

## INSIGHT

## A vein of anger

N. Balakrishnan says both Donald Trump and Hong Kong's localist movement feed off public discontent

It should be easy to understand the ideology of Donald Trump in Hong Kong – he is just like a Hong Kong “localist” but on an American scale. Of course, everything is bigger in the US than in Hong Kong, including the people and the media hype. Joshua Wong is short and Donald Trump is tall. But “Trumpism” in the US and the “Indigenous” movement in Hong Kong are essentially the same phenomenon.

In much the same way that Hong Kong “localists” think of mainlanders, Trump thinks the US should keep away people from nearby territories with long historical links, such as Mexico. Not many people here know that both California and Texas, two of the largest states, were “acquired” from Mexico after it was defeated by the US in 1848 – around the time that Hong Kong was “acquired” by Britain after the Opium War.

Those interested in the fantasy of “independence” for Hong Kong might want to read the history of the short-lived independent “California Republic”, which was taken over by the US in 1846. To this day, the state flag says “California Republic”, the only trace left of independence.

History, of course, cannot be undone and walls and borders give rise to different cultures in different territories over time. But walls can

never completely seal in people and keep out cultural exchanges. Spanish has emerged as a de facto second language in many parts of the US and salsa now outsells ketchup in the US.

In the same way here, “mainland” influence in Hong Kong has not been kept out by the immigration checkpoints near Lo Wu.

It is wrong to say that Trump is popular only with the uneducated and crude. The reason he is able to appeal to such large sections of the white working class is because such people feel globalisation and “free trade” have had a negative effect on their jobs and living standards. Similarly, a significant minority, not just in Hong Kong and but also in Taiwan, feel that China’s “opening” has not benefited them in the same way that it has the owners of businesses and capital looking for cheaper labour.

Politics is, in the end, not about morality but about how people perceive their self-interest and whether they think a certain candidate will represent and fight for that interest. That is why Trump and the “localist” movement should be taken seriously, whether we like them and agree with them, or not.

The apocryptic response of the establishment Republican Party to Trump in some ways mirrors the denunciations by Hong Kong gran-

dees of the largely young “localists”. It may be nice to sit around with friends who agree with your political position and denounce other groups who don’t agree with you, but if you are a professional politician whose job it is to hold society together, you should seek dialogue.

It worries me that people in Asia are woefully unprepared for the serious possibility of a Trump presidency. Since they benefit from the current system, they tell Asian hosts what they want to hear, not about the “peasants” rising up in the US.

Even if Trump wins, the Pollyannas assure us, he will not carry out his threats; it’s all just election rhetoric that will be forgotten later. After all, people in this part of the world have heard similar “anti-China” rhetoric in the 1990s from Bill Clinton, and, in practice, no economic threat emerged.

Such cynicism, however, may be

misplaced this time around. Those who look at Trump’s past realise that, as early as the 1990s, he had taken out newspaper advertisements to say that countries such as China had been taking advantage of the US on the trade front. Clearly, it’s something he feels strongly about. He may be factually wrong but he is not faking his views to get elected. If he wins, I dare say he would impose high tariffs on goods from Asia and want to renegotiate many trade deals.

**Even if Trump fails in his bid for the presidency, the political forces he has unleashed will not go away**

Now is the time for the Asian business community to start reaching out to Trump to get a real handle on what he and his supporters think about this part of the world – and ignore the professional talking heads from the US who seek to promote “US-China understanding”.

