

## INSIGHT

## Brave new world

**Lanxin Xiang** says China's embrace of the term 'new normal' has huge political ramifications as Xi seeks to restore the morality of a Confucian state through his anti-corruption campaign

The arrest of former Politburo Standing Committee member Zhou Yongkang (周永康) on corruption charges has been received with widespread scepticism in the West. *Time* magazine called it a "purge" and the US government implied that it is politically motivated, perhaps on a par with Stalin's purge in the 1930s.

This argument is bordering on the absurd. But the fact that Western policy-makers fail to comprehend what is going on in China is not surprising, given their cultural and historical prejudices, even as the largest anti-corruption campaign in the history of the People's Republic unfolds before our eyes. During recent visits to the US, Europe and Latin America, I was often confronted with questions about the "true" motivation of the anti-corruption campaign from many who had already formed views about a "purge".

My answer always began with the fundamental question: "What is politics?" In the Western tradition, politics is always associated with power distribution in a specified space. The idea of separation of powers derived, above all, from this spatial conception of politics. Traditional Chinese political philosophy, represented by Confucianism, defines politics as a moral issue anchored to time: ruling by virtuous example is the foundation of social stability. If any ruling power misbehaves, it will lose the "mandate of heaven", and that would automatically justify a popular rebellion for regime change.

Thus, Beijing sees the anti-corruption campaign as an operation to restore the badly damaged political legitimacy of a Confucian state. To call it a Stalinist purge is way off the mark.

The scale of official and systematic corruption is alarming, and leaders must handle it with caution and skill to avoid triggering popular resentment against the regime. It seems the leaders have adopted a smart strategy, with minimal disturbance to the system that won't necessarily result in the immediate improvement of society's well-being. The focus is squarely on the cultural problem of the mandarin elite, based on the classical story line of the erosion of Confucian morality.

Leaders are wont to talk about everything that is "new" these days; the "new status quo", "new economy", or "new Asian security architecture". But the most interesting is the "new normal".

This term was invented in the West, referring to economic conditions follow-

ing the financial crisis of 2007-2008. The term has since been used in a variety of other contexts to imply that something which was previously abnormal has become commonplace.

President Xi Jinping (习近平) has used the expression several times in different contexts. But the Chinese version of "new normal" seems to have powerful political consequences. To begin with, the new normal is assumed to have reconfigured the rules of the game for the Chinese state and politics. It postulates that the anti-corruption campaign will be a constant state of affairs; at the same time, economic and political reforms will continue despite



**The focus is squarely on the mandarin elite, based on the classical line of the erosion of Confucian morality**

## Health insurance scheme will only worsen staff shortages in public sector

I am a diehard socialist when it comes to medical financing. Social welfare in Hong Kong is minimal and limited. Health care is one of the few public services that can really benefit the working and middle classes. There is simply no room for concessions.

The authorities have spent over 20 years researching and refining ideas for financing our public medical system. Numerous half-baked options have been tabled and withdrawn. The latest voluntary health insurance scheme was unveiled on Monday. A three-month public consultation will be held before the proposal is presented to the legislature for endorsement. It could be implemented as early as 2016.

The average annual premium of a standard plan under the scheme is about HK\$3,600, calculated at 2012 prices. That is 9 per cent higher than the average premium of individual hospital insurance products now on the market.

The government plans to provide HK\$256 million a year in tax rebates, and HK\$4.3 billion in subsidies for high-risk patients over a 25-year period. The scheme is meant to save HK\$2.8 billion a year in public health spending.

The saving might seem massive at first sight. It should, however, be seen in context. The authorities are poised, for example, to spend as much as HK\$200 billion on a third runway at Chek Lap Kok, which many experts predict will be a white elephant. Key public infrastructure projects now under way are estimated to have a combined budget overrun of over HK\$150 billion.

**Albert Cheng** says under the proposed plan, middle-class patients won't be the only ones going to the private sector; so will their doctors and nurses



Meanwhile, only an insignificant increase of HK\$30 billion is earmarked for the public medical system over the next 10 years. The anticipated spending on the insurance scheme could be put to much better use if it were handed out, say, as allowances for the elderly.

I am opposed to privatising our public medical services in any form. Instead of seeking to reduce medical spending, the government should do the exact



**We can pump more resources into public hospitals instead of wasting time on the scheme**

opposite and invest more to restore declining public service standards.

