

# Missing the bus

**Thomas London** says Hong Kong is overlooking a ready-made opportunity to improve air quality – it should catch up with the latest technology in electric buses being developed and produced over the border

Hong Kong has recently experienced record-breaking smog levels. The Environmental Protection Department said that roadside pollution in 2011 was the worst on record. Clear the Air, a local non-governmental organisation working for improved air quality, reports that the city's greenhouse-gas emissions have jumped 14 per cent from 1990 to 2005 and that vehicles are the second greatest contributor to air pollution. The Hedley Environmental Index estimates that this past month's pollution will mean 154 premature deaths in Hong Kong.

Hong Kong is unusual among developed-world cities both in the poor quality of its air and the many easy opportunities to cut pollution. Replacing the city's ageing diesel-powered bus fleet with electric buses would effectively cut vehicular emissions, improve air quality and alleviate subsequent health complications. Hong Kong's solution for where to source such a vehicle lies just across the border.

Mainland China has prioritised the development of electric and hybrid vehicles in response to its growing dependence on foreign oil. The government announced annual subsidies of up to 2 billion yuan (HK\$2.5 billion) for fuel-saving vehicles, including electrics and hybrids, in an attempt to foster growth in the industry and eventually put five million alternative energy vehicles on Chinese streets by 2020. Hong Kong can benefit from this initiative, utilising the funds used to develop the mainland's electric vehicle industry.

Shenzhen's BYD, the company famed for being one of the world's largest rechargeable battery manufacturers and winning financial backing from Warren Buffett, released an all-electric bus this past year. The K9 is fuelled by both solar power and a rechargeable lithium iron phosphate battery – one three-hour charge gives the bus a 250-kilometre range in urban settings.

This vehicle is fully capable of handling the routes and distances covered by the current bus fleet and would immediately minimise carbon emissions and noise pollution.

The Hong Kong government has acknowledged the potential of integrating electric vehicles, establishing a benchmark to make 30 per cent of private vehicles either hybrids or fully electric by 2020. The Transport Department is considering deploying electric buses from Kowloon Motor Bus. However, the vehicle's range is a minuscule 10 kilometres, meaning these buses cannot be used on regular routes.

Money is not an issue. Last financial year, the government amassed a budget surplus of more than HK\$73 billion. In fact, initial funding to implement the switch to public electric buses had been previously allocated. Leung Chun-ying's predecessor, Donald Tsang Yam-kuen, prioritised an electric bus fleet, setting aside

HK\$180 million for the transition during his final policy address as chief executive. Furthermore, the Pilot Green Transport Fund has set aside HK\$300 million to promote more sustainable transport solutions.

Many regions already recognise the benefits of operating all-electric public buses. Governments in Copenhagen, Frankfurt, Helsinki, Amsterdam and Ontario are all slated to integrate the K9 into their transport systems. Chinese cities, including Changsha (长沙),



**The new bus fleet would serve as an example of Chinese innovation and cutting-edge technology**



Shaoguan (韶關), Xian (西安) and most notably Shenzhen, have effectively put the bus through its paces. The fleets have collectively travelled over five million kilometres without major incident. The K9 is ready for Hong Kong.

Partnering with BYD would strengthen Hong Kong's ties with mainland Chinese businesses and neighbouring Shenzhen. If successful, the partnership would encourage other mainland companies to invest and develop for the Hong Kong market. It may even boost public sentiment towards the ability of the Chinese private sector to benefit Hong Kong.

The new bus fleet would serve as an example of Chinese innovation and cutting-edge technology, a notion that too many dismiss as nonexistent.

The Leung administration could use a political victory. Leung has the opportunity to illustrate his commitment to the city's health and long-term sustainability while facing what one

would assume to be little political opposition. Introducing the new fleet would promote Hong Kong as a modern, forward-thinking city. In short, pursuing this initiative would provide a much-needed easy win for the administration.

Hong Kong has a unique chance to illustrate its commitment to green technology and sustainability. Few cities are as fortunate to have a massive budget surplus, close economic ties with the world's largest exporter, and new political leadership eager to improve its reputation. Even fewer are presented with a simple way to address one of its most significant problems.

Hong Kong must introduce electric buses to abate roadside pollution and overall emissions. Get smoggy diesel buses off the road now so that Hong Kong's people can once again smell the scent of Asia's most fragrant harbour.

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## Fire within

**Michael Chugani** says China proves nothing by drilling its athletes to win Olympic gold; victory will mean more if it's achieved through their own drive



Sports don't interest me at all, but I made it a point to watch the agonising end, yet again, to Liu Xiang's (劉翔) quest for Olympic gold. Dare I discuss why I think the talented athlete couldn't deliver the medal his country so craved? I ask because, as a non-Chinese, I am sticking my neck out to where it doesn't belong.

