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Street Trading in Hong Kong:  
Part III — An Examination of  
Government Policy and Conclusions

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by  
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## X. GOVERNMENT POLICIES ON STREET TRADING

### 10.1 A Brief History

The first official report on hawking in Hong Kong was prepared by the Megarry Committee in 1947. It set the lines for post-war Government policy. It was considered, at that time, that hawking " should have no place in any ideal state of affairs " and that the abolition of the system should be a long-term aim.<sup>83</sup> But the policy was reconsidered in subsequent years after the influx of refugees from Mainland China in 1949. The reappraisal of the policy in 1952 began to accept that street trading was a feature of life in Hong Kong society. A policy of unrestricted issue of pedlar licences was adopted in order to absorb the large number of unemployed, mainly the refugees, and also to meet the sudden increase in demand for retail facilities, i.e. the refugees had to be fed. Open spaces were allocated, though not vigorously, for the use of hawking. The construction of public market halls was at a boom throughout the fifties ( see Fig. 2, Chapter III ). Hawking without licences had become a semi-officially accepted fact. But street traders were kept away from the major thoroughfares.

The ' laissez faire ' policy of the fifties resulted in a deteriorating congestion problem in the non-prohibited areas. The control of the physical problem was running into great difficulties because of the large number of hawkers and the increasing crowdedness of the city. Thus, a reappraisal of the hawker problem was initiated. A close ground survey of the major hawking areas was conducted by a joint-team of the Police and Urban Services Departments. The main task was to study the actual situation of congestion and disorderliness in order to produce methods of effective control. The study was basically oriented towards the treatment of the symptom rather than a study of the root causes. The committee discovered that congestion

was mainly due to ' static hawking ' and recommended that future hawking should be kept on a moving basis so that traffic and pedestrian circulation could be maintained smoothly. Particular emphases had been given to the danger of road obstruction to fire rescue. Cooked food stalls were found to be the most space-ambitious users and were recommended to be segregated from the major street trading concentrations so that effective measures on control could be directed to them specifically. It was also decided that cooked food street trading should be discouraged in the long run.

The emphasis on movable trading justified the continuance of the unrestricted issue of pedlar licences in the early fifties. The old ideology of keeping fresh meat and fish off the street was still firmly maintained on hygienic and public health grounds. Fresh fish and meat traders, it was thought, should be housed in market halls or in proper stalls built by the Government whereas vegetables and other foodstuffs should be left to the open hawking spaces, preferably in sites attached to the meat and fish stalls ( complementary economies ). This appeared to have set the policy of constructing markets-cum-bazaars ( a mixture of market hall and hawker bazaar ) in the early sixties.

On the whole, the government attitude towards street trading has changed from that of advocating suppression of a nuisance to that of accepting and tolerating an activity for which there is an obvious demand and which plays a recognized part in the retail trade of the Colony.<sup>84</sup>

The physical situation of street trading deteriorated rapidly, particularly after the riots of 1967. Street traders took the opportunity to expand and consolidate their trading posts during this period when police forces were concentrated in maintaining law and order. Pedlars had turned into fixed pitches or even well constructed stalls. The situation in the resettlement estates was even more serious. In the subsequent years, a series of actions were carried out to clear up the black spots and relocation was necessary to settle the illegal hawkers on permitted sites. Hawking was then considered a nuisance. A revised

policy was under preparation in the late sixties and was enacted in 1972. In the interim period, new measures had already been put into practice.<sup>85</sup> There was a swift change of attitude from toleration back to oppression or the so-called ' effective control '.

#### 10.2 The Revised Hawker Policy

The launch of a new policy in the late sixties stemmed largely from a change of ideology and attitude towards hawking. Hawking was then no longer regarded as an adjunct to the poor social welfare system but a form of commercial enterprise from which substantial profits could be drawn. The provision of public space for hawking, it was argued, should not be based simply on the grounds of providing a public service. The use of public space causes costs to be incurred which should not be borne by the tax payers; on the contrary be charged a realistic price. In addition, the legitimate needs of hawkers should be balanced against the need of traffic and pedestrian circulation and of shops and residents.<sup>86</sup>

The chief aim of the new policy was to limit the future growth of street trading and to force the existing street traders to conduct their business in an orderly manner. This required drastic changes in licensing and laws. The first change was the immediate suspension of the automatic succession of licenseship from a deceased licensee to his/her dependent and the freezing of the unrestricted issue of pedlar licences. New licences were issued only under special circumstances. Meanwhile, the existing unlicensed traders were asked to register. These forms of action were directed to confine the street trading population to a known figure ( although the actual number of street traders was never accurately known, see Chapter II ) so that further measures could be tailored accordingly, Secondly, an attempt was made to stabilize the activity in specified areas or streets. Fixed pitches were allocated to hawkers on a ' rental ' basis. Pedlars were allowed to itinerate only within the boundaries of the permitted areas. The time and commodity sold were also specified in licensing a fixed pitch.

