

INSIGHT

A life of service

Henry Kissinger pays tribute to the late Lee Kuan Yew, whose leadership not only made a nation where there was none, but also acted as a kind of conscience to leaders around the globe

Lee Kuan Yew was a great man. And he was a close personal friend, a fact that I consider one of the great blessings of my life. A world needing to distil order from incipient chaos will miss his leadership.

Lee emerged onto the international stage as the founding father of the state of Singapore, then a city of about 1 million. He developed into a world statesman who acted as a kind of conscience to leaders around the globe.

Fate initially seemed not to have provided him a canvas on which to achieve more than modest local success. In the first phase of decolonisation, Singapore emerged as a part of Malaya. It was cut loose because of tensions between Singapore's largely Chinese population and the Malay majority and, above all, to teach the fractious city a lesson of dependency. Malaya undoubtedly expected that reality would cure Singapore of its independent spirit.

But great men become such through visions beyond material calculations. Lee defied conventional wisdom by opting for statehood. The choice reflected a deep faith in the virtues of his people. He asserted that a city located on a sandbar with nary an economic resource to draw upon, and whose major industry as a colonial naval base had disappeared, could nevertheless thrive and achieve international stature by building on its principal asset: the intelligence, industry and dedication of its people.

A great leader takes his or her society from where it is to where it has never been – indeed where it as yet cannot imagine being. By insisting on quality education, by suppressing corruption and by basing governance on merit, Lee and his colleagues raised the annual per capita income of their population from US\$500 at the time of independence in 1965 to roughly US\$55,000 today.

In a generation, Singapore became an international financial centre, the leading intellectual metropolis of Southeast Asia, the location of the region's major hospitals and a favoured site for conferences on international affairs. It did so by adhering to an extraordinary pragmatism: by opening careers to the best talents and encouraging them to adopt the best practices from all over the world.

Superior performance was one component of that achievement. Superior leadership was even more important. As the decades went by, it was moving – and inspirational – to see Lee, in material terms the mayor of a medium-size city, bestride



the international scene as a mentor of global strategic order.

A visit by Lee to Washington was a kind of national event. A presidential conversation was nearly automatic; eminent members of the cabinet and Congress would seek meetings. They did so not to hear of Singapore's national problems; Lee rarely, if ever, lobbied policymakers for assistance. His theme was the indispensable US contribution to the defence and growth

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of a peaceful world. His interlocutors attended not to be petitioned but to learn from one of the truly profound global thinkers of our time.

This process started for me when Lee visited Harvard in 1967 shortly after becoming prime minister of an independent Singapore. Lee began a meeting with the senior faculty of the School of Public Administration (now the Kennedy School) by inviting comments on the Vietnam war.

The faculty, of which I was one dissenting member, was divided primarily on the question of whether president Lyndon Johnson was a war criminal or a psychopath. Lee responded, "You make me sick" – not because he embraced war in a personal sense but because the independence and prosperity of his country depended on the fortitude, unity and resolve of the United States. Singapore was not asking the United States to do something that Singapore would not undertake to the maximum of its ability. But US leadership was needed to supplement and create a framework for order in the world.

Lee elaborated on these themes in the hundreds of encounters I had with him during international conferences, study groups, board meetings, face-to-face discussions and visits at each other's homes over 45 years. He did not exhort; he was never emotional; he was not a Cold Warrior; he was a pilgrim in quest of world order and responsible leadership. He understood the relevance of China and its looming potential and often contributed to the enlightenment of the world on this subject. But in the end, he insisted that without the US there could be no stability.

Lee's domestic methods fell short of the prescriptions of current US constitutional theory. But so, in fairness, did the democracy of Thomas Jefferson's time, with its limited franchise, property qualifications for voting and slavery. This is not the occasion to debate what other options were

available. Had Singapore chosen the road of its critics, it might well have collapsed among its ethnic groups, as the example of Syria teaches today. Whether the structures essential for the early decades of Singapore's independent existence were unnecessarily prolonged can be the subject of another discussion.

I began this eulogy by mentioning my friendship with Lee. He was not a man of many sentimental words. And he nearly always spoke of substantive matters. But one could sense his attachment. A conversation with Lee, whose life was devoted to service and who spent so much of his time on joint explorations, was a vote of confidence that sustained one's sense of purpose.

The great tragedy of Lee's life was that his beloved wife was felled by a stroke that left her a prisoner in her body, unable to communicate or receive communication. Through all that time, Lee sat by her bedside in the evening reading to her. He had faith that she understood despite the evidence to the contrary.

Perhaps this was Lee Kuan Yew's role in his era. He had the same hope for our world. He fought for its better instincts even when the evidence was ambiguous. But many of us heard him and will never forget him.

