

## INSIGHT

## On the watch

**Janet Pau** says an essay contest offers insights into what young people who grew up amid boom times in Asia's tiger economies think of the region's challenges, and their views ought to be heard

Young Asians have supported the Occupy Wall Street phenomenon by occupying their own cities in the past month. Whether or not one supports these Occupy movements, what's unmistakable is the fact that it is not just the bottom rungs of our society who are dissatisfied with the status quo. It is also those who are in their prime years, having received decent education and grown up as Asia's tiger economies were taking off. They are the "tiger cubs" – young people who grew up in Asia's fast-growing economies with protective parents who use their newfound affluence to ensure that their children make the most of opportunities that the elder generation never had.

Three decades ago, Asia was poor, far behind the West. Today it is being hailed by Western media as a continent of promise and possibility.

The parents of today's young Asians knew hunger and revolution. Now, their children are better-fed and better-educated, and have access to the world through the internet in a way that would have been unthinkable at the time they were born. Thanks to heavy investments in education, more of them can go to school and, once there, study for more years than their parents. They can aspire to jobs in areas of biotech, engineering, information technology and finance that did not exist a generation ago.

However, from these tiger cubs' perspective, Asia faces unprecedented challenges. Despite the rosy picture of Asia's economic growth, many young Asians are uncertain that they will have better lives than their parents.

Based on almost 400 essays submitted to the Asia's Challenge 2020 contest, designed to look at the biggest challenges facing the region in the next decade, the tiger cubs as a group are both hopeless and hopeful. They are worried about a myriad of problems that Asia is facing, yet are hopeful about Asia's rise.

A recurring theme is that human capital development is of utmost importance. The tiger cubs are troubled by the unequal access to education, particularly for poor rural children and for girls. They lament that the majority of schools do not sufficiently teach communication and creativity. Unemployment, or underemployment, of educated young Asians appears to be the new reality.

Echoing the sentiments of many Occupy protesters, the tiger cubs are worried about widening income disparities and the lack of economic mobility. The sense that hard work does not lead to a better life because of an unequal playing field increasingly breeds resentment towards the rich. They are concerned about the abject poor who are vulnerable to everything from natural disasters to global economic meltdowns, and for whom the question is not improving life so much as sustaining it.



They are also worried about their demographic destiny – overpopulation in some countries, threatening jobs and the quality of life, and population ageing in other countries that means an increasing demand for health care and other social services supported by a smaller working population.

What can be done about these challenges? Perhaps surprisingly, at a time when trust in



**Many young Asians are uncertain that they will have better lives than their parents**

government and business institutions seems to be eroding, tiger cubs think governments and businesses are a central part of the solution.

Their recommendations for governments include establishing well-organised teaching programmes and fixing teacher absenteeism in more backward areas; shifting resources away from urban centres to avoid polarised development; and using information technologies and employing retired doctors to lower costs while ensuring quality health-care services for elderly patients.

For private firms, recommendations range from training students to become innovative and results-oriented, to providing jobs and better working conditions for workers outside major cities, to designing products and services catering to the elderly and promoting age-friendly workplace policies.

These young Asians will one day take over the reins of power in the region. Policymakers and corporate leaders would be wise to focus on their concerns, ideas and aspirations, and make themselves part of the solution, as recommended by these young Asians.

Doing so should help reduce the negative sentiments of protesters and defuse social and political tensions. It would also increase the capacity for Asia to deal with its long-term challenges and ensure that they do not derail the region's growth. It would see that the energy of the Occupy movements is channelled to constructive ends.

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## Stub it out

**Peter Singer** says the addictive nature of tobacco foils efforts to educate against it, and stronger regulation of the drug is the only way to save lives

US President Barack Obama's doctor confirmed last month that the president no longer smokes. At the urging of his wife, Michelle, the president resolved to stop smoking in 2006, and has used nicotine replacement therapy to help him. If it took Obama, a man strong-willed enough to achieve the US presidency, five years to kick the habit, it is not surprising that hundreds of millions of smokers find themselves unable to quit.

Worldwide, the number of cigarettes sold – six trillion a year – is at an all-time high. Six million people die each year from smoking – more than from Aids, malaria and traffic accidents combined. Of the 1.3 billion Chinese, more than one in 10 will die from smoking.

Earlier this month, the US Food and Drug Administration announced it would spend US\$600 million over five years to educate the public about the dangers of tobacco use. But Robert Proctor of Stanford University argues that using education as one's only weapon against a highly addictive and often lethal drug is unforgivably insufficient.

