

Growing pains

G. Bin Zhao says China's economy faces a rough ride in the next few years as the new leadership introduces major changes but the nation will emerge as a global powerhouse in two decades

The world couldn't hide its disappointment when China's first-quarter GDP growth dropped to 7.7 per cent, slightly lower than market expectations. Unfortunately, this might just be the start; worse news could be just around the corner. Indeed, there are a number of reasons why the Chinese economy faces a downturn over the next few years. So, just how bad can it get?

First, the current leadership transition is an issue. It is clear the new Chinese leaders will introduce many changes, because they understand there is absolutely no alternative to secure China's long-term growth. Without major policy adjustments, any notion of turning the nation into a real superpower over the next few decades will just be an unrealistic dream. Certainly, the transition process will lead to social pain, particularly for the economy. In the meantime, the world needs to be aware of this so that another severe slide in China's gross domestic product will not come as a big blow to the global economy.

Second, economic growth is no longer the top priority on the Chinese agenda. Since the growth target is set at 7.5 per cent, the market should not expect any stimulus plan when it fluctuates to around seven per cent, or goes lower. As President Xi Jinping (习近平) recently emphasised, the days of "ultra-high-speed" growth in China are over. Thus, policymakers will tolerate further economic decline.

China no longer needs double-digit growth. Other issues, such as environmental protection, industrial upgrading and economic restructuring, have become more prominent. As a government policy-driven economy, it is important not to underestimate the negative effect this will have on overall growth. In the worst case, China may experience a brief deadlock.

Third, the therapy for the real-estate tumour might be painful. Over the past decade, the property market has inadvertently acted as a major driver of China's hypergrowth, which has created deep-rooted systematic problems for sustainable development in the future.

The new government has no choice other than to provide progressive measures to deflate the property bubble. This will affect many industries, not only in China, but internationally; for instance, weakening Chinese demand will probably mean the end of the bullish global commodity market.

Fourth, the new leadership seems very serious about dealing with corruption. Fighting corruption is a brutal and complicated long-term commitment, and this

initiative is very likely to last for the decade of Xi's term in power. The fact is that some people will eventually lose some or all of their economic interests.

It will be astonishing if there is no resistance, and this could lead to some short-term instability. As a result of these domestic struggles, China could face a temporary political predicament at home.

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Fifth, there are growing concerns about the outbreak of territorial disputes in the near future, given the new leaders' focus on a slightly "stronger" foreign policy. The South China Sea and Diaoyu Islands are potential areas of hazard for China, while the perennial troublemaker, North Korea, might also stir regional unrest.

These issues will be more difficult to solve than any of China's domestic problems, especially given the stalemate in the conflict with Japan over the Diaoyus. Confrontations in the vicinity of the islands have become routine since last year, and the possibility of an accidental outbreak of hostilities in the East China Sea will increase significantly if the situation continues. China and Japan should consider working towards a sincere resolution before it is too late. Clearly, under any one of the above sce-

narios, China faces the possibility of a transition crisis that would interrupt economic growth, albeit temporarily.

However, I still believe China is on track to become a global powerhouse in 20 years even though the harsh realities it faces in the next few years cannot be ignored.

Still, we should not forget that the Chinese word for "crisis", *weiji*, is composed of the characters for "danger" and "opportunity". The transition might be painful, but for the sake of a brighter future, China needs to undergo many more major transformations.

The world looks forward to a better China, as do its 1.3 billion people.

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Silent partners

Alice Wu says that by sitting on their hands during the latest Legco filibuster, pan-democrat lawmakers lost all political credibility



When the radicals made their debut in the Legislative Council during Donald Tsang Yam-kuen's era, they made the then chief executive flinch. Over the years, their pranks have become more sophisticated; their launch pads for bananas now accommodate filibusters. By the look of things today, the only people they seem to have deterred are the pan-democrats, whose eerie silence during the latest filibuster was deafening.

While the "gang of four" took the lawmaking body on yet another political joyride, and while their pro-establishment colleagues cried foul, the pan-democrats sat back, as if they were above the fray.

