

Old aged poverty in hong kong sociology essay



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Actually, the poverty situation of the elderly people in Hong Kong is quite worrying. According to the figures released by the Census and Statistics Department, the poverty rate of the elderly people has been over 30% since 1998, which means that one out of three elderly people is living in poverty. However, the problem was not solved any more. In 2008, the problem was getting much more serious. There has been already twenty-seven thousands elderly people were in poor. According to the figure released by the European Union Sustainable Development Indicator, the poverty rate of the elderly people in Hong Kong is comparatively higher than other countries while comparing the situation to other countries such as the U. K and the Italy. It is predicted that the number of the elderly people will be around two millions. The above figures reflect that the life of those elderly people could not be protected well after retirement. Now, I am going to discuss the reason why those elderly people would still have the serious financial difficult even they had been working for many years before retirement.

Undoubtedly, the rapid change in the labor market in Hong Kong definitely leads to the current old age poverty. First of all, whether the elderly people would be in poverty probably depends on their working history before retirement and the employment market at that time. In the past, light industry in Hong Kong was very popular in the 60's and 70's. There was a great demand of working labor. Many people who were low educated and lack of specialist skills would chose to work as a worker in the factories. Of course, their salary would relatively low. However, their working situation had become much more difficult after Hong Kong has been transformed into a knowledge-based society. More and more industrial factories have moved

to the mainland and those workers' salary would keep declining. In the 80's Hong Kong evolved from a largely manufacturing based economy to one which was service-based (Suen and Chan 1997), as most factories moved to mainland China to exploit the cheaper labor costs (Suen 1995; Tao and Wong 2002). As a result, their savings were extremely limited and they did not have extra money for investment in order to earn more money. Under the knowledge-based society, the higher educational level people get, the higher salary they would have. For those 60's and 70's people, they could hardly have a higher educational level as working in the factories for so many years. It means that their income would keep in the low level. As a result, it is not common that they would easily become poor and ask for help from the government after retirement.

Lacking a comprehensive pension system

Comprehensive Social Security Assistance is the only social security system in Hong Kong. If retirees had financial difficulty, they would apply for the CSSA to see whether they are eligible or not. However, CSSA would not help to solve the poverty in the old age after retirement. First of all, financial investigation would be done once the elderly people have applied for the CSSA. Actually, the assets limit for the application of the CSSA is quite low. If the old aged person has around ten thousands dollars in the bank account, he/she would not be eligible for receiving CSSA. It totally reflects that what the policy proposed by the government was based on the perspective of residual welfare. As a result, only the deserved poor would be helped by the CSSA. Thus, the CSSA system would lead to the stigmatization and only the poorest people would have opportunity to be included into the social security

system, which means that some of the elderly people might not be eligible to receive CSSA even they have financial difficulty after retirement.

Besides, The implementation of the Mandatory Provident Fund (MPF) scheme in 2000-a system of mandatory personal savings (5 per cent of workers' salaries and an equal contribution from employers) deposited in individualized savings accounts to accumulate benefits for retirement-is unlikely to be of much help to these workers. Most of the people who have retired would probably need to maintain their daily life by their MPF.

However, the value of the MPF probably depends on how much salary people earned in the past. If the person who earned only little in the past, his/her MPF would not be adequate to enjoy the rest of the life.

The relationship between Early Retirement and poverty

From my point of view, early retirement would also be one of the main factors that contribute to poverty in the old age. As I have mentioned above, due to the longer lifespan and insufficient retirement income protection, the majority of older workers strive to stay in the labor market for as long as possible in order to earn a living. Unfortunately, most of them were forced to retire because of long-term unemployment, especially those with a low education level (Chou, Chow and Chi, 2003). According to a survey of 2003 older adults aged above 60 in Hong Kong conducted by the Deloitte and Touche Consulting Group (2007), it showed that most of them did not want to retire although they have already reached the normal retirement age because they want to work so as to earn more until they can no longer to do so. However, many of them have been out of expectation. The survey also showed that those workers in Hong Kong who expect to work until they can

no longer do so are actually more vulnerable to unemployment, or even early involuntary retirement. It is because they have comparatively lower educational attainment and lower incomes-and hence were more likely to be unemployed and/or to be under financial strain (Chou, Chow and Chi, 2003).

As I have mentioned above, those worker who worker in the manufacturing industry would have low wages and they could hardly strive in the nowadays market after the society has already been transformed into knowledge-based. As a result, this kind of workers would be forced to retire early due to either labor market restructuring or obsolete skills. While concluding the above factors how retirement is a determining factor of poverty in old age, it is expected that there will be three categories of old workers. The first group consists of those who will prefer to retire at a particular age and who will be well protected by retirement schemes. The second will be composed of early retirees, forced to retire before the age of 65. The third group will consist of those who plan to continue working until either they are expelled from the competitive labor market or their health does not allow them to continue. As a result, those who are in low educational level would face a great financial difficulty after retirement.

Ways to prevent poverty after retirement

After examining the reason why retirement is a determining factor of poverty in old age in Hong Kong. In the followings, I would like to suggest some ways to help relief the old-aged poverty after retirement in Hong Kong.

To commence with, I would suggested that the government should propose a pension system for the old-aged poor instead of only running the current

CSSA system to help this special group. While dealing with the old-aged poor, only finding ways for them to escape from the poor on their own might not enough. It is important for the government to satisfy their financial and social needs in order that their later life would not be affected by the poverty.

Secondly, I would also suggest that the government needs to deal with the problem of age discrimination in Hong Kong as it would probably affect older workers' prospects of recruitment, promotion and training (OECD 1995; Walker and Taylor 1993). Although there is no mandatory retirement age in Hong Kong, employers would point out that older workers are unwilling to learn new skills and do not want to accept new responsibilities. Thus, many people would think that these workers are more difficult to train (Chiu and Ngan, 1999). As a result, older workers in Hong Kong are certainly more likely to be unemployed and less likely to be promoted or selected for training than younger workers (Ho, 2000). Therefore, there is a great need for campaigns directed at employers to encourage best practices in the workplace for all ages. To my mind, legislation is needed so as to eliminate age discrimination. As I have mentioned before, people's life span has already been much longer in this decade, people would still be physically healthy even they are above sixty years old. That means, they are still competitive in the labor market. If they were forced to retire early, they would have no more opportunity to earn and save more. In fact, many of them do not earn much in their work. After retirement, poverty would be the next difficulty for them to come across. To deal with this problem, I suggest

the age of retirement would be delayed as long as possible once they lost their earning ability one day.

Conclusion

To conclude, elderly people in Hong Kong do not have much choice when it comes to retirement or work. Most of them are either forced to retire early or strive to stay in the labor market for as long as possible in order to meet their financial needs. The problem of poverty in the old age would be getting much more serious in the future. Retirement nowadays seems to be a signal which shows to the old workers that they would face poverty if they would not earn much when they were young. To solve this problem, redefining retirement is needed as many people are definitely able to work well even they are over 60 years old. At the same time, reframing the idea of MPF and setting up a new pension system for the elderly is also necessary because many elderly, other than the deserved poor, also need to receive financial welfare.