

## INSIGHT

## Direct route

## Set a boundary

Michael Chugani says the chief executive cannot avoid the conversation about where integration ends and 'mainlandisation' begins



There's a new buzzword in town – integration. To many, it's a dirty word. They see it as another way of saying "mainlandisation". And that scares them. Others see integration as inevitable, and also desirable. It swells their patriotism. To them, opponents are traitors who foster "de-Sinification".

I agree integration is inevitable. But how close should the embrace be, and how do we decide on a speed that Hongkongers are comfortable with? Right now, they are jittery. More and more feel "mainlandisation" is already happening, and too fast for their comfort. This fear is being manifested in ways that have been mistaken for "de-Sinification". The vast majority of Hongkongers know "de-Sinification" is neither doable nor desirable. That leaves this question: is there a middle ground that is neither "mainlandisation" nor "de-Sinification"?

If there is, Chief Executive Leung Chun-ying doesn't seem to be looking for it. In fact, I don't think he quite grasps the root cause of widespread community unease over "mainlandisation". Twice in the past few weeks he has stressed the need for integration. In his National Day speech, he made clear integration was inevitable and essential. But in his Legislative Council speech last week, he spoke only of economic integration. So which is it? Does he want just economic or full-blown integration? How does such integration differ from "mainlandisation"?

Leung blurred the line when he urged integration as a reaction to alarm over the flood of visitors and parallel goods traders, and suspicion that border towns would be built to benefit rich mainlanders. Let's get one thing straight: integration should not mean simply throwing the door open to growing millions of mainlanders who erode Hong Kong's quality of life. That only fans anti-mainlander sentiments. Add to that Leung's perceived cosiness with Beijing, Li Gang (李刚) overshadowing him on the night of the ferry collision, and mainland leaders "instructing" him to help the victims, and you have a combustible fear of "mainlandisation".

It is comparing apples with oranges for Leung to justify integration by noting numerous Hongkongers already live and work on the mainland. Hongkongers in Shanghai, Guangzhou or Beijing don't compete with the locals for baby milk powder. They are unable to change the character of those cities in the same way the millions of mainland visitors are changing the character of tiny, overcrowded Hong Kong.

Hongkongers have no trouble with economic integration. What frightens them is political integration that erodes their core values. That, to them, is "mainlandisation". Leung's election win has heightened this fear. Many cling to the suspicion that he has "political missions", despite his denials.

Leung's strategy is to win hearts and minds with promises to deal with livelihood issues such as poverty and housing. But those are long-term fixes. Hearts and minds are won by quick results. Besides, those fixes won't dull the fear of "mainlandisation". If Leung wants to push for integration, he needs to clearly define what he means and how it differs from "mainlandisation". There can be no rational discussion on this explosive issue otherwise.

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G. Bin Zhao says the economic fallout from the Diaoyu dispute with Japan means China is now looking at Australia and Canada for direct currency trading as part of its push for renminbi internationalisation

On June 1, direct trading began between the renminbi and the Japanese yen, a step which will play a significant role in the process of China's monetary internationalisation. However, the recent Sino-Japanese dispute over the Diaoyu Islands has affected economic and financial co-operation between these two countries, as well as the process for renminbi internationalisation.

Therefore, it has become necessary for China to seek direct exchanges between the renminbi and other major currencies. This means the Australian dollar and Canadian dollar will become significant priorities. China is an important trading partner of both Australia and Canada; at the same time, Canberra and Ottawa have been hoping to strengthen their financial co-operation with Beijing.

The direct trading of the Australian dollar and the renminbi has more economic significance for Australia than China. Since 2007, China has been Australia's biggest trading partner; today, it tops the charts for both Australian exports and imports. Last year, bilateral trade amounted to A\$114 billion (HK\$913 billion), accounting for about 23 per cent of Australia's total trade, two-thirds of which was Australian exports to China.

Therefore, when China allowed direct trading between the renminbi and the yen, parties in Australia immediately expressed hope that the Australian dollar would be the third currency to be used for direct transactions, after the US dollar and the yen. Wayne Swan, Australia's treasurer, said at a meeting in Hong Kong in July that it was hoped the Australian dollar would realise an early direct exchange with the renminbi, thus greatly reducing bilateral trading costs. In a subsequent visit to Beijing, he expressed this wish to China's senior leaders.

Compared with the volume of Sino-Australian trade, the volume of Sino-Canadian trade is smaller, at US\$47.5 billion last year. At the same time, China has become Canada's second-largest trading partner and third-largest export market.

From 2009 to the end of last year, investment by Chinese enterprises in Canada totalled C\$16 billion (HK\$126 billion), and it will reach more than C\$30 billion if the China National Offshore Oil Corporation acquisition of Nexen is approved. With China's rising demand for energy and resource products, investment in Canada must continue to increase; if its currency can be directly traded, Canada will become more attractive to Chinese investors.