In short, it was made clear to hawkers where, when, and in what manner they might, or might not, hawk. Finally, stringent laws were imposed to enforce the implementation of the new policy. Forfeiture was imposed on condition of four major kinds of offence:<sup>87</sup>

- (1) hawking without a licence;
- (2) hawking in an area where hawking is not permitted;
- (3) hawking at a fixed pitch without a fixed pitch licence;
- (4) hawking outside the boundary of a designated pitch.

Fines are very heavy: HKD 500.00, or one month's imprisonment, for first conviction and a further charge of 25.00 for each day during which the offence has continued. The penalty on second conviction is raised to HKD 2,000.00 or six months' imprisonment.<sup>88</sup> On average, one conviction would cost an offender about a month's earnings ( HKD 600.00 ). Furthermore, the law also gives the authority the power to suspend or cancel a hawking licence or to confiscate the offender's trading equipment as well as the merchandise. Compared with the old practice of a fine of five or ten dollars, the new law is extremely severe.

The new Policy was said to be a practical one which " acts only against irresponsible hawking and legitimate hawkers will enjoy greater security as a result "<sup>89</sup>. The authorities believe that the disorder of a trading complex arises mainly from the swarming-in of a large number of mobile traders who capture the business of the fixed pitches by their closer proximity to the customers. Once these traders were kept stabilized ( in fixed pitches ) all traders would be able to ply their trades in a state of fair competition.

The emphasis on stabilization is realistic. The old concept of advocating mobile trading was, in fact, a self-deception. It has been shown that in a modern urban environment street trading tends to be a permanent and static activity. It is a natural development, particularly in a compact urban setting ( for reasons, see ' Retail Development ' in Part I; also for the evidence of stabilization, see Chapter V ). However, the most critical problem is whether there is sufficient space to keep

the majority in fixed sites in the light of our previous finding that 60% of the trading units were fixed pitches or stalls and 20% movable (see Table 24, Chapter V ). The old belief that roads and streets should be kept constantly passable for fire engines in case of fire hazards seems to have received little support from the new Policy. If this remained a valid argument it would be difficult to justify the designation of a large number of hawker streets.

### 10.3 The Rent-Paying Ability

The success or failure of the stabilization policy depends very much on the rent-paying ability of street trading to cope with the high rentals imposed by the new Policy. Basically, street trading is simply a way of making a reasonable living ( see ' Economics of Street Trading ' in Chapter VI ). As long as a street trader can afford the rent without this affecting his earning, there is no reason for him to violate the law. Street traders love to ply their trades peacefully. The critical issue centres around the rent-paying ability.

Rentals are charged in the form of (1) licence fees and (2) fees for the allocation of fixed pitches.<sup>90</sup> A cooked food stall licence costs HKD 500.00 per annum. A fixed pitch or a pedlar licence costs on average about 50.00. Licence fees do not vary much between trades. After all the fees are of a minor amount compared with other expenses. The main difference in rentals arises from whether an operator needs a large pitch or not. If he sticks to the standard size of 12 sq ft, he will be charged, on top of the licence fee, HKD 50.00 for the ' use ' of the pitch, i.e. the allocation fee. If a larger pitch is required ( exceeding 12 sq ft ) the allocation fee will be charged at a flat rate of HKD 500.00, i.e. ten times of the rental of standard pitches. A trader may avoid the allocation fee which is charged on an annual basis by using certain pitches equipped with meters. The charge is fifty cents for every four hours. For eight hours' trading, the daily rental will be one dollar; a year's rental will be HKD 365.00. The rate is fairly high in terms of the space being used because it is for a standard pitch ( 12 sq ft ) on which the allocation fee is only 50.00.



In Chapter V, the average actual operating size of street stalls or pitches was worked out as 20.16 sq ft ( service area not included ). Therefore, under the new rental system, such a pitch ( the norm in 1971 ) would cost a trader HKD 500.00 a year. The total charge by the authority on a realistic trading unit will be HKD 550.00 a year ( licence fee included ) ( Table 45 ).

Table 45: Charges on Various Ways of Using Hawker Pitches Under the New Rental System

	Occupying a Standard Pitch (3 x 4 ft)	Occupying a Large Pitch (over 12 sq ft)	Using a Metered Pitch (3 x 4 ft)
Licence Fee*	50.00	50.00	50.00
Allocation Fee	50.00	500.00	365.00
Total (Annual)	100.00	550.00	415.00
Monthly	8.33	45.83	34.58

\* The norm is HKD 50.00 for almost all kinds of street trades except Cooked Food and Refreshment.

In terms of rental per square foot of floor space ( the pitch ), the average stall ( 20.16 sq ft ) will be charged at a rate of HKD 2.29 per month ( 45.83 / 20.16 ). This can be compared with that of shops in the commercial ' market ' <sup>91</sup> ( Table 46 ).