"Tobacco control policy," Proctor says, "too often centres on educating the public, when it should be focused on fixing or eliminating the product." He points out that we don't just educate parents to keep toys with lead-based paints away from their children; we ban the use of lead-based paint.

Proctor calls on the FDA to use its new powers to regulate the contents of cigarette smoke to do two things. First, because cigarettes are designed to create and maintain addiction, the FDA should limit the amount of nicotine they contain to a level at which they would cease to be addictive. Smokers who want to quit would then find it easier to do so.

Second, the FDA should bear history in mind. The first smokers did not inhale tobacco smoke; that became possible only in the 19th century, when a new way of curing tobacco made the smoke less alkaline. The FDA should therefore require that cigarette smoke be more alkaline, which would make it less easily inhaled, and so make it harder for cigarette smoke to reach the lungs.

As Proctor says, cigarettes, not guns or bombs, are the deadliest artefacts in the history of civilisation. If we want to save lives and improve health, nothing else that is readily achievable would be as effective as an international ban on the sale of cigarettes.

Some argue that as long as a drug harms only those who choose to use it, the state should let individuals make their own decisions. But tobacco is not such a drug, given the dangers posed by second-hand smoke. Even setting aside the harm that smokers inflict on non-smokers, the free-to-choose argument is unconvincing with a drug as highly addictive as tobacco, and it becomes even more dubious when we consider that most smokers take up the habit as teenagers and later want to quit.

The other argument for the status quo is that prohibiting the sale of tobacco would funnel billions of dollars into organised crime and fuel corruption in law enforcement agencies, while doing little to reduce smoking.

But that may well be a false comparison. After all, many smokers would actually like to see cigarettes banned because, like Obama, they want to quit.

Peter Singer is a professor of bioethics at Princeton University and Laureate Professor at the University of Melbourne. Copyright: Project Syndicate

## Beijing must not ease its curbs on the housing sector just when they're biting

A debate is raging on the mainland over whether Beijing should ease its measures to curb housing prices.

Earlier this month, Premier Wen Jiabao (温家宝) touched a nerve with property developers and other industry players when he said the government would not budge an inch in its measures aimed at lowering prices to affordable levels and ensuring market growth is healthy and sustainable.

His words were interpreted variously by the market, but most analysts agree they mean there would be no change in the short term to housing policies, even though Beijing has talked of fine-tuning its macroeconomic controls. Developers had hoped for a repeat of the 2008 stimulus plan. On the contrary, there should be no let-up. The controls are starting to bite; it's a critical stage that will determine whether, ultimately, they succeed. Beijing must resist pressure from interest groups to "save the market", and even expand its efforts, to put property development back on a healthier growth path.

The industry is feeling the pain. First in major cities then the rest of the country, developers are cutting prices to boost sales. Property watchers say the industry has reached a turning point: the volume of transactions has fallen in many cities and, in some areas where prices have plummeted, some buyers have backed out of deals and property sales offices have been vandalised. At the same time, real estate agencies are folding one after another, developers are running out of cash, investment in property is thinning, demand for construction

**Hu Shuli** urges the government to resist the pressure from interest groups to 'save the market', and press on with efforts to check speculation and moderate prices



materials has weakened and the land market is also cooling. Local government revenues, which depend heavily on land sales, have also shrunk. Amid the gloom, it's not hard for groups to justify lobbying authorities to ease off.

Such market contractions aren't new. Since 2003, the government has repeatedly introduced different measures to try to rein in prices. It set new rules on the bidding, auction and listing of land; it curbed land supply; it launched plans to build housing for sale and rent for low-income groups; it even at various times abolished the preferential lending rates, raised the down-payment ratio, raised interest rates, and imposed taxes such as one on secondary market sales. But, despite such measures, prices only rose. The effect of the 4 trillion yuan stimulus in 2008 (HK\$4.5 trillion at exchange rates then) was especially damaging: it made available a flood of credit to cash-strapped developers to resume speculating. Clearly, taking the foot off the brake was a mistake.

This time, the government has, to its credit, stood firm. But the more the controls work, the louder the cries to relax them, and the more pressure the government will face. Will it buckle eventually? It must learn from the past. Only when the root factors that drive speculation are removed can the

industry develop in a strong, sustainable and balanced way.

