

SOUTH KOREA *Donald Kirk*

## A prelude to the next Korean war?

America's decision to pull a brigade of combat troops from the historic invasion route between the North Korean border and Seoul raises troubling questions about the underlying US commitment to northeast Asia. The Pentagon says the US can defend South Korea with bombers and missiles, and thousands of troops rushed in from elsewhere, in the event of an attack. The question, however, is where these troops and planes would come from and how quickly they could respond.

Beyond vague promises, there are no firm guarantees. The record of the Korean war shows the US had just a handful of advisers in Korea when the North's troops poured south in June 1950. The 14,000 troops that make up the US Second Infantry Division remain north of Seoul. The loss of one brigade will reduce the division to just more than 10,000 soldiers. But all will move south of the capital in the next few years as part of the US plan to get them "out of harm's way" and protect South Korea with what Defence Secretary Donald Rumsfeld says will be a flexible, regional defence reflecting advances in military technology.

Such assurances are not convincing. The defence of South Korea would turn out to be far more complicated than operations in Iraq or Afghanistan. The United States would have to deal with the question of whether its troops should venture into North Korea, which would lead to severe opposition from both China and Russia. China shows no inclination to support the North in a second Korean war, as it did in the first, but the long-range future is far from clear.

The best argument for reducing the US presence in South Korea is that another Korean war could not happen. South Koreans, focused on economic difficulties, see little if any chance of a breakdown in the process of reconciliation with the North. Underlying this view is the belief that North Korea is far too weak economically to consider hostilities.

Those assurances, however, overlook the North's refusal to abandon its nuclear weapons, much less other weapons of mass destruction that are not even the topic of negotiations. Nor has Pyongyang shown any inclination to stop developing missiles. The shoulder-struggling view that North Korea has no intention of risking retaliation by actually firing any of its missiles

does not exactly answer the question of why it is investing so much of its resources in such advanced instruments of war. One answer is that it sees them only as bargaining chips in a game whose aim is to compel the US, South Korea and Japan to provide vast amounts of aid. Another view, put out by North Korea, is that it needs such weapons for self-defence, in case of a US "pre-emptive strike".

More immediately, however, North Korea threatens the South with a military establishment of more than 1 million troops, more than half within 50km of the demilitarised zone. While negotiators are fixated on nuclear warheads that the North would hardly be foolish enough to use, North Korean infantry and artillery have the power to cross the demilitarised zone and go fairly deep into South Korea. They might run low on fuel and ammunition in a few weeks, but US and South Korean soldiers would be in for a tough fight.

For North Korea, the best strategy may be to wait, negotiate, beg for aid and gradually build up its conventional ground forces behind a smokescreen of publicity about its weapons of mass destruction. For the North, the time to attack will be after the US has pulled all its forces south of Seoul, the US-South Korean alliance is frayed even more than now, and South Koreans are lulled into a false sense of security. It is this strategy that raises fears among South Korean military planners about the consequences of the transfer this summer of a US infantry brigade to Iraq.

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ASIA'S WORLD CITY? *Chris Forse*

## Hong Kong's identity crisis

Amid all the excitement and despair of the disputes on democracy and patriotism, no one seems to mention any more the promise by Chief Executive Tung Chee-hwa to make Hong Kong "Asia's World City". Ambitions and priorities have been subtly changed by the controversies and the perceived failures of recent years; our horizons have been narrowed, our sense of what is possible has shrunk.

This is a tragedy because Hong Kong enjoys a significant comparative advantage over its hinterland, as an international city and China's "window on the world". Even without universal suffrage, we still enjoy most of the freedoms that made us the "freest society in Asia" (Amnesty International) and the most open to trade, investment and talent from overseas. Hong Kong may not be the multicultural society many claim it is, but it did hold out the possibility of becoming East Asia's most inclusive one.

Hong Kong is struggling with an identity problem. The dispute over democracy has exacerbated this confusion. It has polarised society, forcing many to take sides: on the

one hand to accommodate the new realities of greater mainland control, on the other to hold true to the precepts of an international city, among them the political freedoms that a city of our stature would enjoy anywhere else.

It is also, I suspect, in some measure the result of a deliberate policy on the part of the mainland authorities and its Hong Kong backers to extol patriotism by linking support for democracy to a dearth of patriotism and to an unhealthy subservience to things foreign. The most recent evidence of this was the visit of Cheng Siwei, vice-chairman of the National People's Congress, who lashed out during a speech to middle-school children, accusing



some Hongkongers of being "bananas": yellow on the outside, but white on the inside.