It is evident that under the new rental system, the rate charged on street trading, in square foot terms, is even higher than the ' commercial rent '. The differential is even greater in resettlement estate where shop rents are particularly low. Stall rates are over three times the rental of shops, also in square foot terms.\*

This is a new rental system established since my survey was carried out. Under the old system, a trader simply paid about HKD 25.00 for the licence fee only.

Table 46: Average Monthly Rental per sq ft of Gross Floor Area of Retail Outlets

	Shops in Ngau Tau Kok R/E (Small Shop)	Ordinary Shops in non R/E Sample Cells	Street Trading Fixed Pitch
Average Gross Floor Area for Retail Outlet	202.8 sq ft	550.00 sq ft	20.00 sq ft
Average Rental per Month(HKD)	137.90	1,134.00	45.83
Rental/Sq Ft	0.68	2.06	2.29

Disregarding the question whether the rates are fair or not, this supports my argument that the stabilized form of street trading in Hong Kong is being regarded by the authorities as a ' commercial ' activity. Table 47 shows the theoretical ' market ' rent of street trading pitches in two types of ' markets ', i.e. city commercial centres and outlying resettlement estates.

It is also evident that, for a standard pitch, under the new rental system, the official rate is very close to that of small shops charged by the Government in the resettlement estates, i.e. HKD 8.16 versus 8.33 per month for a pitch. As in the city districts, for a small standard pitch the official rate is far below the ' market ' rent, about only one-third of the shops ( in equivalent size ). In other words, street trading, when conducted on small scales ( under 12 sq ft ), is truly enjoying a low price for the space it occupies. Once the scale is above the 12 sq ft limit, it is charged at a rate even higher than the commercial ' market ' rent! The differential between the official rate and the ' market ' rate is even more striking in the outlying resettlement estates, i.e. a large pitch bears four times as much as the ' market ' rate based on the neighbouring small shops ( 45.83 versus 13.6 ).

Table 47: 'Market' Rents of Hawking Pitches Compared with the Actual Rental Charged Under the New System

'Market' rent of Street Trading Pitches Based on Shop Rents in			
	(A) Resettlement Estates (HKD .68/sq ft)	(B) City Districts (2.06/sq ft )	Actual Rental* Charged Under the New System (2.29/sq ft)
1. Standard Pitch (12 sq ft)	8.16	24.72	8.33
2. Large Pitch (20 sq ft)	13.60	41.20	<u>45.83</u>
3. Using a Me- tered Pitch (12 sq ft)	NA	NA	<u>34.58</u>

\* Based on the average sized pitches (20 sq ft)

As a whole, the new rental system appears to (1) discourage the expansion of operations size and (2) encourage mobile trading ( itinerant trading within hawking areas, i.e. no allocation fee ). These are, in fact, against the actual trend of street trading in (1) pursuing scale economies and (2) stabilizing in permanent sites ( for evidence, see Chapter V ). Stabilization and scale economies go hand in hand. The greater the stabilization, as well as scale of operation, the more likely is the street trading activity in an orderly manner. It would be difficult to encourage one with one hand and simultaneously discourage the other with the other hand. It is hard to encourage stabilization without an increase in operation size because small scale trading requires greater mobility to capture more potential custom in order to maintain a reasonable income. Mobility declines as scale increases. Expanding the operation size, say more

display, larger stock, wider frontage, is one of the best ways to increase revenue, in particular when more labour input is available, say a family helper or an employed assistant ( for this argument, see ' Economics of Street Trading in Chapter VI ). If the high rental imposed by the new policy is to be covered without cutting back the profit margin the increase in revenue rests upon two possibilities, i.e. (1) expanding the size of the trading unit and (2) reducing the degree of competition by controlling the number of trading units to allow traders have equal shares of the ' market '. An achievement of the latter, say by stringent artificial forces, does not guarantee that individual traders would not compete in space. Definitely street traders would not simply remain at the present operation scale and cut their earnings to an unreasonable level. It would also be very unlikely that street traders would reduce their scale to 12 sq ft in order to avoid the allocation fee ( HKD 500.00 ). The smaller the size the greater is the reduction in revenue.

The new Policy reduces other earning opportunities as well. As we have pointed out, the merit of street trading is its flexibility in extending one's income, say extending the selling hours or setting up a satellite pitch by a family helper to capture the market fringe. These are banned by the new law with heavy fines if convicted. So, the ultimate goal to make hawking unattractive can certainly be assured by these measures.

Of course, we would not like to see a policy to make hawking attractive. But, while a new policy is imposed a transitional period for adjustment should be allowed during which the treatment should be fair and just to all parties concerned. Even to the street traders themselves, the new policy tends to benefit the able more than the less able.

The new Policy fails to distinguish the able from the less able in terms of ability to pay rent. Street traders at the lower end of the trading continuum, i.e. services, will suffer whereas those on the upper end, i.e. large meat and fish stalls, can easily afford to pay. Allowing that we have accepted the basis of charging street

trading for a price to balance the costs incurred ( a break even approach ), a fairer rental system should be based on a differential rate on rent-paying ability.<sup>92</sup> The present heavy charges on cooked food stalls are justified in view of their high earning. For a poor service pitch, the new system is too harsh. Usually wet goods traders have a higher rent-paying ability than dry goods traders and servicemen.

