

INSIGHT

Facing realities

Minxin Pei says Chinese interests will be better served if Beijing prepares for the likely and potentially game-changing reunification of the two Koreas – by talking to Seoul and Washington

The sudden demise of Kim Jong-il has drastically increased the probabilities of a regime collapse in Pyongyang and the reunification of the two Koreas. Should either scenario become a reality, China will face the most difficult geopolitical challenge since the disintegration of the Soviet Union two decades ago.

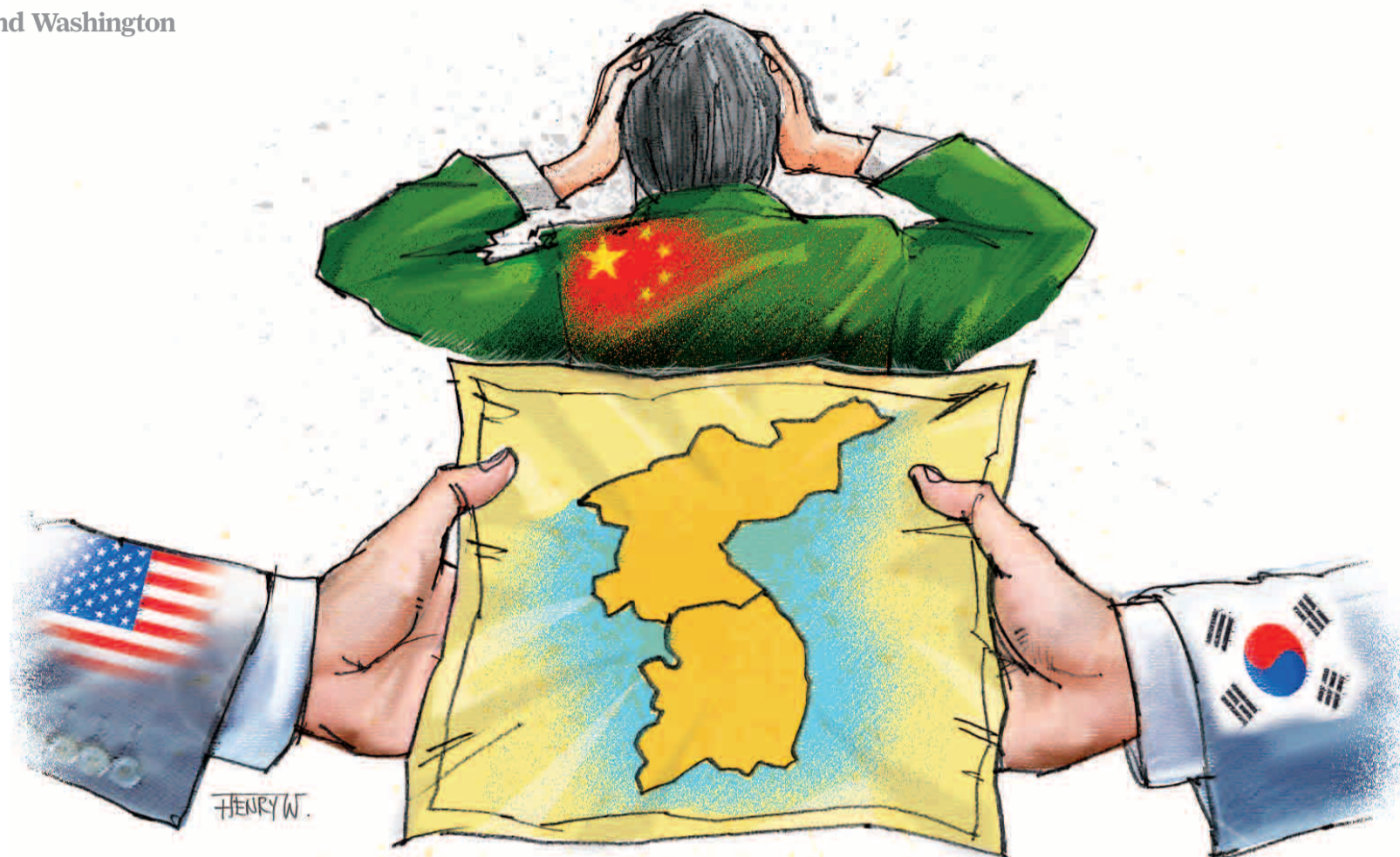
It is thus understandable that Chinese leaders are now trying to do everything possible to prop up the Kim dynasty. Maintaining the status quo will avert a strategic nightmare for China because a collapse of North Korea will not only unleash a flood of refugees into its northeast, but also, more critically, trigger a process that will eventually lead to the reunification of a divided Korean Peninsula and the loss of a buffer state for China.

