

In his policy address, Donald Tsang showed he is less inclined than Tung Chee-hwa to meddle with the economy, writes Tony Latter

Hands-off approach

While Donald Tsang Yam-kuen was serving out the unexpired two years of Tung Chee-hwa's reign as chief executive, he appeared happy to tidy up unfinished business and tackle short-term issues rather than reveal his true colours. Now that he has embarked on his own five-year term, we may reasonably regard his recent policy address as the first full revelation of his vision and firm stamp of his authority.

It was understandable, therefore, that the address should be titled "A new direction." In its introduction, Mr Tsang said: "The rise of our country ... ushers in a new era for Hong Kong." But China has been on its upward path for some 20 years; it's not clear why this year marks the start of a "new" era – other than Mr Tsang's reappointment as chief executive and his wish to make a mark. But was there really anything new among his policies?

Focusing mainly on the economic policy dimension, cast your mind back to the early Tung years. In his first two policy addresses (1997 and 1998), he earmarked a vast swathe of activities for special attention – some with material support, others more by way of flag-waving.

These included travel and tourism; film, music and broadcasting; manufacturing; and hi-tech business and innovation. He declared aspirations – usually accompanied by some promise of money – for Hong Kong to become a world fashion and design centre; a regional centre for multimedia-based information and entertainment services; a world centre for the development of food and pharmaceuticals based on Chinese medicine; and a regional centre for professional and technological talents and services – not to mention strengthening Hong Kong's role as a bridge between the mainland and the world, and as a leading international business centre.

He doled out extra cash for the Applied Research Fund,

funded the establishment of the Industrial Technology Centre, the Industry Support Fund, the Science Park, the Productivity Council, the Applied Science and Technology Research Institute and the Innovation and Technology Fund. And he set up the Commission on Strategic Development.

Phew! That was a pretty active agenda for an administration priding itself on its free-market credentials. And this was even before Cyberport and Disneyland came

It's not clear why this year marks the start of a 'new' era – other than Mr Tsang's reappointment as chief executive

along. In hindsight, not all the initiatives have succeeded.

But Mr Tung may have felt emboldened, or even obligated, to act in that manner by Article 119 of the Basic Law. It places on the government a duty to "formulate appropriate policies to promote and co-ordinate the development of various trades such as manufacturing, commerce, tourism, property, transport, public utilities, services, agriculture and fisheries". To this day, it is unclear whether this should be read as a charter for meddling in all sorts of economic activities, or merely as a generalised instruction to pursue sensible economic policies.