Street traders greatly value the advantage or disadvantage of a site. The new Policy has not taken the locational value into consideration. It should be noted that a well-located pitch of, say a fruit seller, could make ten times as much as a poor pitch ( a daily turnover of HKD 800.00 is not uncommon at all ). The present differential rate based simply on size ( between 12 sq ft and above 12 sq ft ) is not realistic. The system does not penalize the ambitious space snatchers because rates are not charged in proportion to size. The demarcation of 12 sq ft does not put the majority into the low rental bracket because almost all fixed pitches or stalls are at least 20 sq ft. Theoretically, if the supply of more space is feasible the ideal rental system should be based on graded sizes, say below 15 sq ft, 15 to 25 sq ft and above 25 sq ft. The middle grade represents the majority of street trading pitches. An even higher rental may be considered to penalize the exceptionally large operators.

Another criticism of the policy is the failure to recognize the difference between the city and the outlying districts. A preceding analysis has shown the importance of street trading in supplementing the poor provision of formal shopping facilities in the outlying districts; the cost is high due to the long distance to supply points. The present non-discriminating rental system would put the street trading price up above an already high level ( compared with that of the city districts ) in the outlying districts where people need street trading most. The high rental would be unlikely to push street operators to shop trading because they have already more or less monopolised the local ' market ' which is the result of a poor provision of formal retail facilities ( public markets, in particular ) in the first place. People in the outlying districts are largely the lower income groups. Should they

bear a high price for the very basic foodstuffs? Is it morally sound to let the 'deprived' districts bear higher costs (the new rental) than do the 'privileged' districts (for regional contrasts, see Chapter VIII).

#### 10.4 The problem of Heavy Forfeiture

The imposition of heavy fines on hawker offenders is by far the most radical change in the new policy. Toleration has been criticised as the cause of the failure of hawker control. The present stringent laws are supposed to guarantee the success of the new policy. The enforcement of law requires a great investment of resources in the Hawker Control Force and Police, and a high quality of enforcement. According to the Survey, in 1971 one-third of the street traders were found adapted to the habit of bribing or other illicit dealings in solving 'problems'. It should be noted that that was in a state of fairly liberal control, say a fine of five or ten dollars for a hawker offence. Under the present heavy forfeiture system, and with a recognized wide spread of corruption in the police force, street traders may easily turn to solving 'problems' by bribery. Considering the fact that a HKD 500.00 fine is more or less a month's earnings, bribing, though eventually a bigger sum, is still a way out.

Furthermore, in the law there are plenty of opportunities for a street trader to fall into trouble (over 30 potential offences listed in the Hawker By-Laws, 1972). That means there are more chances for illicit dealings. The high-profit trades are in a better position to deal with this situation than the low-profit ones. Expenditure of this sort can be regarded as running costs. As long as the revenue can be maintained at a high level by unlawful means, say extending satellite pitches, bribing becomes commercially attractive. The problem will fall on the low rent-paying groups. To assure a reasonable income, they may take the risk of violating the law.

### 10.5 Suggestions

1. The differential rate based on two pitch sizes is unrealistic. It would not penalize the large space snatchers. A modified method should be based on three basic grades of size, i.e. (1) below 15 sq ft, (2) 15 to 25 sq ft and (3) above 25 sq ft. Even a proportional rate on pitch-size could be imposed on the exceptionally large operators. This would curb the expansion of large operators and at the same time allow a reasonable ( realistic ) size for the majority to be able to secure a basic earning.
2. Rental should also vary on the basis of rent-paying ability. Three broad categories can be used to simplify the administration, i.e. (1) wet goods, (2) dry goods and (3) services and newspapers. The findings in the chapter of economics of street trading ( Chapter VI ) would be helpful in setting up a fair rental system.
3. " Locational " rent should be incorporated into the present system. Since street trading is to be confined to specific areas or streets the locational rents can be differentiated by zones radiating from the core of a street trading concentration, i.e. the central zone should bear higher rentals than the outer zones. The stall-location model of Chapter VII would be useful for identifying the core as well as the zones. Actually, this zonal differential rating system can be incorporated with the one mentioned in Suggestion 2.
4. A regional differential policy should be considered to avoid a higher price in the outlying districts. Two regions will be enough, i.e. outlying resettlement districts and city districts. In the former, street trading should not be administered on the basis of balancing the costs and revenue. To run it deliberately at a loss on the grounds of providing a public service should be considered. The space problem is less severe in these districts, there are many other areas in

which the hawker problem can be eased. The problem should be attacked not only on the hawkers' side ( Regional contrasts in demand for and supply of street trading facilities, provision standards of shops and markets, prices, and transport problems should also be taken into consideration for reasons, see Chapters VII, VIII, & IX ).