Henry A. Kissinger was US secretary of state from 1973 to 1977. Copyright: 2015 Tribune Content Agency

All-out fight

Kamilia Lahrichi says raising taxes on tobacco alone is not enough if China, with its rising income levels, is serious about stamping out smoking

China, the planet's largest tobacco consumer and producer, is the only nation where tobacco consumption does not fall when the government imposes higher taxes on these products, as incomes are rising faster than the tax hikes. This is creating a serious public health issue.

In general, health pundits consider that taxing tobacco products is one of the most effective measures to control consumption. In high-income countries, if the state raises taxes on such products by 10 per cent, there is usually a 4 per cent drop in consumption, according to experts at the recent 16th World Conference on Tobacco or Health in Abu Dhabi, where health professionals and government officials called for tobacco controls.

Worryingly, wages in China are expected to rise further, thereby giving more purchasing power to the 300 million Chinese smokers. In addition, packets of cigarettes are much more affordable in China than in many other places. Some Chinese brands cost as little as HK\$3.70, compared with HK\$17 in South Korea, HK\$41 in Japan and HK\$75 in Singapore last year.

Although China has ratified the international treaty on tobacco control, imposing high taxes on cigarettes alone does not make sense, given that the State Tobacco Monopoly Administration and the China National Tobacco Corporation – the largest cigarette producer on the planet – monopolise cigarette production in China.

From the state's standpoint, decreasing the number of smokers would hit economic growth: state-owned businesses employ hundreds of thousands of Chinese and generate state revenue.

Not surprisingly, Euromonitor International has forecast that the number of cigarettes sold in China will rise at about 14 per cent per year.

As a result, tobacco consumption rates and related diseases are skyrocketing in China. An estimated one million Chinese die every year from tobacco-related diseases; the highest number in the world and one-sixth of the annual global toll.

"It is important that China takes appropriate action to reduce tobacco consumption," said World Health Organisation director general Margaret Chan Fung Fu-chun in Abu Dhabi. In fact, it is vital, given that the number of smokers has ebbed across the globe.

On the bright side, the Beijing authorities passed a law last year to ban smoking in public places in the capital. It will take effect in June. China is also considering regulations to prohibit indoor smoking, limit it in outdoor public places and curtail the advertising of tobacco products across the country.

The government also needs to implement other policies, such as including graphic warnings of the health risks on cigarette packs, in order to enhance Chinese people's knowledge of tobacco-related diseases.

A 2009 WHO study found that only 38 per cent of smokers in China knew that smoking can lead to coronary heart disease, while just 27 per cent knew that it can cause a stroke.

Thus, it's vital for the Chinese government to enforce these policies outside its large cities in order to curb smoking habits.

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How the 13th five-year plan can make consumption a real driver of growth

China's 12th five-year plan concludes this year, and the work of drafting the 13th will begin soon.

Which way will China turn? In its work report to legislators at the National People's Congress meeting this month, the government pledged to create a development blueprint in the spirit of reform and innovation, yet grounded in facts. The actual drafting is expected to begin in early summer, with a version ready for review by the Central Committee at its fifth plenum in the autumn.

The highlight of the blueprint, which will chart China's development from 2016 to 2020, will no doubt be the leadership's strategy to stabilise economic growth and, in particular, boost domestic consumption, widely seen as the next major engine of growth.

For nearly two decades, the government has sought to transform the country's growth model from one based on intensive investment to one focused on raising productivity and efficiency. Many experts have also called for a greater reliance on the services industries and consumption for growth. But such ambitions have proved hard to realise: in 2012, the share of household consumption in fact dropped, to 29 per cent. Coupled with a high investment-GDP ratio, such growth is unsustainable.

The downward pressures on the economy are growing. The ostensible reason is a decline in investment, but the true reason is weak domestic demand, since as much as two-thirds of all investments support consumption.

By contrast, savings are high.

Hu Shuli says to encourage Chinese to spend, there must be a concerted effort to improve key services and change attitudes to spending



Total savings had reached 50 per cent of gross domestic product by 2007 and have yet to drop. In these days of the new normal, when the economy is slowing from its breakneck pace, there is an urgent need to strengthen consumption and lower the savings rate.

How do we explain such high savings rates? Various reasons have been offered: people save because of inadequate social security; they need a lump sum

Society must begin to get used to a more conspicuous display of wealth by the rich

for housing down payments, given the rudimentary mortgage financing available; the workforce population is huge relative to other countries, and people who work save more; China's state-owned enterprises tend to save rather than invest; Chinese save because of the traditional virtue of thrift.

In reality, a combination of these factors is at play. This means any solution must be comprehensive. One thing is clear: to boost

local demand, we must raise household disposable income. This means raising the share of household income in total national income, which in turn requires a comprehensive reform of the administration to make things simpler and less restrictive.