Yet keeping the Kim dynasty alive will not be easy. Kim Jong-il's son and designated successor, Kim Jong-un, is in his late twenties and has scant political experience. He has no power base of his own. His survival depends solely on the uncertain loyalty of North Korea's military and security forces. Based on historical record, no modern authoritarian ruler has ever managed to pass power to his grandchildren. While succession from the first-generation dictator to his sons is fairly common, no succession from the second to the third generation has ever taken place in non-monarchical autocracies.

In all cases, the second-generation rulers, typically more corrupt and less competent than their fathers, were overthrown before they had a chance to hand power over to their sons. This suggests that second-generation rulers themselves face unfavourable odds of survival. Their authority tends to be weaker, and they face a challenge to their power from ambitious elements within the regime and disaffected members of society. In all likelihood, Kim Jong-il's 17-year reign was an exception, not the rule. This suggests that his son's rule could be very short-lived.

So China must hedge its bets on North Korea. At the moment, Beijing may have no choice but to ensure stability in North Korea. In practical terms, this policy means an increase in economic aid and political support for the new Kim regime. However, given the high probability of a regime collapse in the near future, China must have a strategic alternative: reaching out to South Korea and the United States, the two countries that will wield decisive influence over the course and terms of reunification.

Until now, Beijing has been reluctant to engage in any dialogue with either the US or South Korea regarding the reunification of the two Koreas. The ostensible explanation is that China does not want to enrage North Korea. But the more likely reason is that Chinese leaders may find the prospects of reunification too



horrible to contemplate, let alone discuss it with a geopolitical rival such as the US.

Now that the untimely death of Kim Jong-il has thrust the future of the Korean Peninsula to the top of its security agenda (and that of South Korea, the US and Japan), Beijing can no longer behave like an ostrich. It must confront the new geopolitical reality by starting a strategic dialogue with the US and South Korea to explore the terms under which Korean reunification can occur.

Three critical issues need to be resolved in such a dialogue. First, China must reassure South Korea, the most important player in a reunification scenario, that it welcomes and

A dramatic policy shift is better than sticking with a doomed strategy

supports a reunited Korea. Making such a declaration with credibility would be hard for China since its national security strategy for the past six decades has centred on a divided Korean Peninsula. But a dramatic policy shift is better than sticking with a doomed strategy. By supporting reunification, both with words and deeds, China can enlist South Korea's help in protecting its legitimate security interests.

Second, China must discuss, with the US and South Korea, how to maintain stability and security during the transition phase. Given the likelihood of a rapid collapse, China will have to co-ordinate its own military and humanitarian operations closely with those of the US and South Korea. In particular, all the stakeholders must reach an understanding on how to secure North Korea's nuclear weapons and facilities. Otherwise, dangerous accidents could happen and lead to direct confrontations between China and the US.

Third, this strategic dialogue must address the long-term presence of American forces in a reunified Korea. Obviously, China will oppose such a presence, but given America's concerns

over China's future and the close-knit US-South Korea security alliance, Washington will be unlikely to agree to a complete withdrawal of American forces. A reasonable compromise may be an agreement to limit the American deployment to the south of the 38th parallel and cap the size and capabilities of the South Korean military north of the 38th parallel. In return, China will deploy only lightly armed security forces along the Sino-Korean border.

Given the sensitivity and urgency of the issues involved, China needs to initiate this dialogue immediately and quietly. If they try, Chinese leaders should find themselves pushing on an open door because their US and South Korean counterparts share the same interest in avoiding an ugly conflict over the remains of the Kim dynasty. The worry is, of course, that the risk-averse Chinese leaders, ever fearful of US containment, will not act boldly and seize a historic opportunity to redraw the geopolitical map of northeast Asia.

Minxin Pei is a professor of government at Claremont McKenna College in the United States

Human side

Su-Mei Thompson and **Lisa Moore** say an increasing focus on measurable goals to justify gender equality risks marginalising the fight for harder-to-quantify social change

Gender equality is smart economics. From global think tanks to world leaders, management consultants to top business schools, the consistent message is that a higher representation of women on boards and in decision-making roles makes for better performance, whether in terms of return on equity, stock price or new markets and products. Diversity has many benefits for business, and more women on boards and in the executive suite tends to lead to better governance.