In addition, China and Canada can consider promoting the establishment of an offshore renminbi business in Toronto. One of the reasons Japan is willing to conduct direct yuan-yen trading is that Japan, in addition to trade and investment demand, is looking forward to boosting the Tokyo financial market and nurturing an offshore market for renminbi financial product transactions.

Hong Kong is already an offshore renminbi centre; London and Singapore have also shown great interest and have implemented a number of positive measures. Compared with London and Hong Kong, Toronto has a unique location advantage, as well as many other benefits such as being in a time zone which makes it convenient to do business with all of South and North America, a large international population capable of speaking Chinese, many financial institutions, and developed and efficient financial markets.

The local financial industry will benefit from great opportunities if offshore renminbi businesses are developed in Toronto. As renminbi internationalisation starts off, Toronto will create more opportunities for the local financial industry while strengthening its international capabilities.

During his visit to China in February, Canadian Prime Minister Stephen Harper mentioned strengthening financial co-operation with China, and Premier Wen Jiabao (温家宝) proposed exploring the feasibility of a Sino-Canadian free trade agreement.

Therefore, there would seem to be a sound political basis for the direct

exchange between the Canadian dollar and the renminbi, and neither the Chinese nor the Canadian governments have reason to oppose the development of an offshore renminbi market in Toronto.

Canada is a G8 member while Australia is also a major developed country; their economies play a vital role in the global market. If China's economic development is to be sustained, Australia and Canada will need to provide it with numerous resources, energy and hi-tech products over the long term. Directly traded currencies will not only reduce the costs of trade, but will also promote bilateral co-operation and development in trade, finance, investment and so on.

The first landmark target for renminbi internationalisation is free convertibility worldwide. To trade directly with the currencies of major developed countries is an important step in reaching this target. In other words, after the US dollar and Japanese yen, the renminbi should aim to realise convertibility with the world's major currencies including the euro, the British pound, the Swiss franc and so on. Once this is managed, the goal of free convertibility will be largely achieved.

If direct trade with the Canadian dollar and the Australian dollar can be implemented quickly and smoothly, worldwide renminbi convertibility may be realised in three to five years. Optimistically, 2015 is not impossible.

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## Writers should remain true to their convictions to create lasting art

Chang Ping isn't convinced that Nobel winner Mo Yan's works honestly reflect his inner struggles

I still remember that afternoon more than 20 years ago when I first read *Red Sorghum*. I was bowled over. I hadn't yet come across the works of William Faulkner or Gabriel Garcia Marquez, and as I read *Red Sorghum* then, I felt a rush of elation that a story about "my grandfather" and "my grandmother" could be told so boldly and without restraint.

Now when I reread the novel to try and recapture that thrill, I realised it is gone for good. I also tried to read Mo Yan's (莫言) other works that I hadn't read before, but I gave up before long. A voice inside kept telling me I was wasting my time.

I stopped reading his works some years ago because his verbose and repetitious writing began to irritate me. Now, I must admit that I don't like his work for reasons other than literary merit.

A writer can be politically incorrect or completely apolitical, but he must be honest. If a writer writes honestly about something outside politics, or reflects movingly about his inner struggles, that's something of value to us.

But if a writer has to walk a fine line in his daily life, yet the content of his works reflects nothing of this spiritual tussle, I can only conclude that the works are not serious.

Mo Yan once told a foreign reporter after the June 4 crackdown in 1989 that he had lost faith in the Chinese Communist Party. Yet he kept his party membership, accepted party promotions and today is

the vice-chairman of the state-run Chinese Writers' Association.

He spoke up for writer Gao Xingjian (高行健), whose Nobel win in 2000 was a thorn in the side of the Chinese government, but at the Frankfurt Book Fair a few years later, Mo Yan, along with a number of other Chinese writers, walked out of an event that dissident writers Dai Qing (戴晴) and Bei Ling also attended.



**A writer can be politically incorrect or completely apolitical, but he must be honest**

Most unbearably, Mo Yan accepted an invitation from a publisher to hand-copy Mao Zedong's (毛泽东) "Yanan Talks on Literature and Arts", which was widely seen as the document that permitted and encouraged the repression and persecution of Chinese artists and writers for over 60 years. As it turned out, Mo Yan would not have got into trouble if he had refused to take part.

In the section Mo Yan copied out in the commemorative publication, Mao said: "Members of the Communist Party shall support the position, the spirit and the policies of the

party." Yet Mo Yan said that literature should be independent of politics and political parties, and focus on people and humanity.

This sets Mo Yan apart from the scores of "politically incorrect" writers in history, including Zhou Zuoren, Eileen Chang, Jean-Paul Sartre and Mikhail Sholokhov. All of them were sincere in literature and in their political views. It isn't that Mo Yan takes life and politics lightly, but he is not being true to himself or others.