The reason is easy enough to understand – it's like being stuck between a rock and a hard place. Supporting the filibuster would require that they share, if not bear, the brunt of the filibuster's possible ramifications, like disruptions to public services; not supporting it would mean more ammunition for the radicals to call them nasty names. But political lounging doesn't mean they are above the fray. Rather, they have been sidelined. While the radicals and pro-establishment camp used this opportunity to cement their support base, the pan-democrats' decision was political suicide.

Each day the filibuster drama went on just added to their political irrelevance. They have relinquished the powers vested in them by their electorate. They have relinquished their electorate's hopes that they could rein in the radicals, step up to the plate and be politically indispensable. Surely there is a gulf between the two extremes of "obstruct at all costs" and "accommodate at all costs". But the message they essentially sent to those in the middle was: don't look at us. When people can't "look to you" at crucial political flashpoints, they will learn to look elsewhere.

When the moment came for the Legco president to put an end to the nonsense, they committed another grave error: by choosing that time to wake from their political stupor and – smouldering with indignation – deciding to make a scapegoat out of Jasper Tsang Yok-sing.

But throwing their torches at the Legco president only illuminated their powerlessness. It was a feeble attempt to win political favours. Those who disagree with ending the filibuster will side with those who launched and supported it. Those who saw this filibuster as a frivolous exercise in time-wasting will remember the pan-democrats for their silent response to their fury.

Instead of lamenting the fear that "people will feel we are wasting time", as Civic Party legislator Ronny Tong Ka-wah put it, the pan-democrats should be thinking seriously about how they can undo the self-inflicted damage. The radicals played a game of chicken, and the pan-democrats chickened out. The pro-establishment camp answered those taunts, and delivered what its supporters asked for.

You can't have things both ways. If there were concerns of time wasting, then there should have been a strong stance against the abuse of minority powers. Copping out and believing there would be no consequences is naive. Political cowardice is so blindingly obvious, it is very hard to miss.

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Big data is watching: how technology is shaping a new consumer landscape

Li Hong says companies must embrace the changing interaction between brand and buyer

In today's fiercely competitive world, sellers of products or services face one common problem: the old ways of grouping people along broad socio-demographic and class-based lines have ceased to aptly describe the modern consumer, especially in terms of their relationship with a brand.

Why? Because digital technology and "big data" are changing the way we look at the world today. They are changing the way consumers comprehend brands, increasingly through multiple channels and in multiple ways. This, subsequently, is changing the way consumers interact with a brand, and the way they share their experiences.

The relationship between business and consumers, whether with regard to consumer or luxury goods, electronics or cars, has changed forever. Even the technical bedrocks that have underpinned the business world for decades are changing.

Sampling of one demographic to gain insights into a particular brand often takes a long time and, in today's world, can mean significantly less than before. This is because those surveyed are influenced by fragments of information from ever more fragmented channels. Individuals now consume a daily diet of text, image, video and many other formats that appeal to them.

Many companies realise things are changing, yet are afraid to bet big on a future they don't fully understand.

Underscoring this is how the

digital world is morphing into something that demands continuous attention, connection and feedback, anytime, anywhere and on any given subject.

Companies now have to deal with a moving target, and it is within big data that we can best understand what aspects of a brand have a significant impact on a consumer, either in a positive or negative way.

The use of big data for Chinese consumer habits has gathered pace, after a slow start

Though there are many challenges, they are not insurmountable. And, no place is this more relevant than in China. Today, China boasts 564 million internet users, with some 330 million mobile subscribers now using smartphones.

On average, users spend four hours each day online. The social networking site Sina Weibo has more than 500 million registered users, with over 300 million signed up to the relatively new system, WeChat.

Some 84 per cent of internet users say they split their time online between social networking, uploading videos, sharing photos and on microblog sites, while 64 per

cent have purchased something because of a digital marketing strategy. This number is bound to rise as mobile devices become a more popular medium for advertisers.

The use of big data for analysing Chinese consumer habits has gathered pace rapidly, after a slow start. Huge amounts of data is just that – data; the importance lies not just in the ability to collect it, but in being able to extract tangible information about an audience.

In the US last year, at the top of the scale, companies spent an average of US\$24 million to better understand their consumers through data. The Tata Consultancy Company, in a survey of more than 1,200 companies, found that more than half had big data initiatives last year.