Mr Cheng's statement was not an isolated example. The past two years have seen a significant rise in chauvinistic demagoguery, not just from mainland officials but from our own. One only has to recall the proposal by Liberal Party chairman James Tien Pei-chun to force foreign domestic workers to accept a pay cut in 2002. That the reform was passed under the guise of a levy fooled no one. It was a discriminatory piece of legislation.

Then there was the proposal from the Social Welfare Department to withdraw benefits from those resident in Hong Kong but without permanent right of abode, justified by a spokesman who said that entitlements to welfare would depend on the "contribution of certain groups" to society.

And let us not forget former Democratic Alliance for Betterment of Hong Kong chief Tsang Yok-sing's unfortunate prophecy that the presence of "foreigners" on the electoral rolls would be an obstacle to democracy. It all adds up to an impression that the leaders of this

city only tolerate the presence of an international community; they do not welcome or embrace it.

Hong Kong brags about its equal opportunities culture, but there is no clause in its ordinances banning discrimination on ethnic or racial grounds. The immigration laws are hardly the most inclusive and welcoming. Although one of Hong Kong's official languages is English, there have been only token gestures to arrest the rapid decline in its use.

In short, Hong Kong has lost its compass as a supposed world city. And yet we have it in our hands to arrest this decline because these issues fall within the jurisdiction of the special administrative region, not the mainland.

As a Hong Kong loyalist, I also understand that these are decisions for Hong Kong people as a whole. Should they no longer value the city's international dimension, then this should be respected, and we shall go – and let other cities in the region take up the challenge to become the great "Asian world city".

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CHINA'S LAND CONVERSION *Michelle Chen*

## The good earth, replanted

In rural China, the earth is moving, literally. A society based on agriculture is now attempting to undo centuries of environmental abuse – land erosion, desertification and climatic shifts – by planting trees across vast tracts of land.

The Sloped Land Conversion Project, also known as "trading crops for forests", contracts farmers to plant trees on slopes which are relatively unsuitable for farming. To offset the loss of income, farmers are compensated in grain and cash subsidies. Seeing potential for non-farm employment, such as a job in the city or raising livestock in addition to the subsidies, farmers have generally responded favourably.

Local governments, hungry for state funds, have signed on to the project at a rate that has exceeded expectations and placed pressure on the central government to expand the campaign. Since 1999, the project has converted more than 4 million hectares of farmland and barren land to forest, and the government recently expanded the project to 25 provinces.

The response should be good news for environmentalists. Yet it raises questions as to who, if anyone, is profiting from the programme. Both farmers and the environment may lose more than they gain.

The danger of government manipulation of the farming population, which numbers nearly 250 million, is that once subsidies run out, the massive environmental engineering project may uproot itself.

The driving force behind the project is money, and the bad news is that money, just like land, is a limited resource. A study of farmers in several regions by the Chinese Academy of Sciences concludes that land conversion typically leads to a drop in income, which is barely compensated for by the subsidy. Despite some movement towards jobs away from farms, after a three-year pilot period, participants were still tied to the land. The government has until 2008 – when the subsidy period expires – to make the programme sustainable.

Sustainability is a challenge when the project is being hijacked by incompetent, corrupt local

administrations. Han Chengjin, a participating farmer from Shandong province, illustrates the gap between policy and practice. He has planted trees for paper on flat, not sloped land. The closest thing to a subsidy he has received is a government loan of saplings valued at 3,000 yuan, to be paid back after the first harvest. Fortunately, while the trees grow, he has time to earn money for his family collecting recyclable goods in the city. He is dimly hopeful that he will eventually be able to sell the trees at market price. But he knows government promises are often empty. "The policy is a good one," he said. "But when it gets to the local administration, it changes."

Human manipulation of the environment may prove similarly counterproductive. Farmers and local officials are not environmental engineers, so in selecting land to convert, they consider economics, not ecology. The result, say experts, is a high rate of conversion of land near roads or which is relatively flat, while it is steeply sloping land that

most needs trees to stem erosion. China cannot permanently turn land to forest without complementary economic restructuring to strengthen non-agricultural employment opportunities. Easing household registration regulations would foster crucial labour migration into cities.

As China's agricultural tradition yields to the forces of modernisation, tensions abound: time is working against efforts to salvage the deteriorating ecosystem, and the desire to taste the fruits of capitalism chafes against the bitterness of farm labour. The land conversion project is a well-intentioned effort to make environmental policy a fair deal both for the Earth and its inhabitants. But plugging loopholes with subsidies ensures that once artificial incentives run out, farmers will plunge further into poverty, or simply return to tilling the land.

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IRAQI PRISONER ABUSE *George Fletcher*

## Purging America's collective shame

Whenever governments lose moral authority, their case for conviction suffers. As the late US Supreme Court Justice Louis Brandeis said, government must remain the "omnipresent teacher" of our highest ideals. In the Abu Ghraib Iraq prison scandal, the US army and the administration have hardly been good teachers, and the American public and the media have also been complicit. How, then, can the collectively guilty bring charges and single out some suspects as individually guilty?