In a capitalist-driven culture, recasting social issues as business drivers with a positive impact on the bottom line may also give more companies incentives to take gender equality more seriously. However, we are in danger of overemphasising the message that gender equality is (just) about good business, and smart economics. We seem to have moved away from talking about pursuing social changes to make a fairer world; instead, we increasingly focus on measurable goals to justify why women should have equal access to opportunities.

The danger in this is that female empowerment concerns complex intangibles. The Women's Foundation's work involves transforming traditional and cultural attitudes and perceptions among men and women, and improving the confidence levels of women and girls. In forgoing the traditional rights-based argument for an economic-based one, these intangibles – inherent in the struggle for achieving empowerment – are being marginalised because they are harder to measure. Simply put, social change is messy, non-linear and unpredictable, but it is only through fundamental social change that the lot of women will truly improve.

Today, many donors only want to fund projects for which the exact outcome of their support can be attributed back and determined in advance. Impact measurement is important, but it is also essential to understand the potentially adverse effects of the audit culture increasingly imposed on non-governmental organisations.

As former Ford Foundation president Susan Berresford argues, insisting that donor recipients demonstrate measurable, short-term impact can "miniaturise ambition for justice and for progress on deeply entrenched problems". Accomplishing fundamental societal change may require innovative and risky solutions that are less easy to measure. Engaging in a dynamic, long-term, and open-ended consultative process with recipient organisations is key. Conversely, NGOs need to remember that accurate measurement and thorough data collection benefit their objectives. Together, donors and aid organisations need a transparent partnership that balances quantifiable and unquantifiable elements.

A major change is needed to allow the full and equal participation of women in society. Analysing this problem using a more objective economic and business framework can potentially serve this goal more effectively than arguments based on fairness and justice. However, let's not forget the human element in women's empowerment and ensure that our efforts translate into more – not less – change.

Su-Mei Thompson is CEO and Lisa Moore is research associate at The Women's Foundation. This article is part of a monthly series on women and gender issues, developed in collaboration with the foundation

Put people's livelihood concerns at the front and centre of Chinese reforms

Unsurprisingly, Chinese leaders concluded their annual economic policy meeting last week with a pledge to focus on "progress amid stability" in the coming year.

Policymakers have faced increasing and increasingly conflicting calls over how to respond to a range of challenges: the debt troubles of small and medium-sized enterprises, measures to cool the property market, the adverse consequences of Beijing's economic stimulus and the progress of reforms. Thus, making stability the key concern for China's macroeconomy is a pragmatic course of action.

As was pointed out at the meeting, 2012 will be a significant year for China. The Communist Party will convene its 18th national congress and, externally, it will face an increasingly complex and uncertain global economic environment. The priority of China's macroeconomic strategy has been to cope with the volatilities unleashed by the financial crisis, and it remains so: minimising economic fluctuations is vital.

Stable growth is the aim, but stability in consumer price levels as well as in the broader economy and society are also desirable. Policies should be flexible. In addition, keeping things stable does not mean being conservative or negative; while stability is the bottom line, progress remains the target. Specifically, leaders have pledged to further the transformation of China's development model, achieve breakthroughs in the implementation of reforms, and

Hu Shuli says this will help the government strike a balance between China's triple need for stability, growth and reform – in line with its policy goal for the coming year



improve people's livelihoods. Stability does not mean passivity.

In practice, China's strategy of "progress amid stability" depends on the government's ability to strike a balance between stability, development and reform.

So far, stop-gap measures have largely been used to enforce stability. In these days of economic firefighting, Beijing's biggest challenge is to find creative policy solutions that support healthy, longer-term growth. As things stand, however, the government is too quick in reaching for a band-aid in place of a slower cure. This impedes our efforts to restructure the development model, causing problems and policy contradictions to pile up. New growth paths become harder to find, and the government's policy tools to fight a crisis grow ever fewer.

Meanwhile, the force for change grows weaker. In good times, there is no impetus to carry out reforms; in bad times, policymakers are too busy averting a crisis, and they worry that reforms might worsen the situation. There is never a good time for change, and people's expectations and hopes go unanswered.

The government must be alert to the problem of prizing stability at the expense of development and reform. How can these three concerns be integrated in practice?

The key is to put the focus on people's livelihoods. Here's how.

First, the authorities should step up efforts to improve people's livelihoods – a most effective way to ensure the economic and social stability that officials crave. Steady economic growth depends on ratcheting up domestic demand, which in turn relies on two factors: one, the roll-out of adequate social security for citizens; two, an expanding middle class to support higher consumption. Social conflicts are rife in today's China. Without a significant improvement in people's lives, the goal of steady growth cannot be reached.