To give an example, I recently discussed in the Chinese-language media the appearance and habits of mainland visitors. A few hate e-mails followed. Some accused me of racism. As a Hong-Kong-born Indian, I found that particularly amusing. Aren't we supposed to be on the receiving end of it here?

If a Hong Kong Chinese had discussed the difference in mannerisms between mainland visitors and locals, as many have already done, the charge of racism would not have been made. The logic – questionable in my view – is that it is not possible to be racist towards your own race. But I'll put that aside for now.

While most on the mainland are trying to deal with the emotional trauma of lost national pride, some are finally daring to say it is precisely the obsession with Olympic gold that caused Liu's downfall. I agree with that, but as a non-Chinese I must tread carefully.

When you rid yourself of an inferiority complex, it doesn't mean you must replace it with a superiority complex. China had long rid itself of its past shackles of foreign domination and bullying. It is now a great nation and poised to be even greater.

Yet it lacks the confidence to give that greatness free rein to find its place in the world. It feels it needs to force that greatness on the world by doing things such as antagonising neighbours with territorial claims and drilling its own athletes into becoming robots programmed to win gold medals.

American swimmer Michael Phelps won his record haul of gold medals not because his country piled pressure on him to do so but because his own desire to win burned inside him. Sure, he proudly did it for country too, but failure would not have resulted in national soul-searching or shame. Failure would have disappointed his countrymen but they would simply have said: "You win some, you lose some."

One could, of course, argue that China's superb showing at the London Olympics proves the means it is using are achieving the end it desires. But that end comes at a cost. Its athletes are robbed of their individuality, their own drive, and the true meaning of winning and losing. They are driven by the state to bring home the gold. Failure brings the guilt of having shamed the nation.

As I have said before in the case of national education, why not employ means that drive the self-desire to produce the ends that are sought? Why force love of country through national education? Why not let that love grow naturally and freely?

Likewise, why not let athletes freely find and hone their talents? Why not let them win through their own drive, instead of weighing them down with the expectations of the state? Let them find their own dream of winning gold rather than drilling that dream into them. The gold they bring home this way will have far greater meaning.

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## Hopes of Asia's youth hold the promise of a more sustainable future for all

**Noeleen Heyzer** says they need guidance towards meaningful employment and engagement in society

The recent Rio+20 United Nations Conference on Sustainable Development focused world attention on building the future we want. Following International Youth Day yesterday, we should remember that we have a very precious resource in providing for a sustainable future, namely, our young people.

Over 60 per cent of the world's youth live in Asia and the Pacific, which translates into more than 750 million young women and men aged 15 to 24. They represent a key asset for the countries of our region.

The Asia-Pacific region has undoubtedly been the dynamic engine of global growth. Yet today's generation of young people is growing up in a world of uncertainty. Volatility exists in the global economy and financial markets, high levels of unemployment are prevalent, education systems are being pressured to adapt to new and emerging needs, and there are many threats to the health and well-being of our youth.

A key challenge facing the Asia-Pacific region, but also the world over, is youth employment. The European sovereign debt crisis has reduced global demand, and the Asia-Pacific has started to suffer as a result. Industrial output in several countries in East and Southeast Asia is falling. With weak overseas demand, many export-oriented manufacturing economies are beginning to contract. It is young people who will bear the brunt of these effects through a job squeeze

and cuts in spending on social services.

As it is, youth employment is often precarious. Young people abound in vulnerable employment where jobs are characterised by insecurity, low wages, poor working conditions and lack of social protection. This results in working poverty being significantly higher for young workers than for their older counterparts.

Almost 50 million young people are looking for jobs across the Asia-Pacific region. Lacking economic and social opportunities, many are forced into high-risk and vulnerable forms of employment. In the face of few prospects, others have given up on the job search. Such vulnerability disproportionately affects women. Young women are particularly underrepresented in the labour market, and are thus an untapped resource for future economic growth and development.

In the face of rising inequality in the region, vulnerability in the labour market hits youth of lower socio-economic status hardest. This disadvantage begins well before the world of work, given the correlation between family income and youth educational attainment. It is widely recognised that young people from lower-income backgrounds have poorer educational outcomes than their better-off peers, which in turn limits their employment prospects.

For young people, jobs provide a source not only of income, but also dignity and self-respect. In the absence of decent work, young

people subsist on the margins of the economy and are particularly vulnerable to social exclusion, which breeds political instability.