5. The confinement of street trading to specific areas or districts is also a sensible compromise. The provision and selection of hawking areas or streets could be a technical problem. From the point of view of shopping convenience, the importance of agglomeration and complementary economies should be emphasized. That means a hawking street is better located in close proximity to food shopping centres. The study of the distribution of street trading clusters in Chapter VII should be helpful for this purpose. The micro-scale analysis of the locational factors ( in the latter part of the same chapter ) would give some idea where the core should be located and what types of land use are favourable to certain street trading activities. The better the arrangement of the pitches, the greater is the convenience to the shopping public. Street traders will enjoy the complementary economies too.
6. The low level of provision of shop-type retail facilities has been found under-rated in most reports. Serious consideration should be given to this problem in the official planning process.<sup>93</sup> The problem was examined in detail in Chapter III. It can be used as supporting evidence for the Urban Services Department to bargain for a higher planning priority for the construction of more markets and bazaars in high level decision making in the allocation of future land uses. Wall stalls should not be regarded simply as a nuisance to pedestrian circulation. The value of wall stalls should be reconsidered. The present research has been unable to explore this intermediate type of retailing ( between street trading and firmtype trading ) seriously.



7. The provision of fresh provisions shops should be encouraged, particularly in the outlying districts. The licensing authority should re-examine whether there exist any unnecessary barriers, say corruption or excess bureaucracy, in the process of granting food shop licences ( meat and fish ). According to the present research, some wet goods street trades have been found capable of moving on to shop-type trading, notably raw meat and fish and large fruit stalls. The existing large number of fish and meat traders in the resettlement estates could well be the reason for a shortage of both shops and markets. If licensing fresh provisions shops could be made easier there should be more chance for more small shops to join in this line of retailing.<sup>94</sup> The stubborn argument on hygienic grounds seems to be groundless if one considers the fact that the population have been fed by these street trading meat and fish stalls for generations, and also there are hundreds of them in the outlying districts. A bazaar stall built by the government can be used for selling meat and fish. Does it mean the hygienic standard of a stall is difficult for shop keepers to achieve?
8. The poor location of wholesale facilities is responsible for the transport and traffic congestion. New facilities should be installed somewhere between Northeast and East Kowloon ( see Demand Potential, Fig. 25, and Chapter VIII ). Markets in intermediate locations should be encouraged to take up more wholesaling responsibilities to relieve the pressure on the poorly located ones. The incorporation of abattoirs with vegetable wholesale markets is also one of the reasons for the traffic congestion around the wholesale markets. Meat and vegetables are seldom sold by the same operator. There is no reason for these two functions to co-exist on the same site other than operation economies. The handling and delivery of goods from wholesale points to retail outlets is the most labour intensive process. The hawker problem is an integral part of the poor state of commodity distribution ( see Chapter VIII ).

9. It is hard to <sup>understand</sup> why business hours have to be brought under the control of the licensing system. The street trading peak coincides with the total retail business pattern. There is little room left for tailoring the street trading hours for the sake of easing street congestion for other purposes. As long as street traders do not violate other laws, the business hours should not be interfered with. The exploitation of the space factor has been constrained already; the time factor should be left free for street traders to increase their earnings.

On the whole, the long-term aim of limiting the growth of street trading is sound, and so is the stabilization policy. However, to make street trading run in an orderly manner depends on the practicality of the policy. Practicality should be viewed from both angles, i.e. those of the government and of the governed. The most critical factor is the rent-paying ability. The present rental system fails to penalize the rich but makes the majority bear a higher cost. The best differential renting system should be based on (1) size, (2) rent-paying ability and (3) site advantages. In addition, the overall charges should be lower in the outlying districts on the ground that low income majority in these districts should be less penalized. This does not mean that hawking is to be encouraged in the outlying districts but rather that there are other areas of possible improvement. If say more space for the construction of public markets or shops is made available to take up more hawking trades, eventually the hawker problem can be eased to a certain extent. In tackling the hawker problem, the authority should not simply concentrate on the hawker side alone. The overall supply function of formal retail facilities should be improved without delay. Rationalization of the present poor state of commodity distribution, notably between supply points and retail outlets, would ease the traffic problem as well as cutting the unnecessary waste in both labour and money terms. A genuine realistic policy is to allow hawking a reasonable ( basic ) reward. After all it plays a significant role in retail distribution for the community. The present new policy is realistic only in principle. The means are impractical and harsh. If the new policy is to succeed it must reflect much more precise attention to the detailed circumstances of street trading in Hong Kong.

## XI. SUMMARY AND CONCLUSION

Market and street trading is a feature of low level retail development. Its relative importance in overall retail distribution diminishes as the economy advances. In a spatial context, the process of retail development can be viewed as parallel with the rural-urban continuum characterized by market and street trading prevailing at the rural end in contrast with a formal retail system dominating at the urban end. It is at the intermediate stage of economic development that the rural urban contrast becomes most striking; the ' old ' and ' modern ' retail systems intersecting each other in urban centres. The present study is an example of the study of this low ordered form of retailing in a relatively modern metropolitan setting.