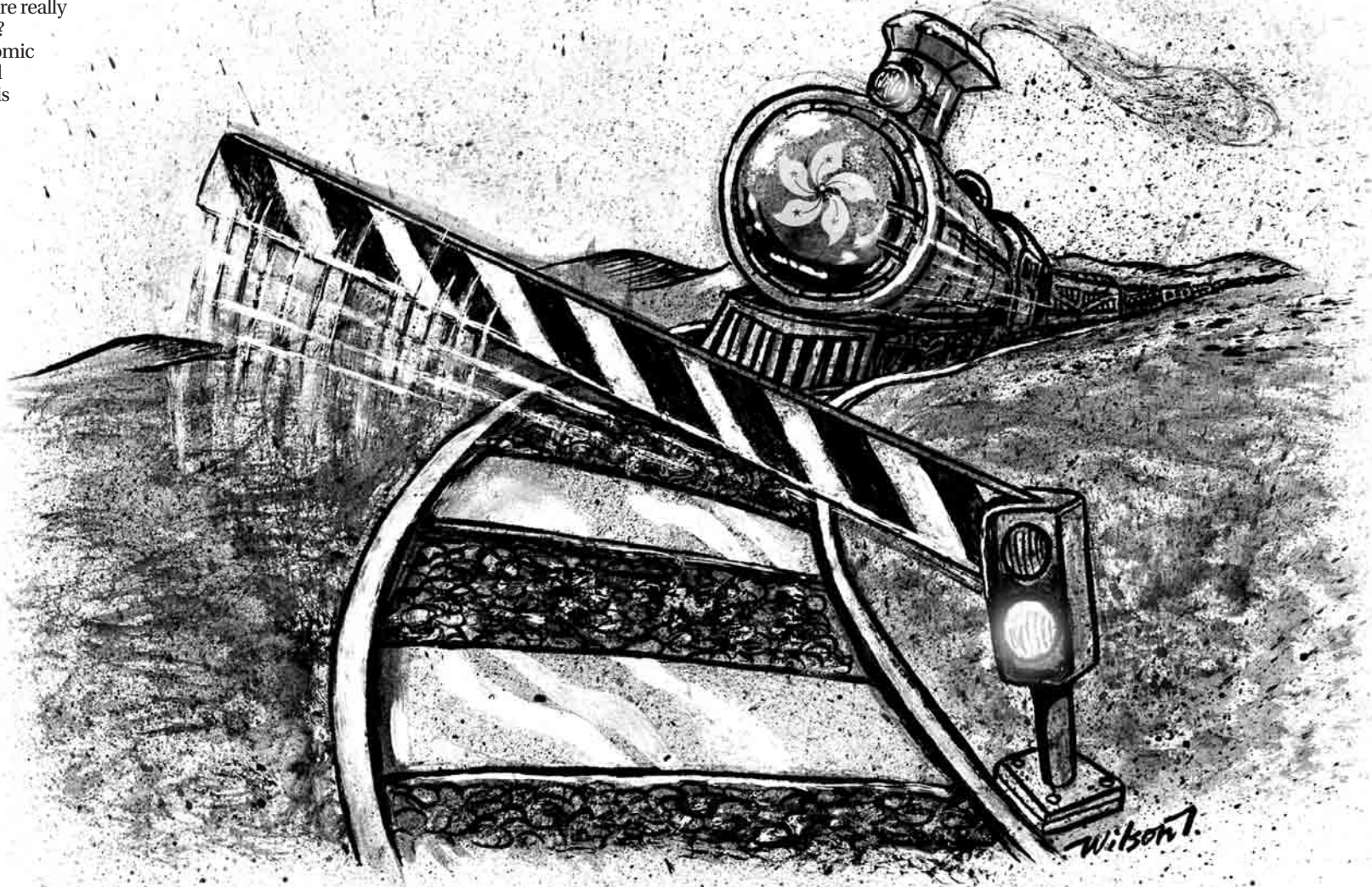
Turning to Mr Tsang's address this month, one obvious contrast is that he had far fewer desires for various sectors, or funding initiatives to support them. Although he dutifully acknowledged that "the national 11th five-year plan states ... that support will be given to Hong Kong's

development on such fronts as financial services, logistics, tourism and information services, and the maintenance of Hong Kong's status as an international financial, trade and shipping centre", he cited no explicit measures.

He spent considerable time talking about Hong Kong as a financial centre and about the action agendas spawned in the follow-up to the five-year plan. But any proposed action has mostly been in the domain of market-opening and levelling the playing field, then leaving business to make its own way.

Thus there appears to be less inclination to meddle. But that urge has not disappeared entirely, as I will explore in a sequel article.

Tony Latter is a senior research fellow of the HK Institute of Economics and Business Strategy, tlatter@hku.hk. This is the first of a two-part series



Other Voices

Beyond political theatre in Myanmar

Ian Holliday
It is now a month since Myanmar's saffron revolution was crushed by the military. Officially, 10 demonstrators were killed in Yangon, but many believe the actual death toll to be far higher.

In the outside world, initial reactions clearly articulated the horror felt. Even Asean leaders expressed their "revulsion" at the killings. Today, however, no more than small steps have been taken to address the political crisis.

At the UN on October 11, the Security Council issued its first ever formal statement on Myanmar, and Secretary General Ban Ki-moon quickly sent envoy Ibrahim Gambari back to the region. In the US and European Union, existing sanctions policies were tightened.

In Asia, Japan cut aid and key figures urged Myanmar's junta to engage in dialogue with detained democracy icon Aung San Suu Kyi and the wider opposition movement.

However, these initiatives were little more than elaborate political theatre. The Security Council statement, while welcome, was largely vacuous. Tougher US and EU sanctions will have almost no effect on the junta. Asian leaders have so far failed to convince the generals to come to the negotiating table.

For their part, the generals also put on something of a show for the outside world. They indicated a willingness to talk to Ms Suu Kyi, provided she renounce her support for sanctions. They also appointed a liaison person to deal with her and Dr Gambari. For their own people, they staged rallies of patriotic support in cities across the land.

Behind the scenes, however, the real action was taking place during nighttime curfews in Yangon and Mandalay. In raids on houses and monasteries, activists were dragged away to detention centres for interrogation and beatings. Many monks were defrocked and sent back to their villages.

To move beyond political theatre and tackle the intransigent military elite that governs Myanmar, Asian leaders must take advantage of Dr Gambari's regional tour to formulate proposals for change. The run-up to the 40th anniversary summit of the Association of Southeast Asian Nations, scheduled for next month in Singapore, is a particularly important period for floating reform plans.