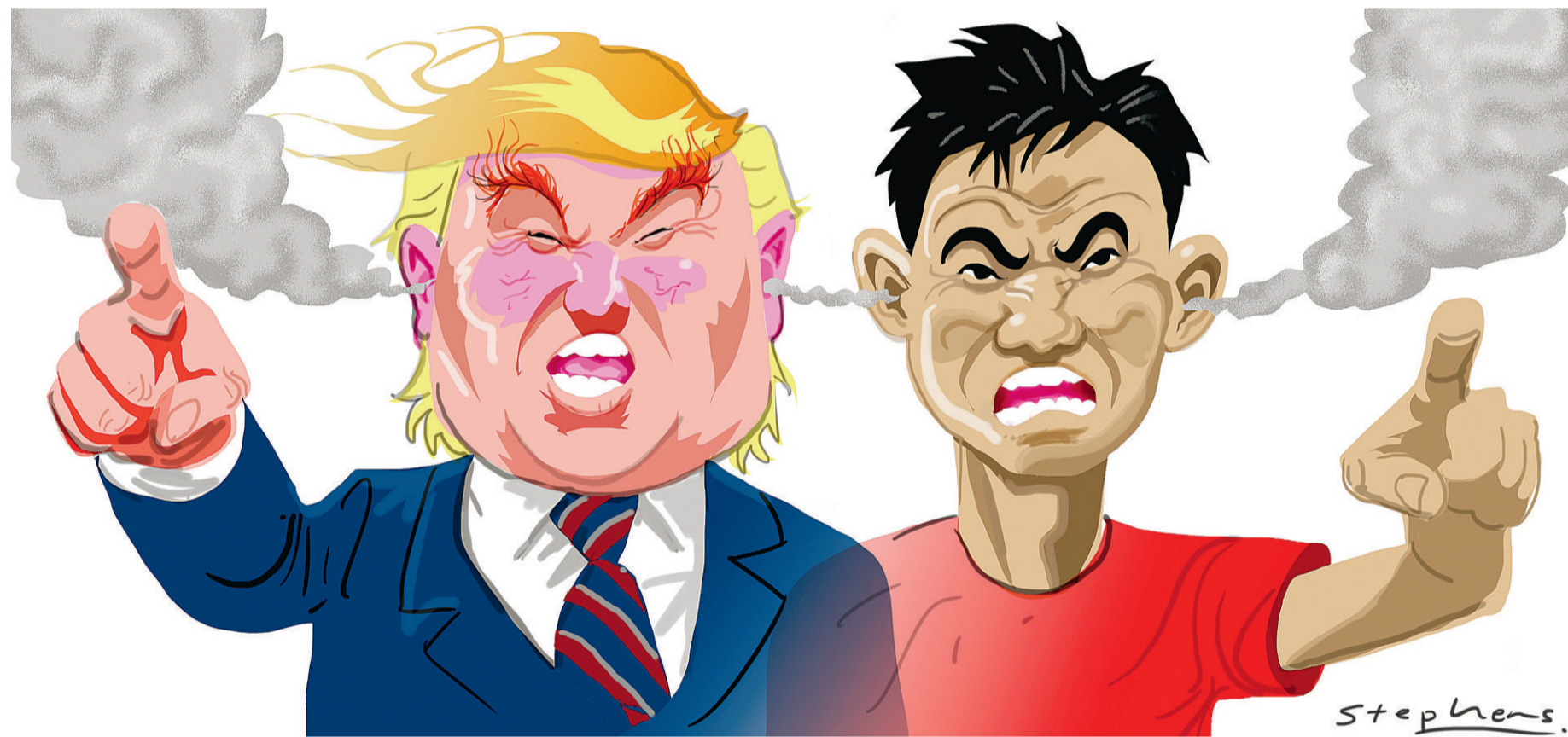
In the 1930s, Americans made a

similar error about China because they ignored the looming realities and preferred to listen to soothing messages. Chiang Kai-shek and members of his US-educated family charmed many members of the American senate and mass media, convincing them that the “Communist bandits” in the hills would be nothing more than a nuisance. Chiang’s cabinet had more Harvard-educated members than did president Franklin D. Roosevelt’s and so Americans believed the Kuomintang. We all know what happened. There were other voices, such as Edgar Snow, who wrote *Red Star Over China*, but such lone voices were ignored.

Even if Trump fails in his bid for the US presidency, the political forces he has unleashed will not go away and will lead to a fundamental reordering of US politics and, by extension, world politics. Those who snigger at Trump as just a TV reality show host do so at their own peril.

I was a student in the US when Ronald Reagan was elected and heard similar sniggers, with people asking what one could expect from an actor. Reagan had the last laugh when the Berlin Wall fell. Whether or not we like Trump and his views, they deserve to be taken seriously. The era of “localism” may be spreading around the world, be it in the US, Hong Kong or Europe.