But not easing controls does not mean merely ratcheting up price control. For the policies to be considered a success, not only should prices come down to affordable levels, but the market itself should be rid of distortions. The ultimate aim isn't to force developers to cut prices, because if the market's deep-seated problems are not corrected, a band-aid curb will only cause prices to fall temporarily, before rebounding with a vengeance. Property developers who went bankrupt will only be replaced by new sources of hot money, and the goal to improve people's living conditions will recede further.

The measures should aim for breakthroughs in three areas. First, we must build a rational and sustainable market that answers people's housing needs. Systems should be set up to facilitate the flow of information about properties nationwide and data on personal credit and income. Based on these, market transactions can take place. At the same time, long-term planning for subsidised housing projects should be based on facts, not political slogans, to avoid the astonishing waste that comes from building homes that do not match demand. China should also study the experiences of other

countries in managing housing for low-income earners.

Second, a healthy, regulated residential rental market is sorely needed to balance housing demand and supply. Developing one should be a top priority of housing authorities. In a time of rising prices and soaring rents, the government must step up its efforts to improve its regulatory framework for the lease market, clarify its policy objectives and directions, draft the necessary laws, and encourage more people to become tenants in a society that traditionally values home ownership.

Third, we must pare down local governments' reliance on land sales for revenue. They are the biggest beneficiaries of high housing prices – the reason central government controls don't work. For a start, a property tax is being imposed in some places as part of wider efforts to improve land management and public finances in urban and rural areas. Pilot initiatives to rationalise local government debt are also being carried out.

Ultimately, local governments must widen their revenue sources and cut expenditure. Public finances should be more transparent, and decision-making more democratic.

These reforms would provide substance to the government's resolve to budge not an inch on its housing control policies.



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## A united, stable Europe is vital to German interests

**Guido Westerwelle, Hans Dietrich Genscher, Klaus Kinkel and Walter Scheel** call for cool heads and solidarity to meet the challenges of the euro zone

Europe finds itself in the midst of considerable turmoil. Running up state debts, a policy pursued by some countries for many years, suddenly became unbearable as a result of the financial and banking crisis. The disastrous consequences of this are doubts about the creditworthiness of state debtors and shaky confidence in Europe's resolve and capability to take action.

Some are wary of practical solidarity by financially struggling euro zone states. The longing for a simple solution, for a supposedly "clean break", is growing. It is vital that we keep a cool head. Let us look at Germany's interests. It has become fashionable to contrast German and European interests as if they were two different, and sometimes opposing, things. While it is true that not everything that is devised and proposed in Brussels deserves approval, the central point remains that the table in Brussels around which the 27 member states sit as equals – and where they reconcile their interests through fair compromises – is very much in Germany's interest. Brussels is what guarantees Germany, a large country in the heart of Europe, the confidence and friendship of its many neighbours and European partners. This asset is worth just as much, if not more, than the huge common market of 500 million citizens, from which we as an export nation reap major benefits.

The influence of nation-states in the globalised world is diminishing. No country, not even Germany, has enough clout on its own to exert influence on key political and economic decisions. It is therefore all the more important that we have joint rules in and for tomorrow's world. In our own interest, we have to help shape globalisation: we have to promote free personal development, respect for the inalienable rights of every individual, as well as free trade. Only if Europeans act together will we have any chance of working together with the world's new centres of power to bring our influence to bear.

The European project will thus remain the foundation on which German foreign policy rests. However, it is facing serious challenges which require us, and our European partners, to show a special sense of responsibility. During the last 18 months, we have achieved much to anchor Germany's regulatory framework more firmly in the euro zone. And that is a good thing. Together with the necessary amendment to the European treaties, this will pave the way to a genuine stability union in which more importance is placed on fiscal discipline and competitiveness. Our single currency requires joint action. Sound budgeting is in our pan-European interest. Bold reform measures in many euro countries, for instance the introduction of

national debt brakes, show that the seriousness of the situation has been recognised. There is not going to be a quick solution. Indeed, it will take years until the situation in Europe is stabilised and the continent's competitiveness is strengthened.

It is important that Germany proceeds along this path together with France, and that we closely involve Poland in co-operation among the euro zone countries. It will be in Germany's interest to have France and Poland as its key partners in tomorrow's Europe.

We must not lose our bearings in the troubled waters of the present crisis. Our main goal continues to be a political union in Europe with open frontiers, with an attractive European way of life, as well as dynamic economies. In order to achieve this, we have to combine solidarity with solidarity today.

Our country will not have a bright future without European integration. Nor will our neighbours have a bright future without a Germany that is firmly committed to Europe.

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