Mo Yan is typical of this generation of Chinese writers. They have a talent for words and are highly perceptive, and excel at borrowing ideas from foreign contemporary writers and adapting them to China's context. But they draw the line at a more serious examination of their lives, and at taking any social responsibility.

This was once a position of rebellion; now it's a loser's refuge. At the end of the Cultural Revolution, a generation of artists led the resistance and detachment of arts and culture from politics. The late 1970s and early 1980s saw the rise of the so-called Misty Poets and a group of painters who turned their backs on overt propaganda.

But the pushback from politicians came soon enough. A film on the Cultural Revolution, *Portrait of a Fanatic*, drew a rebuke from Deng Xiaoping (邓小平), who decreed that art and literature should abide by four principles.

With direct criticism of party and politics forbidden, writers turned to a more subjective

exploration of the trauma and pain of the Cultural Revolution. The genres of "scar literature", "roots literature" and "pioneer literature" were products of this time, and young writers like Mo Yan emerged and made a name for themselves.

There was an implicit resistance to politics in these literary movements, in their refusal to allow art to serve political ends. But after June 4, this kind of "pure literature" became an excuse for writers to escape the political reality, and it was easy to take the coward's position of keeping quiet, or the cynic's.

Market forces also played a role. This kind of writing found a popular audience, and the works of these writers became best-sellers and brought them some commercial success.

The relationship between literature and politics has been tested on occasion since the 1990s. Mo Yan's award of the Nobel Prize in literature is but the latest controversy to spark divided views. Sadly, these views may not be debated in the mainstream Chinese media but are only found sporadically on the internet.

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## Bo just one of 660,000 reasons to take corruption fight seriously

Richard Halloran is surprised by Beijing's uncharacteristic candour

The Chinese Communist Party usually goes to great lengths to cover up events or trends they think will challenge their rule. But every now and then they surprise the world with their candour.

Take corruption: the party recently disclosed that 660,000 officials had been punished for corruption over the past five years. He Guoqiang (贺国强), head of the party's Central Commission for Discipline Inspection, called investigating corruption cases a "long-term task in the process of building a clean government".

The most prominent of the recent cases of corruption has been that of Bo Xilai (薄熙来), the former party chief of Chongqing (重庆), who was dismissed for alleged abuse of power. But the discipline commission chief also pointed out that a railways minister and the mayor of Shenzhen had been fired.

He's disclosure did not specify the forms of corruption, but anecdotal evidence suggests that bribery and embezzlement were commonplace. Local party officials have long been accused of seizing land and property for their personal gain.

To put it in perspective, the 660,000 punished bureaucrats comprise but a fraction of China's millions of government employees – at the national, regional and local levels. The officials who were penalised evidently broke a tradition dating back at least to the Han dynasty 22 centuries ago when the mandarins who peopled government positions at every level were among the best

educated and most respected men in the land.

He, who is a member of the Politburo Standing Committee, said earlier that a five-year anti-corruption campaign would be launched by the party congress scheduled to meet in Beijing next month. "A sound system for punishing and curbing corruption is an important guarantee for the nation's development," he said.

In another anti-corruption plea, He recently visited major mainland publications to encourage editorial staff to make greater contributions to public education against corruption. He told them anti-graft education was fundamental to the party's endeavour to build a clean government.

The Chinese corruption that perhaps most concerns foreign investors is the theft of intellectual property such as patented processes. Especially worrisome is the failure of the Chinese government to enforce regulations intended to safeguard intellectual property.

The Economist Intelligence Unit says in a report that "uncertainty over China's protection of intellectual property and shifting Chinese priorities and policies can undermine deals with Chinese enterprises".

Still another form of corruption – according to the Data Centre of China Internet, a professional internet survey organisation – has internet users getting less speed on their downloads from the internet than that for which they have paid. Some 538 million Chinese

citizens have access to the internet via smartphones and computers.

"Increasing numbers of internet users in China shelling out for faster broadband are complaining that they're not getting what they paid for," says a report in the *Global Times*.

Over half of Chinese internet users are hindered by 'fake broadband', or slower download speed than advertised by internet providers.

Along the same lines as the anti-corruption moves, the Chinese government has issued a white paper on judicial reform. Among its provisions was a prohibition against obtaining confessions through torture, another intended to protect attorneys in defending suspects, and a third calling for prudent application of the death penalty.

A senior official in charge of judicial reform, Jiang Wei, told the Chinese press: "The problems can only be solved by the Chinese way and wisdom. Copying foreign experience or systems might lead to a bad end."

He said China was keen to learn from the experience of other countries and would incorporate judicial concepts and practices utilised elsewhere. Nevertheless, the white paper urged a continuous effort to establish a "just, effective and authoritative socialist judicial system with Chinese characteristics".

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