The current situation points to the pressing need to ensure effective school-to-work transitions. We must invest more in education and training to prepare youth for the world of work. We need to pursue job-led growth by creating more, and better and greener jobs, for young people. We must provide for equal opportunities for young women and men, and promote an enabling environment for entrepreneurship. And we need to provide youth-friendly information and services to promote healthy lifestyle choices for youth and reduce harmful risk-taking behaviour.

With the rapid ageing of many Asian societies, there is also a golden opportunity for us to strengthen inter-generational contracts as older workers today will have to rely on the young in the years to come.

Future economic growth is dependent upon our young people. Yet youth should not be seen as just a target group for which employment must be found. We must recognise young people as partners for development.

Across the world, youth from all walks of life are leading social movements and challenging the status quo.

They are calling for political leadership that delivers greater accountability, opportunities and social justice. They are telling business and industry to promote

more transparent, accountable and just business practices.

And they are demanding that their voices be heard and their role be recognised not only as tomorrow's future leaders, but as today's partners.

We can provide young people with the opportunities to become effective leaders and participate meaningfully in the developments that shape their lives. There have been notable achievements in Asia and the Pacific with regard to the building of institutions, such as youth parliaments, and other mechanisms to support young people's leadership and participation in national decision-making.

These successes need to be built upon, drawing from the dynamic energy and creative force of youth. We must reach out to all youth, regardless of ethnicity, gender, socio-economic status or disability, to support their full development and participation in economic, social and political life. By investing in our youth, the Asia-Pacific region can ensure a more inclusive, resilient and sustainable future for all.

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## Steps to turn poor nations' 'resource curse' into blessing

**Joseph Stiglitz** says a fair deal on extraction will give them a good start

New discoveries of natural resources in several African countries raise an important question: will these windfalls be a blessing that brings prosperity and hope, or a political and economic curse, as has been the case in so many countries?

On average, resource-rich countries have done even more poorly than countries without resources. They have grown more slowly, and with greater inequality – just the opposite of what one would expect. After all, taxing natural resources at high rates will not cause them to disappear, which means that countries whose major source of revenue is natural resources can use them to finance education, health care, development and redistribution.

A large literature in economics and political science has developed to explain this "resource curse". Three of the curse's economic ingredients are well known:

- Resource-rich countries tend to have strong currencies, which impede other exports;
- Because resource extraction often entails little job creation, unemployment rises;
- Volatile resource prices cause growth to be unstable.

Moreover, resource-rich countries often do not pursue sustainable growth strategies. They fail to recognise that if they do not reinvest their resource wealth into productive investments above ground, they are actually becoming poorer. Political dysfunction exacerbates the problem.

There are antidotes: a low exchange rate, a stabilisation fund, careful investment of resource revenues, a ban on borrowing, and transparency. But there is a growing consensus that these measures are insufficient. Newly enriched countries need to take several more steps to increase the likelihood of a "resource blessing".

First, they must do more to ensure their citizens get the full value of the resources. There is an unavoidable conflict of interest between (usually foreign) natural-resource companies and host countries: the former want to minimise what they pay, while the latter need to maximise it. Well designed, competitive, transparent auctions can generate much more revenue than sweetheart deals. Contracts, too, should be transparent, and should ensure that, if prices soar, the windfall gain does not go only to the company.

Unfortunately, many countries have already signed bad contracts that give a disproportionate share of the resources' value to foreign companies. But there is an answer: renegotiate; if that is impossible, impose a windfall-profit tax.

All over the world, countries have done this. Of course, natural-resource companies will push back, and threaten to leave. But the outcome is typically otherwise.

Equally important, the money gained through natural resources must be used to promote real development. This requires exploring all possible linkages: training local workers, developing

small and medium-sized enterprises to provide inputs for mining operations and oil and gas companies, domestic processing, and integrating the natural resources into the economic structure. Of course, today, these countries may not have a comparative advantage in these activities, and some will argue they should stick to their strengths. From this perspective, their comparative advantage is having other countries exploit their resources.

That is wrong. What matters is dynamic comparative advantage, or comparative advantage in the long run, which can be shaped. Forty years ago, South Korea had a comparative advantage in growing rice. Had it stuck to that strength, it would not be the industrial giant it is today. It might be the world's most efficient rice grower, but it would still be poor.

Companies will tell Ghana, Uganda, Tanzania and Mozambique to act quickly, but there is good reason for them to move more deliberately. The resources will not disappear, and commodity prices have been rising. In the meantime, these countries can put in place the institutions, policies and laws needed to ensure the resources benefit all their citizens. Resources should be a blessing, not a curse. They can be, but it will not happen on its own. And it will not happen easily.

Joseph E. Stiglitz, a Nobel laureate in economics, is professor of economics at Columbia. Copyright: Project Syndicate