One good idea put forward by Thailand is for multiparty talks based on the North Korean model. Alongside Myanmar, these would bring together Asean, China, India and the UN. Another idea by several world leaders is for a sizeable aid package tied to progress on national reconciliation and political reform. A further proposal that must be considered is an inward investment package designed to encourage businesses throughout Asia to invest responsibly in Myanmar.

So far, global leaders have failed to develop a strategy for dealing with the military junta. At a time when possibilities still exist for meaningful change, they should move beyond established positions. Leaders need to think creatively about ways forward that have a realistic chance both of being implemented and of stimulating significant reform.

Ian Holliday is dean of social sciences at the University of Hong Kong

The Maoist ghost still rails against foreigners

Stephen Vines

There are few absolutely predictable aspects of political life, but one of them comes round with such regularity that it is almost as easy to forecast as the rising sun. No genius is required to know that regimes devoid of new ideas or solutions to problems will make every effort to switch attention from their failings and blame foreigners for undermining the nation.

And so it was at the Communist Party Congress that President Hu Jintao (胡锦涛) warned of the dangers of "external forces" interfering in Hong Kong. This was quickly followed by an even more dire warning from Public Security Minister Zhou Yongkang (周永康), and then the dreary sycophantic chorus here and in Beijing set about chanting the required echoes.

During the Maoist era, China regularly issued hysterical denunciations of foreign sabotage. Now the complaints are more subdued, but anyone nostalgic for those good old days can always turn to the splenetic *New Light of Myanmar* newspaper for reminders. Recently it ran a classic piece of vitriol denouncing "saboteurs from, and inside and outside, the nation, including some foreign radio stations, who are jealous of national peace and development".

Yes, well, that no doubt explains what's been happening in Myanmar and how the junta, which rules what was once the most prosperous country in Southeast Asia, has reduced its economy to rubble.

The Chinese Communist Party still retains the worrying reflex response of blaming foreigners for things that go wrong. This raises the question of what they think is going

wrong in Hong Kong. The old men in Beijing are probably haunted by the vision of a population prepared to turn out in the streets in their thousands to press for democracy.

The most insulting response to this phenomenon is the one apparently chosen by the Chinese leadership, which is to allege that Hong-kongers lack the intelligence to act on their own accord, and are little more than hapless tools of foreigner manipulators. When a pro-democracy

The Communist Party retains the reflex of blaming foreigners for things that go wrong

leader travels abroad to speak about the situation in Hong Kong, or some overseas personality suggests that universal suffrage is a worthwhile goal, the knee-jerk response kicks in: they are denounced for alternately inviting foreign intervention in China's domestic affairs or external meddling with evil intent.

The contradictions in this standpoint are legion. Beijing, for example, goes along with foreign meddling in its trade policy as the price for entering the World Trade Organisation. And Beijing is an enthusiastic participant in the human rights dialogue with Washington – when it issues its reports on American human rights violations, to counter the US State Department's annual report on China.

A burning issue: how to live with climate change

Eugene Robinson

"I've seen fire and I've seen rain," James Taylor sang when I was in college. If he were writing that song today, given that much of the US has a severe drought, he might want to rethink the "rain" part. "Fire" would still resonate with listeners, though – especially in Malibu.

Atlanta is so parched that it is running out of water. The canyons of Southern California are ablaze. Here in Washington, temperatures have been climbing above 26 degrees Celsius – in late October. Can all this be blamed on that "inconvenient truth" that Nobel laureate Al Gore keeps warning us about? Is climate change loosing plagues upon the land?

No. Not exactly. Maybe. Probably not. Could be. Nobody knows. You can take your pick, since it's not possible to link any specific meteorological event with climatological changes that take place over decades or centuries and span the entire globe.

The weird weather does tend to concentrate the mind, though. Even US President George W. Bush acknowledges the scientific consensus that climate change is real. Most people now admit that human activity is causing climate change, or at least accelerating it.

Beyond those fundamentals, though, are a couple of even more inconvenient truths that few seem ready to come to terms with. One is that if climate change follows its projected course, many people around the world will suffer. But some people, as George Orwell noted, are more equal than others.

"It's the poorest of the poor in the world, and this includes poor people

even in prosperous societies, who are going to be the worst hit," said Rajendra Pachauri, chairman of the Intergovernmental Panel on Climate Change, the scientific body that shared the Nobel Peace Prize with Mr Gore.