Salary and indirect taxes aside, the sandwich class also has to face other financial burdens, especially runaway housing costs. The voluntary health insurance scheme is a levy in disguise for middle-income families.

Residents are currently entitled to probably the best egalitarian public medical care in the world. There is no reason

to meddle with it. It does not make much sense to dig deeper into our pockets for something that may not be as good and reliable.

At present, government spending on public health care accounts for about 5 per cent of gross domestic product, below the 7.5 per cent average of advanced economies. Since the days of Tung Chee-hwa, all public health financing models have been designed with a single purpose in mind – to push patients away from public care into the private market.

They were aimed at reducing the government's responsibility to provide the best for the sick.

The primary problem of our health care system is not one of financing. The biggest challenge is the acute shortage of medical professionals. Doctors and nurses in public facilities have been poached by the private sector even without the likes of the voluntary health insurance scheme.

In response, the Hospital Authority came up with a plan to allow non-emergency doctors to undertake emergency room duties in the same hospital. They are given a stipend of between HK\$1,700 and HK\$3,500 for every four hours. These doctors can, since last month, also work in emergency wards in other hospitals.

I have been arguing for a substantial relaxation in the protectionist restrictions on

the fact that they disturb the internal stability of the political elite.

This is a courageous project. But is this new political "normal" sustainable? The anti-corruption campaign is undoubtedly popular, but it will not repair the damage done to the political legitimacy of the ruling party unless the root cause is dealt with – and that lies in the political system itself: absolute power always corrupts absolutely. The implicit consensus within Chinese society is that the success or failure of the anti-corruption campaign hinges on whether the new leadership will dare to root out every big "tiger", with no exceptions.

Thus, Xi's political credibility is at stake, and his new normal cannot be on solid footing without addressing the root cause. Fortunately, the top leaders seem to have realised that political reform, including legal reform, is the only solution.

Internationally, the new normal implies that the leadership will no longer tolerate Western political values in China. But Beijing must avoid making its point using methods that hark back to cold-war ideological battles. Publicly attacking uni-

versal values and the Western democratic system doesn't help. In the West, criticising one's own system is common. The CIA torture report is just one recent example. No one assumes the democratic system is perfect.

Attacking Western democracy will achieve nothing unless it is accompanied by serious argument and plain facts. Even if we agree that democratic values may not apply universally, they have worked in a specific cultural sphere of the West and a large part of the world. And one would have to be blind to overlook the fact that it is a very efficient way to provide domestic stability and is effective as a check against the official abuse of power.

Populism disguised by cultural traditionalism has done enormous damage to China in the past. The dangers of this nationalistic new normal will only increase as China becomes more powerful.

Lanxin Xiang, a professor at the Graduate Institute of International and Development Studies, Geneva, is currently in Washington as a senior fellow of the Transatlantic Academy at the German Marshall Fund



## Stress-busters

**Caroline Erisman** says research in the US tells us adolescent girls need supportive parents, inspiring mentors and a caring school community

As the head of an all-girls school, I am a daily, first-hand witness to the triumphs and challenges that high-achieving girls can experience. Research tells us that, in the past decade, high school girls are aspiring to more ambitious educational goals than their male peers, are more likely than boys to enrol in university immediately after high school, and are more likely than boys to be valedictorians.

We also know that even as girls are thriving academically, their enjoyment of high school is plummeting. How can we help them? Research suggests that exercise, a healthy diet and good sleep habits improve learning, creativity and problem-solving. These habits can also serve to reduce stress.

However, there is still much we don't know. The Centre for Research on Girls at Laurel School – an all-girls school in Cleveland, Ohio – approached Dana Hall School about participating in a study of these very issues, looking specifically at features of a girl's life that exacerbate or relieve her stress and determining what protective factors characterise girls with high levels of well-being. These girls and their parents and teachers were given surveys four times over a two-year period starting in 2011, and 10 students from each grade at each school (and their parents and teachers) were randomly selected to participate in interviews.

The researchers identified three key factors in girls' well-being: girls' perceptions of parental expectations, the role of positive mentors and the role of the school community. Results show that adolescent girls who believe their parents have high expectations also view their parents as more critical. The study found that parental criticism is a strong predictor of future problems in girls' social-emotional well-being. As a result, the way a parent articulates expectations to a daughter is important. Parents must support their daughter's hard work, and help her view mistakes and failures not as insurmountable problems, but as opportunities for growth. We cannot change the fact that stressful events happen, but parents can help their daughters to positively interpret and respond to these events.