Even though some companies are starting to "get" big data and understand what it means for the future of global commerce, there is still a way to go.

Data analysis isn't only about marketing. Geographical data can tell us much about people's consumption habits. In China, digital and big data can provide a window for brands into third- and fourth-tier cities which were previously out of reach to retailers due to high distribution costs. With the rise in mobile and internet use, e-commerce will add to this new outreach.

Yet, many challenges remain. A recent Bain survey of 40,000 Chinese households showed that many people are only vaguely concerned about brands and, compared with many other

markets, Chinese consumers have a relatively low brand loyalty.

Instead, they prefer to try different brands, and compare them in online discussions with their peers and friends.

This creates problems when using the traditional channels of advertising. Here, again, data analysis can help shed light on the habits of the modern consumer.

The world of big data enables us to analyse huge amounts of information in a short space of time, establishing a link between online habits and geographic, demographic, psychological and behavioural patterns.

It's important to understand that future ways of dividing and targeting an audience will be very different from the ways of the past, with data analysis at its core.

How companies and marketers respond, when they respond, and to what extent, will shape the new consumer relationship.

Companies that ensure they develop the capacity to understand real-time data that gives a deeper and more nuanced understanding of the consumer will be the ones that make the biggest gains.

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Democrats must now make their voices heard on reforms

Mike Rowse says bottom-line consensus should be put to government

This week, the Hong Kong Democratic Foundation will publish its proposals for political reform. As a member, I will be attending the launch press conference, not to show support for the specific ideas – I took no part in the drafting process, and have reservations about some of them – but, rather, to endorse the concept of the pan-democratic forces putting forward their own detailed proposals.

Other groups are also at work in this area and we can look forward to a raft of ideas in the next few months. It is vital that the community then engage in a thorough public debate. What must emerge is a detailed consensus on the democrats' bottom line. The government badly needs this input to assist in drawing up its own proposals.

For, as is by now widely understood, there are not enough pro-government lawmakers to enact reform legislation by themselves. If there is to be any progress, some pan-democratic legislators will have to vote for it as well. So, it would help the public debate if those councillors who are inclined to support the administration would also take part. This would enable them to have a better understanding of the strength of public feeling in certain areas, and also provide an opportunity to put a brake on wilder reform suggestions.

Looking first at options for the 2016 Legislative Council election, there will have to be changes in the way some functional constituencies choose members. It is surely

time to end corporate voting, for example. Does there also need to be a minimum threshold for the size of the electorate?

Would changes to the functional seats, by themselves, represent adequate progress or should there also be a shift in the overall balance between functional and geographical constituencies, in favour of the latter? Outright immediate abolition of all functional seats is

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unworkable because their votes would be needed. But is some sort of halfway house feasible?

For the chief executive election in 2017, will the nominating committee have to endorse all candidates, as some have suggested, or will it be sufficient, as now, for a candidate to secure a certain level of support? What should that level be and how should the committee itself be constituted?

As for the candidates, is it time to drop the ban on party membership? How will they be able to show they love Hong Kong and China, if indeed they should have to do so at all?

The reluctance of the pro-establishment camp to join the

debate now is disappointing. More than one has suggested they could only start to discuss ideas once the government's own proposals had been published. Given the reluctance of all administrations to go back on their own proposals once promulgated, that is akin to saying "we can only start to think about it when it's too late".

But even the pan-democratic side is showing signs of flakiness. Two prominent members have fallen out because one wants to make sure the nominating committee goes about its business in a fair way while the other wants to scrap the committee, even though it is a constitutional requirement.

Other democratic supporters have also been acting strangely. One woman hung up during a phone call from the police because she was "too tired", then later expressed surprise when she was arrested. Another lay down in the road to impress the chief executive with her support for universal suffrage. She then confessed to having uneasy feelings after being picked up by a police officer. Did she expect him to use levitation? A professor plans to lead 10,000 people in an orderly procession to Central, confident they will all disperse peacefully at the end.

It all reminds me of the song *Send in the Clowns*. What did Judy Collins tell us some 40 years ago? Don't bother, they're here.

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