The development of street trading itself can be also viewed as a continuum from itinerant trading to fixed and permanent trading. The continuum can be extended to the shop-type retail continuum via the intermediate stage of mini-stores ( wall-stalls in the Hong Kong case ).

In a brief review of the research literature concerning market and street trading, most of the studies have been found dealing largely with the ' old ' and ' rural ' end of the continuum, mainly on social and economic anthropological approaches. As at the ' modern ' and ' urban ' end, economists are rarely interested in street and market traders. In third world countries, this type of retailing should receive more research attention in the light of (1) its relative importance in internal trade and (2) the physical problems related to urban development. However, the lack of reliable official data prevents serious attempts to investigate the problem in great detail.

In Hong Kong, retail statistics do not exist, needless to say hawking statistics. The present research relies heavily on factual materials collected from intensive field surveys and interviews. Secondary information is scarce apart from a couple of Government reports and recent work by T. G. McGee from the University of Hong Kong.

Street traders in Hong Kong are officially called ' Hawkers ', or ' Shiu Fann ' in Cantonese. The original terminology and definition of ' Hawker ' in a western context is no longer relevant in most South-east Asian cities. They name people who conduct business in public place ( Squares, streets, open ground, canals, etc. ) as ' Hawkers '. However, as was shown by the study of Hawker Images in Introduction, the traditional Chinese concept of itinerant trading ( the true sense of the word ' Hawker ' ) was found embedded deeply in the modern image which hardly represents the norm of to-day's street traders. This may be due to an ambiguity in people's ideas arising from the mini-store-like fixed and well structured stalls which are so common in the hawking scene, and their general acceptance of street stalls as an integral part of the overall retail system.

The exact number of street traders in Hong Kong has always been a puzzle. Almost all published figures have been found over-stating, one way or another, the size of the population. This is mainly due to the fact that the number of unlicensed hawkers has never been known. Elaborate methods have been employed in the present research to obtain a more realistic estimate. It has been worked out that, in 1971, there would be some 44,000 trading units ( stalls, pitches, barrows, pedlars, etc. ) and around 53,000 people engaged in the activity. On average, there would be 1.2 persons per trading unit ( night-time trading included ). One-quarter of the traders were estimated as unlicensed. The largest single trade was Vegetables which accounted for well over one-quarter of the total. This was followed by Fruits ( 13.5% ), Garments & Clothing ( 10.5% ) and Grocery ( 9.3% ). These top four accounted for some 60% of the total trading units of 25 street trades. That means that street trading is fairly concentrated in a limited range of trades, Another measure of concentration is the Index of Diversification of street markets. On average, the index reaches 0.7 to 0.8 ( 1.0 for absolute concentration and 0.0 for absolute diversification ).

The physical and economic characteristics of street trading have been studied in Chapters V and VI. The myth that street trading is a ' refuge ' occupation for the poor and aged has been found groundless.

Over half the operatives have been found at the age between 30 and 50; the mean is about 41. This is just like the age structure of the commercial population. Male and female operatives are almost equal in number. If this is compared with the sex structure of the commercial population, street trading can be said to be fairly female oriented. Operations are small scale. Family involvement tends to be higher in labour intensive trades, notably wet goods. Stall markets open seven days a week; there are hardly any periodic markets. The legal status of hawking does not ensure the security of the licence holders. The unlicensed can ply their trades as do the licensed. They hardly stick to the official regulations. Almost all stalls and pitches have extended to a size some 1.68 times the stipulated standard of 12 sq ft. Mobile traders are becoming less mobile. The high density of demand in a compact urban environment tends to make peddling less necessary. Pedlars can satisfy themselves by peddling in limited set itineraries.

As a whole, the activity is very stabilized and permanent. It is very similar to firm-type trading except for the trading premises. The pursuit of scale economies is definitely a force for escalation within the street trading continuum itself, but there is no strong evidence to support the idea that there is an outflow movement of street traders into the firm-type systems. The shortage of shop space could well be the major deterrent to this development.

Street trading is a low cost industry. Before the new Policy ( 1972 ) was introduced, the average total cost ( labour not included ) was in the range of one to three percent of revenue. That is mainly for transport, storage and to a certain extent, for bribery. Mark-up was about 18% of revenue. The net earning was some HKD 600.00 per month which was equivalent to the wage level of ordinary industrial workers. The major attraction of street trading is the flexibility of extending one's income by labour substitution which is fairly limited in other forms of employment. But it requires hard work. The earnings are reasonable.