Secondly, the role of mentors in girls' well-being is not to be underestimated. A mentor who is authentic and engaged positively influences the self-esteem of adolescent girls. These mentors can be older siblings, classmates from higher forms or even coaches and teachers. As a result, we know that a teacher's engagement, caring and encouragement results in higher self-esteem in our girls.

The role of the school community in creating well-being in adolescent girls is also significant. When girls feel connected to their school, they have higher self-esteem and fewer health problems, social-emotional problems, and stress. Similarly, girls who have positive peer relationships do better socially and emotionally and have lower rates of depression, anxiety, stress and health problems.

We can use these findings to help our high-achieving teenage girls align their achievements with well-being. This is our opportunity to make an impact on their health and on their future.

Caroline Erisman is head of school at Dana Hall School in Wellesley, Massachusetts. This article is part of a monthly series on women's and gender issues developed in collaboration with The Women's Foundation

## No surer track to growth than better rail, road and sea links

**Frank-Jurgen Richter** says trade integration needs local infrastructure

China is busy developing new rail and river linkages. At a recent meeting in Wuhan (武汉), representatives from Europe, Central Asia and China met to discuss the strengthening of ties along the rail system – they wish to raise the frequency of pan-continental freight services.

For instance, Chinese goods rolled into Madrid early this month having travelled 13,000km from Yiwu (义乌), carrying toys and other Christmas goods, returning with wine, hams and olive oil: a good two-way trade clearly benefiting firms at either end of the line. Regular rail routes at present link Chongqing (重庆) (with its auto industry) with Duisburg and Beijing with Hamburg, illustrating how rail can be a flexible system, reaching more destinations faster than a sea link.

What is missing is the quantity aspect: a "standard" train will carry only 30 containers – though some countries permit multiple engine units to push very long trains. In contrast, with little fuss, big ships haul up to 15,000 containers on regular timed services.

Given such figures, mayors along the Yangtze River have agreed to cooperate on the integration of road, rail and air transport, plus opening up their ports to redevelopment that will allow larger ships to pass further upriver.

However, generally, port throughput in China grew at a relatively modest level from January to October, according to

Ministry of Transport data. Freight handled at the country's major ports grew 4.6 per cent year on year over the first 10 months to nearly 9.3 billion tonnes, compared with a 9.9 per cent increase in the same period last year. The slowdown is an indicator of the country's declining rate of foreign trade growth, which dipped to 2.5 per cent from January to October, from 7.6 per cent in the same period in 2013, as a result of the global slowdown.

Research shows that money spent on infrastructure is well spent. According to a World Bank survey, if Latin America's infrastructure was as good as East Asia's, countries with the worst roads and phones would see their annual growth rates increase by as much as five percentage points. Chinese economists are delighted by this and are extolling its development model to the rest of the world.

China spent 8.5 per cent of its gross domestic product investing in infrastructure from 1992 to 2011, according to the McKinsey Global Institute. That was more than any other country, and well above the developing-nation norm of 2-4 per cent of GDP. And, clearly, it looks "on track" to continue this expansion, and thus its potential for growth integration with the rest of the world.

Chinese growth is part of a globalised system. For China to grow, other nations must also invest in growth. But many nations are in recession or feeling the effects of government austerity measures.

India has great potential to trade more with China. China is already its top trading partner, just ahead of the US and the United Arab Emirates. But it has a chaotic transport infrastructure – a fact noted by Prime Minister Narendra Modi, who has pledged US\$25 billion to improve all infrastructure, including opening up the Ganges, a fantastic but currently underutilised internal trade pipeline.

In poor developing countries, one of the best ways to boost rural wealth is to build cycle tracks, allowing families to get their produce to market more effectively. Cash accrues, better food become available and, with more bikes, children can get to central schools. Any spare cash might be invested in micro-finance schemes, further benefiting the region.

This mini-development model can be applied in cities or even nations – the plan simply has to be well larger.

Without local infrastructure across the whole spectrum of human activities around Yiwu and Madrid, there would be no point linking the cities with trains: neither side would be rich enough to buy the goods. Infrastructure needs to be planned, incubated and developed from small beginnings to the globalised systems of today, all the while maintained and redeveloped. The alternative is to live sparse lives.

Frank-Jurgen Richter is founder and chairman of Horasis, a global visions community

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