N. Balakrishnan is a Hong Kong-based businessman



## Politics will decide whether China becomes a high-income economy

Cary Huang says its Communist leaders must embrace the free market and democratic institutions if the country is to escape the middle-income trap

One striking feature of China’s economic success is the consistency of its double-digit average annual growth rate from the late 1970s up to recently. Now, however, decades of phenomenal expansion have come to an end, with growth faltering much faster than expected in the past few years. Last year’s 6.9 per cent annual growth, the lowest since 1990, has raised fears of a protracted period of subdued growth, known as the “middle-income trap” among academics.

With the world watching to see how China will tackle the challenges, Premier Li Keqiang (李克强) has, in his recent state-of-the-union policy statement, reinforced fears by declaring that the economy is facing a “difficult battle” to avoid falling into such a trap over next five years.

The World Bank defines middle-income nations as those with a per capita income of between US\$1,006 and US\$12,275. China’s figure stood at about US\$7,500 last year, based on the current exchange rate.

Countries across Latin America and the Middle East hit an invisible ceiling after witnessing catch-up growth in the 1960s and 1970s and have mostly languished there ever

since. According to the World Bank, just 13 of 101 countries and economies have escaped the middle-income trap.

Some argue that China can avoid the fall based on its economic success and experience gained in the recent past. But academic studies have found that going from a middle-income country to a high-income country is far more complicated than the move up from a low-income nation. China’s development strategies that have proved very successful in the past may not necessarily be as effective today.

The main factor that determines whether an economy can overcome such a trap is its ability to build competitiveness through continuous productivity and efficiency improvements and innovation. China is now trying to make the historic transition from a growth model that relies heavily on the competitive advantages of cheap labour, low environmental standards and state-led capital investment.

A free market is a precondition for developing an innovation-driven, and productivity- and efficiency-based economy. To accomplish this goal, the government must privatise state-

owned enterprises, given that the state-centric economy is a big obstacle to fully embracing the marketplace.

However, the leadership has rejected such reforms, with repeated statements that the government would seek to “consolidate and develop the public sector” and “maintain its mainstay status and its leading role” in the economy.

The most daunting challenge is political, as reform to build democratic institutions and a society governed by the rule of law is also a prerequisite for an economy to move to a high-income level. The experiences of the successful East Asian economies of Japan, South Korea and Taiwan attest to this.

The answer to the question of why some countries grow fast and others languish is political, as academic research has found a strong empirical relationship between economic growth and the quality of institutions such as democracy, the rule of law and free market mechanisms. To date, only democratic countries have made it to a high-income level and continue to grow, save for a few oil-rich nations; for them, prosperity has been more about Mother Nature’s gifts than human endeavour.

So, politics will decide China’s economic future. This will be the real test for the Communist leadership’s will and courage.

Cary Huang is a senior writer at the Post

## The best route to fewer jams

Loong Tsz-Wai says electronic road pricing charges should vary according to how polluting a vehicle is, to persuade more people to use public transport

Congestion is getting worse in Hong Kong. In response, the government is studying a plan for electronic road pricing, and public consultation is ongoing.

Electronic road pricing is an effective way to combat traffic jams, and has been found to be useful in reducing carbon emissions.

Yet, the scheme must be carefully designed to fully account for the social costs of congestion.

In its public engagement document, the government is proposing a scheme that charges vehicles either a one-time fee when they enter the restricted area (an area-based approach), or a fee every time the vehicle passes the boundary of the charging area (a cordon-based approach).

Neither, however, makes distinctions between the different vehicle makes, even though each produces different social and environmental costs.

The amount charged should be related to how polluting the vehicle is, to ensure all road users are charged fairly.

This is similar to a Pigovian tax, named after the economist Arthur Pigou, which is a tax on market activities that generate negative externalities.

The fee should be based on European emission standards: the more pollution produced, the higher the fee.

To provide alternative transport options, the government could expand its current low-emission

zones for buses in Causeway Bay, Central and Mong Kok to cover other vehicle types, and set Euro IV standards as the baseline of its charging structure.

The Transport Department also urged consideration for varying the charges according to a vehicle’s carrying capacity.