The importance of street trading as a contribution to retail trade has been examined in three perspectives, i.e. (1) its relation with formal shops and public retail markets, (2) its popularity among the consuming public and (3) its proportion in the household expenditure bill. Hong Kong has very poor formal shopping facilities. The provision of shopping space is about half the U.K. standard. The situation in the food sector is even poorer. Public market halls have not been built for years. The growth of super-markets has been only a recent phenomenon. Actually, quite a number of these so-called "super-markets" are merely "enlarged" grocery shops with a new title. Street stalls thus fill the supply gap. It has been shown in the example of the raw meat trade that even if street stalls are included in the calculation, Hong Kong is still far behind the U.K. standard. Street shopping is widely accepted in Hong Kong society. Both rich and poor use the services of street traders. Convenience, or accessibility, is highly praised as the major attraction. This can be supported by the fact that one tenth of a household's expenditure (including housing, transport, electricity and other payments) is spent on purchases from street traders. For food trades, street purchases account for 20% of the food bill. As for fresh fruits and vegetables, 50% of the expenditure on these two items is made on purchases from street traders. In conclusion, the importance of street trading lies in the fact that it is not simply an extension of the shop-type system but rather an integral part of the total retail system. In the food sector, street traders dominate almost the entire sub-system. There is little overlapping between the two; the relationship is complementary.

The importance of street trading is even more outstanding in a spatial context. This aspect has been examined in three steps, i.e. (1) patterns and factors of street trading distribution, (2) the role of street trading in the movement of commodities and (3) the costs and prices in response to the commodity distribution patterns.

A significant finding of the distribution pattern of street markets has been that street markets are in clusters randomly distributed all over the city and, within each cluster, individual street markets

are by number in a logarithmic scale. That is a Negative Binomial Distribution pattern. The network of street markets overlaps that of public retail markets and extends its coverage further to the peripheries where shop-type facilities are particularly poor. The high density housing and subcommercial environment have been found most attractive to street trading concentrations. On a micro-scale, the locational interdependence of public markets, food shops and street markets becomes the determining factor. This confirms the importance of agglomeration and complementary economies in the location of street trading activities. Complementarity exists between street trading and (1) public markets, (2) retail shops, and (3) among the street trades themselves. The natural outcome of these economies is a concentric zonal arrangement of street stalls with wet goods in the centre by the side of public markets and food shops, dry goods in the intermediate zone, and finally speciality goods, cooked food stalls and service traders in the outer zone. The further away from the centre, the less is the importance of agglomeration economies. Complementarity is switched over to that with shops rather than that with public markets or between street stalls.

The regional variation in the distribution of street trading activities tends to be dominated by two major factors ( achieved by a Principal Component Analysis ), i.e. (1) degree of commercialization of a district and (2) dormitory-like housing environment. This marks the sharp contrast between the city and the outlying districts. City districts are high in commercialization but low in high density housing ( resettlement type ); the reverse is the case with the outlying districts.

Street traders play a significant role in minimizing the regional contrast in the provision of retail facilities. The city districts enjoy easy accessibility to the supply points. Long distance travel is required for the outlying-district traders to move goods across the city because the wholesaling facilities are concentrated on the western sea-front. One major side effect of this intra-city west-east movement of goods is the increasing traffic congestion in both the delivery points and on-route to the east.

With the service of the street traders, the consuming public, no matter in which part of the city, are able to enjoy great shopping convenience. In the outlying districts, street markets become the major shopping centres for daily necessities. Over 70% of the local residents regard these markets as the only sources of supply. As for the city districts, the inclusion of street markets often up-grades the hierarchical position of a local shopping centre. Street markets perform a complementary function to the formal retail system. This widens the catchment area of the entire shopping complex. That is why street markets in city districts tend to be less comprehensive compared with those in outlying districts, Thus complementarity has also its spatial significance.

People in the outlying districts have to bear a higher street trading price than do those in city districts. In the former, the over-all street trading price is just a few percent below the shop price, but street prices are even higher than the shops in wet goods. In the city districts, street prices are about 10% cheaper than shop prices. The price differential between shops and street stalls widens in areas of great demand as well as in areas with poor shopping facilities. This is mainly due to a rise in street prices rather than a fall in shop prices. Generally, food prices are dominated by the demand function of street trading rather than that of the shops. Thus the distribution of street trading and the supply of shop-type facilities are most responsible for the variation of food prices all over the metropolis.

If the credit of street trading is based on the services of accessibility and cheapness rendered by street traders, the high price level in the outlying districts should not be the fault of street traders themselves but rather the result of planning negligence in failing to provide sufficient shopping facilities and the mal-location of wholesaling facilities.

During the preparation of this report, the Hong Kong government has revised the old hawking policy. The new policy has indicated a swift change of philosophy on, and attitude to hawking. Street trading is no longer treated by the authorities as a social welfare adjunct. Street trading is believed to be a profitable commercial undertaking. It is



contended that the needs of street traders should be balanced against the needs of other sectors of the economy. Thus the use of space by hawkers has to be paid for. The costs incurred should not be passed on to the tax payers. As a result, a new rental system was imposed. It has been argued in Chapter X that the official rent is actually higher than the ' commercial ' rent. The charge of licence fees and trading pitches was designed to protect the legitimate traders against the illegal ones who might capture the business by moving close to the shoppers' path. Thus, pitches are to be arranged in designated hawking sites and streets to keep off the unlicensed. Stringent laws have been imposed to keep street trading in order.