If sea levels rise as the climate models predict, the first people to be flooded out of their homes will be impoverished residents of coastal megacities in the developing world. If warmer temperatures allow tropical diseases to spread, poor countries will find it hardest to cope.

The citizens of Malibu notwithstanding, wealthy individuals and societies will be less threatened. Pretending otherwise won't make it easier to forge a political consensus about how to proceed. Conservation is essential, but won't solve the problem. Capturing carbon dioxide and storing it underground may sound like a magic bullet, but there's no guarantee that the gas won't eventually just seep back out. Nuclear power offends many sensibilities, including mine, but almost surely has to be part of any truly effective solution.

That brings me to the other *really* inconvenient truth. As Dr Pachauri recently told the UN: "The inertia of the system that we have is such that climate change would continue for decades and centuries even if we were to stabilise the concentration of gases that are causing this problem today, which means that adaptation is inevitable." Debating how to halt climate change is necessary. Figuring out how to live with it, unfortunately, is urgent.

Eugene Robinson is a Washington Post columnist

Peter Kammerer

peter.kamm@scmp.com



Numbers game

In a world where statistics drive so much of what is around us, it is ironic that the best-selling book, ever, on the subject was written by someone with no formal statistical training. Next time you cast your eyes over the latest consumer price index (CPI) figures or hear government officials saying an infrastructure project will create "X" number of new jobs, keep in mind the title of this tome: *How To Lie With Statistics*.

More than 1.5 million copies of the book, by the late magazine editor and writer Darrell Huff, have been snapped up since it was published in 1954. A Chinese-language edition joined the dozens of other translations in 2003. A conspiracy theorist at heart, I naturally like to conclude that the deluge of figures that mainland authorities have been throwing at us in recent years are related to the appearance of that version of the book. While I recognise that statistics are vital in a globalised world, I cannot help but wonder how they have been compiled and calculated.

This is the crux of the problem of statistics: too many people take them at face value without question. That a single figure can cause stock markets to slump or a run on bank savings makes the need for greater openness important.

The director of the University of Hong Kong's Social Sciences Research Centre, John Bacon-Shone, emphasised this to me on Wednesday, saying it was "important to be a critical reader of all statistics". Nonetheless, collecting and reporting such figures also has great value because the alternative – relying on qualitative assessments – "solves nothing and is usually much worse".

His views were backed by British economist and broadcaster Andrew Dilnot, principal of Oxford University's St Hugh's College and co-author of *The Tiger That Isn't*. The book's title relates statistics to the flash of orange that a visitor to the jungle may see in the distance, mistake for a tiger, and flee at speed. It may or may not have been a tiger. Statistics are "enormously important and we should try and consume as many of them as we can", he told me. We do, however, need to respond to them in a more adult way, and the media must take the lead. Most statistics that a government or organisation released were generally correct, he said. But "almost always" questionable was how their disseminators interpreted and described them.

This is the crux of the problem: too many people take statistics at face value, without question

For example, when the Group of Eight leading industrialised nations announced in 2005 that they were forgiving US\$50 billion in debt to African nations, the world was impressed. They explained that there were 750 million people in wealthy countries and that this figure – with the US\$1.2 billion in annual interest payments stripped away – translated into the miserly sum of less than US\$2 per person.

But being sceptical and accompanying numbers with words of explanation, as Mr Dilnot advised, is not always as easy as it sounds. One such figure is the CPI.

Issuing the September figure, a Hong Kong government spokesman said on Monday that inflation was 1.6 per cent and slowly rising, due to the strength of the economy. Excluding the effect of recent tax cuts, the number was actually 2.7 per cent.

The CPI is taken seriously by many people, but it does not apply to the poor, wealthy or me. And, now that I know how it is calculated, I suggest that none of us take it personally.

There are 25 Census and Statistics Department field officers who check the prices of a basket of 981 items in nine categories, the main ones being housing and food. With consumer goods, for example, the price of the perceived most popular brand or item is chosen. If it is not available, the next closest one is selected.

This is fine for average consumers, but none of us is exactly average. I do not eat Golden Elephant Thai rice, am not fashion-conscious, don't have children in international rather than local schools, and my rent is inflated by 10 or so per cent since my landlord knows I have no choice but to put up with discrimination.

Statistics should never be taken for granted. We should approach them with eyes open and a healthy dose of scepticism. There is no need to be cynical, though – just wary.

Peter Kammerer is the Post's foreign editor



Contact us Agree or disagree with the opinions on this page? Write to us at letters@scmp.com

If you have an idea for an opinion article, e-mail it to oped@scmp.com