Last October, the State Council proposed to promote consumption in six sectors: information technology services such as e-commerce; green industries; stable and low-income housing; travel and leisure industries; education and sports industries; and, industries that support healthy ageing such as elderly care services.

Most of these industries are in the services sector. For many of them, demand has already outstripped supply. To increase supply, in many cases the government must ease the administrative bottlenecks blocking development.

Take education. Last year, some 460,000 Chinese left the country for overseas studies – yet another record – and those who left are younger than before. The local education sectors should see this as a pool of demand waiting to be tapped.

In health care, an overhaul is needed to address the twin problems of lack of access and high costs.

In financial services, though the value-added ratio of the industry has already reached 7 per cent of GDP, similar to that

in the US, China is still lagging behind in terms of product design, pricing and risk protection, not to mention its inadequate regulatory oversight.

Overall, there also needs to be a mindset change. Many Chinese regard services, especially those in the lifestyle businesses, as less viable than those more directly related to manufacturing. This bias must be corrected if the services sector is to grow.

Consumption patterns are also changing. With the rise in income and the popularisation of mobile electronic devices, consumption has become more diversified. Many have observed that, in today's China, the consumption habits of the middle class will inevitably be shaped by the choices of high-income groups. Likewise, those in the low-income strata may also look to the consumption trends of the middle class.

As such, society must begin to get used to a more conspicuous display of wealth by the rich, and learn to manage the envy that comes with it. If it does not, the wealthy will simply choose to spend their money abroad.

Every spring festival, Chinese with means travel abroad for shopping and leisure – this is no longer news. If the government is serious about boosting domestic consumption, it must consider ways to encourage its citizens to spend their money without any worry.

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Taiwan's rough-and-tumble politics finds its way here

Sonny Lo believes the island is also a factor in Beijing's Hong Kong policy

The Taiwan factor has been neglected in considering Hong Kong's political development. Arguably, the way Beijing handles constitutional reform is a reflection of its broader policy towards Taiwan.

First and foremost, cynics are wrong to argue that Beijing is insincere in supporting democratic reform in Hong Kong. Quite the contrary, it wishes to see lawmakers approve the reform model designed by the Hong Kong government under the parameters of the August 31 decision of the National People's Congress Standing Committee.

The main reason is that after a smooth passage of the reform bill, Beijing could then appeal to Taiwan for political dialogue over reunification, arguing that the Hong Kong model of "one country, two systems" is actually characterised by democratic elections.

In this scenario, Hong Kong would be a politically symbolic place to host meetings between mainland officials and their Taiwanese counterparts and could play a crucial role in bridging the differences between the two sides.

Beijing and its supporters in Hong Kong argue that the Standing Committee decision has opened the door for some degree of democratic reform. At the same time, they reject the Taiwanese model of democratisation as put forward by the pan-democrats – in the form of mass participation in the nomination of chief executive candidates.

To Beijing, Hong Kong's

model of democracy has to be different from Taiwan's. This is characterised by a nominating committee that puts forward politically acceptable candidates.

The "Taiwanisation" of Hong Kong politics can be seen in the way local pro-democracy campaigners are pushing for change. The Taiwanese have a strong sense of their own identity. In recent years, the SAR has also witnessed the growth of a very strong Hong Kong identity, in some extreme cases leading to calls for secession or even independence by a minority of vocal Hongkongers.

Cynics are wrong to argue that Beijing is insincere in supporting reform

However, the fears of this "threat" are overblown, given that it is actually nothing much more than a nostalgic feeling towards the colonial days coupled with an ideal of maintaining Hong Kong's "high degree of autonomy".

Further, Hong Kong's young activists have been taking inspiration from the Taiwanese democracy movement. The Sunflower students' movement last year helped to shape the Occupy Central movement.

The 2016 presidential election in Taiwan may well motivate some Hong Kong activists to take part in the 2016 Legislative Council election. Taiwan's rowdy electoral campaign styles, punctuated with violence, are emerging in Hong Kong.

The 2015 district council elections and the 2016 Legco election may well be marred by violence between the pro-government and pan-democratic camps, given that ideological confrontations are worsening.

Younger Hongkongers, like their counterparts in Taiwan, are increasingly distrustful of political parties. Taiwan's students demonstrated their political autonomy during the Sunflower movement. Similarly, the Hong Kong student movement spearheaded the Occupy protests.

While Beijing may well seek to use the Hong Kong model of democratisation to appeal to Taiwan for political dialogue, Taiwanese-style politics has already penetrated Hong Kong, elevating the Taiwan factor in shaping Beijing's policy towards Hong Kong and its political development, now and in the years to come.

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