The extent of collective liability for torture and other indecencies invites debate. Should the public's appropriate reaction be guilt or shame? Many have read and seen enough to feel acute shame about being part of a nation that could go to war with righteous ideas and end

up replicating, if not aggravating, the abuses of the "rogue state".

Guilt is based, they say, on what we do; shame, on who we are. Yet shame might be more plausible with regard to US behaviour in Iraq. The source of that shame is not any particular act, but simply being part of a nation that could behave so arrogantly as to disregard international law and the United Nations by invading a country that was not threatening America, and then sending untrained military police to keep prisoners in line by any means they happen to devise.

Although US Defence Secretary Donald Rumsfeld has proposed compensation for the victims of abuse at American military hands, it is hard to see this offer as expressing either guilt or shame. It seems more like an effort to buy silence. If

compensation were coupled with a finding of high-level American wrongdoing, we would get closer to an act of atonement.

The political power of the US makes it immune to prosecution. Even if the UN Security Council could establish an ad hoc tribunal to try the abuses of American officials in Iraq, this would still address only the guilt of individuals, not the problem of each American's own responsibility for having participated, directly and indirectly, in a culture that generated the torture of prisoners.

If guilt is problematic in this context, we are left to struggle with collective shame. The problem is how to respond. Americans have few choices but to discover a form of modesty appropriate to the country's reduced status. The longer-range

consequences should be for Americans to become enthusiastic supporters not only of the UN but of the International Criminal Court. American shame would be salutary if it led Americans to realise that they live in an interdependent world where nations cannot undertake unilateral military adventures without suffering unexpected disasters.

President George W. Bush and the American people sought glory in Iraq. What Americans have secured is merely a lasting stain on their reputation as decent and law-abiding people.

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Laurence Brahm

## When the bamboo falls

It is a puzzle why financial policymakers suddenly decided to forestall the China Construction Bank's (CCB) international placement offering, instead allowing the Bank of China (BOC) to list first.

The decision is said to have arisen partly from Premier Wen Jiabao's dissatisfaction with the CCB's internal restructuring. But is the BOC's internal restructuring going to be any better?

Perhaps the CCB's potential underwriters received less-than-promising market feedback initially. Institutional investors may fuel the China hype while investing other people's money, but policymakers should not assume they are stupid. Early signs of sobriety were revealed late last month, when the BOC was forced to "delay indefinitely" the sale of 6 billion yuan of bad assets to foreign investors when authorities deemed the price too low, indicating market softening.

China's decision to draw down national foreign exchange reserves to recapitalize the two banks is intended to window-dress them for listing.

With their ballooning non-performing assets and low capital adequacy, the only solution to save China's state-owned commercial banks is to list and pass their problems to shareholders on international capital markets. With so much foreign capital rushing to China, they have to seize the opportunity before it passes.

Expressing concerns this spring over plans to recapitalize the CCB and the BOC, Mr Wen cited fears about their inability to restructure internal organisations and operate commercially following such a move. There is a record of failure among funds that recapitalised in 1998. The lesson: the more money these banks have, the more chaotic their lending, increasing the amount of non-performing loans in the system.

As the CCB steps back from listing, the BOC is next in line. UBS is most likely to underwrite this listing, with

*"The only solution to save China's banks is to pass their problems to international shareholders"*

its good record in the BOC Hong Kong listing of 2002.

But questions still beg to be asked. Why has the BOC been tainted with so many scandals? What kind of corporate culture are potential shareholders buying into? Will listing change anything, or are problems too deeply embedded?

Foreign bankers were always impressed by former BOC governor Wang Xuebing. He spoke excellent English, smoked expensive cigars, knew his wines and wore suits with the right labels. Foreign bankers can find common language with men like that. Bank of China Hong Kong branch president Liu Jinbao was from the same mould. But commercial irregularities landed both men in jail. Institutional investors might wonder what kind of corporate environment in a bank is capable of breeding senior management of Enron quality. For an answer, just walk through the doors of the BOC.

The bank's Beijing headquarters is an impressive building. The lobby is decorated as a forest of bamboo framed against large glass panels, attesting to the well-heelled taste of its proprietors. What is not apparent from this Asian-fusion decor is the fact that each stick of bamboo cost the BOC a phenomenal 20,000 yuan – passed on to depositors, of course.

While it would be unfair to presume that irregularities among senior BOC managers are reflected in lobby decor, it is reasonable to ask the obvious question. With all China's bamboo, where could somebody possibly find sticks costing so much? And what kind of management would actually pay such a price when their organisation is technically insolvent?