It has been argued that the main problem of the new Policy lies in the fairness of the rental system. The new rental system is seen to be (1) unfair to the majority and (2) unable to penalize the genuine space ambitious operators ( the most profitable ). A differential rental system has been suggested by the writer as a compromise ( the basis of charging rents is subject to debate ) for the sake of minimising the physical problems. The proposed differential rent should include the consideration of (1) the space being occupied by individual traders, (2) the rent-paying ability of a trade, and (3) the locational rent of a pitch. This would penalise those more able to pay without victimising the majority or raising the general food-price level. After all, street traders are rendering good services to the public. In addition, the marginal cases ( the outlying resettlement districts ) should be exempted from being charged high rentals on the grounds that (1) the deprived districts should be subsidized and (2) that the hawking problems in these districts can be attacked by alternative means.

The writer has also emphasized the need of quick action to improve the formal retail system, in particular the public markets and the genuine super-markets. The hawking problem cannot be solved simply by suppressing the hawkers so as to force them to move on to the shop-type system. Basically, in a city as crowded as Hong Kong, shop space is scarce and expensive ( intrinsic to the problem of the limited physical space of the city ), some types of trade would not yield, at the present

scale of operation, a commercial return on shops. The development of large-scale super-markets should be encouraged and hopefully it speeds up the transition process from street trading to modernized retailing. This will bring along a modernization of the wholesale sector which is, at the present, still fairly labour-intensive. In the foreseeable future, unless public retail facilities are provided, most low-order street trades would remain in the street.

FOOTNOTES

- 83 Urban Services Department, Hong Kong (1957): Hawkers: A Report with Policy Recommendation, p.1.
- 84 Ibid.
- 85 The Revised Hawker Policy was first agreed by the Urban Council in 1969. Before it was put into act in November 1972, the suspension of issuing pedlar licences was announced in June 1970, followed by the suspension of succession of cooked food stall licences in late 1970. In 1971, hawker areas were tidied up; static pedlars were converted into fixed pitches ( see Urban Services Department, Hong Kong (1971): Annual Departmental Report.
- 86 Hawker Branch, Urban Services Department, Hong Kong (1969): Revised Hawker Policy, Fundamentals of Polciy, 1 (d), (for restricted circulation ).
- 87 Government Information Office, Hong Kong (1972): Daily Information Bulletin, 11 August, 1972. ( A statement from Mr. Gus Tsui, the Head of the Market and Hawker Section, Urban Services Department, Hong Kong ).
- 88 Hong Kong Government (1972): The Hong Kong Government Gazette ( 20 October, 1972 ), Hawker By-Laws 1972, L.N. 202/72, B744.
- 89 Daily Information Bulletin, op. cit.
- 90 See Footnote 6, Hawker By-Laws, First Schedule, Fees, B747.
- 91 The rentals for Ngau Tau Kok Resettlement Estates were collected from two types of housing estates ( Marks IV & V ). The present average figure was derived from rentals of (1) single bay shops, (2) minor shops & (3) double bay shops which ranges from HKD 320.00 for a large double bay shop ( 247 sq ft ) to HKD 71.00 for a small single bay shop ( 129 sq ft ). Rentals are charged on a monthly basis. Shop rentals for the city districts were collected from samples located in both prosperous and retarded sections of each of the 32 sample cells. Five types of shop rentals were

collected, i.e. (1) restaurants, (2) fresh provisions shops, (3) groceries, (4) emporium goods stores, and (5) general stores. The average figures ranged from HKD 1,795 for fresh provisions shops to HKD 778 for general stores. The high rental of fresh provisions shops indicates that the fresh provisions trade has the highest rent-paying ability. A similar estimate can be also applied to the similar street trade. Surveys were conducted in September 1971.

- 92 In developed countries like France, street markets are run deliberately at a loss on the grounds of providing a public service ( see Kirk and others (1972): Retail Markets in Great Britain, Chaps. V: Retail Markets in France, and VI: Policies on the Provision and Financing of Retail Markets ). In London, the principle of charging fees on street market traders varies from Borough to Borough. But there is hardly any attempt to run the activity even on a ' break even ' basis; most do so at a loss. Hong Kong has very poor provision of shops compared with the United Kingdom ( see Chapter III of this report ); street trading is a very basic form of retailing. It should be regarded as a public service.
- 93 It was learnt very recently that the planning authority has accomplished a survey of retail establishments. This kind of data will be extremely useful for the study of the retail structure of metropolitan Hong Kong.
- 94 It is still too early to say whether the present growth of super-markets would fulfill the role of retailing fresh food-stuffs. The Chinese eating and cooking habits are in favour of the growth of butchery shops and public markets unless consumer habits have been altered through time.