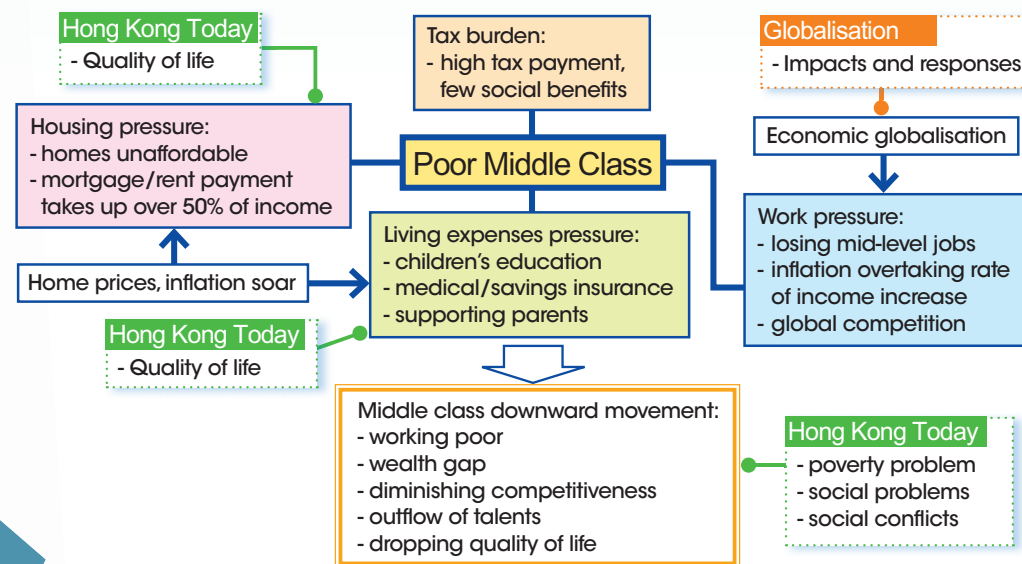
Bodies representing the middle class have been urging the government to provide relief to this group of people in the form of assistance or tax **concessions** in housing, education and medical services.

The middle class has been called the silent majority. But in recent years, frustration has driven them to social action, street parades and protests.

Their grievances could ignite discontent across the entire community and affect the overall development of the territory.

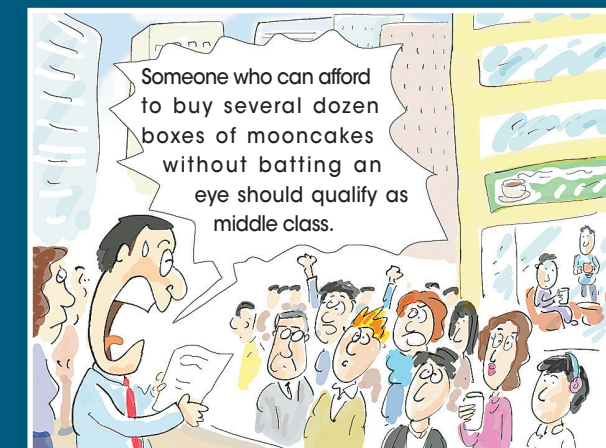


## The ‘poor middle class’ predicament



## Cartoon comment

### Who are the middle class?



### Hong Kong's class theory