China's Chan (Zen) philosophers used to contemplate the question, if a bamboo fell in a forest and nobody was there to hear, did it make a sound? Standing in the BOC lobby, one cannot help but ask: what happens if the investment banks have problems listing all this expensive bamboo on international equity markets? If all the bamboo came crashing down, what kind of sound would that make?

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## WINDOW ON THE WORLD

SHANGHAI *Mark O'Neill*

### Free speeches

It was a bright Saturday morning in a crowded meeting room, part of an estate of 1930s houses in the Jingan district of central Shanghai where I live. A friend had arranged an "international exchange" with two dozen retired people who live on the estate.

For them, it was an opportunity to practise their English, and show off their singing and musical skills. For me, it was a chance to listen to people who have lived through the best and the worst in Shanghai.

In the chair was the Communist Party secretary of the sub-district, a smart young lady in her 30s. "We are very active in this estate," she said. "We arrange classes and activities for retired people. If two families have a row or your electricity is cut out, we will deal with the issue."

The opening speech was given by an 82-year-old woman who spoke in accent-free English and had graduated from St John's University, the city's most famous college in the pre-Communist period. She said that the estate had been built for well-to-do families in the 1930s and now had a large number of retired people. She was the unpaid English teacher.

One of her students, a retired doctor, asked about marriage in the west. Do young people

decide on their own or can parents impose a veto? "My daughter fell in love with a French man," she said. "He came all the way here to ask for her hand in marriage. I was very touched."

Several mentioned the cost of their children's wedding, the most expensive item in the life of most people. "We also have to buy apartments for our children and furnish them. Do parents in the west have to pay too?"

Another question on their minds was the western diet and why so many people in the US are overweight. Is Chinese cuisine better? Do retired people in the west do *tai chi* and other exercises in the morning?

I was curious to ask about the lives of these people, but felt it inappropriate in that setting. Many would have been born into the bourgeois class which suffered greatly at the hands of the communists.

One elderly man who lives in an apartment nearby, but did not attend the meeting, had his father taken away and executed in the 1950s. "It was a civil war," my friend explained. "That is how things were at that time."

The communists wasted four years of my friend's life when they sent him to the countryside in the Cultural Revolution, a short period compared to many Shanghai people, who lost 10 years or more. "You have no idea how free things are now," he said. "Things are possible now that would have been impossible before."

SINGAPORE *Sonia Kolesnikov-Jessop*

### Reality check

Reality TV shows are hitting the small screen around the world, and Singapore is no exception. However, our versions are often a far cry from their lavish American counterparts.

We were recently served up a version of *The Bachelorette*, albeit without the roses, evening gowns and lavish dates, but with obvious sponsors' product placements for a camera and a car. In *Eye for a Guy*, a local model, better known for her pert assets regularly displayed on men's magazine covers than her brilliant conversation, had to choose between 10 bachelor hopefuls, representing various male stereotypes from the obnoxious expat ("I have more than 100 phone numbers on my mobile, 85 per cent are girls") to the soft-spoken poet and the intellectual type.

The conversations were lame, the dates uninspiring and no one got hot under the covers, yet the show made for compelling viewing in an "it's so bad it's good" sort of way. Plus, the show had an ultimate twist. The prize was a date in Paris (not a lavish engagement ceremony) and although the model chose one man to go with her, it has been revealed that she is now dating the runner-up (for whom I was

rooting) and he is going too. Now that would make for interesting viewing.

Meanwhile, we have to look forward to *Singapore Idol* this summer. For somewhere constantly bemoaning the fact that its small size is responsible for the lack of talent pool in the arts, *Singapore Idol* already promises to be hilarious. Out of 4.2 million people, more than 1,400 have already applied online for the talent-search. This is, after all, the country that has embraced the unlikely star, William Hung, who is reported to have his biggest female fan base here. His album, *Inspiration*, sold 3,000 copies in the city-state on its first day of sales and there is now even talk that he might do a small concert.

The other reality series I am looking forward to is an original Singaporean idea, a procreation show concocted by our local Dr Love, Wei Siang Yu. Now let's not get too excited here, we are, after all, still waiting to be able to view *Sex in the City*. No, this will be a serious show aimed at educating the locals about how to make babies. Given the recent abysmal birth rate, there are serious concerns that most Singaporeans have forgotten how it is done. Not surprisingly, the producers are expecting nine foreign couples and a lone Singaporean couple to take part.

"Dr Love's Super Baby-Making Show" will have a top prize of S\$100,000 (HK\$454,000) and a baby as a bonus (whichever couple conceives first will win the prize). If that kind of money does not attract *Kiasu* Singaporeans (those afraid to lose out), I do not know what will.