Thus, private cars would be charged more than, for example, public buses. This seems reasonable; private cars and taxis occupy 80 per cent of the road space in Central during peak hours, according to government figures.

However, when we consider the true impact of polluting car emissions, such a measure does not go far enough.

Private cars carry fewer passengers, and have higher emission rates per capita than public transport.

Thus, we need complementary measures to support electronic road pricing. The government could increase bus service efficiency in charging zones by rationalising routes.

More park-and-ride schemes could be set up near MTR stations. Similar to London’s experience, we could also introduce more buses in charging areas as an alternative for motorists.

In all such measures, the aim is to make it easier for drivers and passengers to make better use of public transport.

Loong Tsz-Wai is the community relations manager at Clean Air Network

## Let’s be practical when it comes to use of language

Peter Gordon says those who have staked out a position in the uproar over the use of simplified Chinese characters in HK should consider the benefits of a more flexible policy

Many things about Hong Kong bemuse newcomers. When I first arrived, one was the Chinese subtitles on Chinese television. It was explained to me that many Chinese people here spoke something other than Cantonese.

This practice, or rather TVB’s recent subtitled of Putonghua news in the mainland’s simplified characters, has become another storm in Hong Kong’s language wars, with symbolism as usual replacing logic. If the purpose of subtitles is understanding, then certainly it makes more sense to subtitle Putonghua broadcasts in the traditional characters that most people here read.

However, unlike the era in which subtitled Cantonese was directed more or less at local speakers of, say, Hakka, those most in need of subtitles today may well be mainlanders. TVB, therefore, seems to have this backwards: to maximise understanding, it should subtitle Putonghua broadcasts in traditional characters and Cantonese broadcasts in simplified characters.

The uproar followed soon after a mainland student at Baptist University complained about the student union’s use of traditional characters. The posting (on an actual wall) might have been a deliberate provocation, or it might just have been clueless; either way, it went viral.

One path from the resulting tiff led to the Basic Law article that reads “In addition to the Chinese language, English may also be used as an official language by the executive authorities, legislature and judiciary of the Hong Kong [SAR].”

The US, it might be noted, remains without any official language. It is normally assumed that official business goes on in English, but courts, for example, normally have to provide translators for just about any language under the sun, and government notices are often printed in languages for which the number of people justify it. The modus operandi, insofar as there is one, is equity and practicality rather than language status.

## Languages and scripts are different things. Both traditional and simplified characters are ‘Chinese’

From time to time, English-speakers here make the claim that the language’s official status requires fully bilingual government communications. This seems a logical, practical and financial stretch.

Splitting legal hairs is best left to lawyers, but the article would seem to reserve a role for English – without requiring it. One might reasonably expect to be able to insist that formal communications take place in English when it matters, for example, in the courts. English-speakers might also have reasonable grounds for arguing against liability for not having followed Chinese-only notifications.

These considerations neither imply nor require, it seems, that every communication need be in both official languages. In general, whether or not any particular notice comes in Chinese, English or, indeed, French or Tagalog is better determined by some combination of practicality and courtesy, balanced by cost and logistics.

While English is a mere observer in the Cantonese-Putonghua language wars, it provides a useful analogy. It might prove hard to refuse someone wishing to conduct formal communications in Putonghua, but that need not, again by analogy, necessarily imply that every communication from an official body be in other than Hong Kong’s quotidian standard.

Languages and scripts, furthermore, are different things. Both traditional characters and simplified characters are undeniably “Chinese”; common sense indicates that either or both count. But that is, again, not the same as individuals being able to insist on one or the other.

Principle is anyway often wrecked on the shoals of practicality. There have been complaints from non-Anglophone expats about accents not being permitted on ID cards. The issue was mostly cultural but might occasionally be substantive: the unaccented version of the German “Müller”, for example, is not “Muller” but “Mueller”. The response was, roughly, a shrug: HKID cards use the 26 letters of the English alphabet and that’s all.

HKID cards require traditional characters. That, rather than TV subtitles, is the real litmus test.

Peter Gordon is editor of the Asian Review of Books



A man holds a sign professing his love for Cantonese during a rally against the use of Putonghua. Photo: AFP