Second, the authorities must actively and effectively respond to public concerns and worries. Significantly, government leaders stressed the value of inclusive growth at last week's Central Economic Work Conference, an acknowledgement that unequal development that benefits only elite groups cannot persist. With the political changes due next year, now's a good time to debate these issues and try to find some answers.

Third, a road map for reforms based on improving people's lives should be worked out. The two are in fact closely related. The pace for reforms has slowed in the wake of the global financial crisis. To be sure, reforms are stalled not only because of the resistance from

interest groups; no one seems to know where to start. We should take the opportunity now to put people's livelihood concerns at the front and centre of reform efforts.

For example, public transport services have long been inadequate in many towns and cities. One reason is the restriction on private investment, and the other is a tax policy that discourages investors. Hence, it is commendable that, from next year, Shanghai authorities will introduce in a pilot project a value-added tax covering the transport and other service sectors, in place of a tax on business.

The SMEs – collectively China's biggest employer – also need help. They are struggling to cope with high taxes, high operating costs and a lack of credit. Authorities could consider implementing tax cuts and private financial reform.

Sun Yat-sen once said the term "people's livelihood" embodies not only people's lives, but society's survival. China's goal for the economy should be focused on improving people's livelihood, and pursuing policies based on stability, development and reform. This more organic approach will lower considerably the social costs of unbalanced growth. A single-minded focus on people's livelihoods cannot take the place of comprehensive social, economic and political reform, but it can be the launch pad.

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A 'with us or against us' attitude divides society

Ho Lok-sang calls on Hong Kong's leaders to set an example to build trust

I have been wary of party politics for a long time. I have watched developments in America, Taiwan and Hong Kong, and I cannot help but conclude that party politics is always partisan politics; that is, playing politics to gain an advantage over a competing party – never mind the cost to society.

In Hong Kong, I hear people using the terms "pan-democrats", "the opposition camp" and "the pro-establishment camp", and I feel sorry for Hong Kong.

Are the labels fair? When the League of Social Democrats accused the Democratic Party of being "no different from the pro-establishment camp" for agreeing to some of the changes proposed by the government for district council elections, its antagonistic attitude was evident.

And whenever the government responds differently to proposals made by the Democratic Alliance for the Betterment and Progress of Hong Kong and those made by the pan-democrats, there appears to be some truth in the DAB being "pro-establishment" and therefore regarded as "friends", while the pan-democrats are "foes".

But expressing an opinion doesn't always mean taking sides. RTHK is making changes to its radio programmes, sacking two of its popular hosts known for their strong political opinions and replacing them with "more neutral" hosts, to give more air time to listeners who phone in. What exactly is meant by "more neutral"? If it means that hosts should not

make known their views, then that would be very strange, since RTHK is supposed to enjoy editorial autonomy and everyone should be entitled to make a judgment.

Of course, hosts must also allow people with different views to air them. But there is nothing wrong with hosts having strong views; it actually makes the discussions more open and interesting.

What Hong Kong needs most now is to build trust. That's especially so given the uncovering of alleged vote-rigging in the district council elections, with some "constituents" in one district apparently reporting false addresses.

The government must act decisively to stamp out all wrongdoing and punish the wrongdoers. Voting is a serious matter and a fair election is fundamental to democratic principles. Vote-rigging undermines trust, and undermines the social capital of Hong Kong.

At the end of the day, there is really no good reason to be pro-establishment or anti-establishment. The government is there to serve the interests of Hong Kong, and all of us should be in line with the government in this basic goal – I doubt, for example, that any of the legislators have been bribed by some external polity to betray Hong Kong's interest, as is sometimes alleged.

So while we can disagree on an issue, that disagreement only comes about because of how we look at a certain matter given our

different backgrounds. Surely it wasn't intended to embarrass the government, as is implied by the term "opposition", just as any agreement wasn't intended to please the government, as is implied by the term "pro-establishment".

It does Hong Kong no good to continue to think in terms of pro-establishment or anti-establishment; it will never build trust.

Our leaders can build trust by setting an example: avoiding conflicts of interest and deviations from the standard procedures that lead to conflicts of interest; by following the rule of law steadfastly; by greater transparency and greater public engagement in key decisions that affect the community; and by taking the first steps to give members of "the opposition" greater trust. That way, the government will in turn gain the trust of the opposition.

In time, the phrases pro-establishment and anti-establishment will be banished to history. And Hong Kong will enter a new chapter of effective public governance, prosperity and harmony.

Ho Lok-sang is director of the Centre for Public Policy Studies at Lingnan University

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