INSIGHT

A quality life

Thomas Deng and **Sebastian Man** say the next government needs to act decisively to significantly boost land supply, and thus improve people's living standards, if it truly cares about their well-being

With property prices having recently surpassed the previous peak immediately prior to the handover in 1997, Hong Kong now has one of the most stretched housing affordability ratios in the world. This is a problem: high property prices have polarised society between the haves and have-nots. Hong Kong has the lowest floor space per capita among all the major global financial centres, which seriously compromises people's living standards and erodes the city's competitiveness.

Leung Chun-ying has won the chief executive election partly thanks to his pledge to address the growing income gap between the rich and poor. There are hopes that Leung, an accomplished land surveyor, will address the issue by increasing land supply.

Hongkongers are in general more obsessed with property than people in other societies. There is abundant and sophisticated analysis on this topic; however, the ensuing conclusions could be quite straightforward if one remembers what government is for, and for whom. From a purely moral perspective, governments should endeavour to improve their citizens' living standards by ensuring the public has reasonable living conditions, as far as is possible.

More land and lower prices would enable homeowners to upgrade their living space

Contrary to what many have been brainwashed to believe, Hong Kong does have land. As the chief executive-elect stated, Hong Kong has only developed 7 per cent of its land to house its population of 7 million: it could accommodate another 1 million people by just developing another 1 per cent of its land. Unfortunately, an artificial shortage has been created in the property market.

The supply/demand dynamics have deteriorated sharply in the past eight years under the administration of the current chief executive, compared to the first seven years after, and the 10 years before, the handover. Between 2004 and 2011, an average of about 49,000 couples got married every year, and yet there were only 13,650 new apartments available for sale per annum – which left three married couples chasing one apartment. The actual ratio is probably worse: more likely to be around four to one when you take into account that 20 to 30 per cent of the new flats are snapped up by mainland Chinese investors who were attracted by the immigration scheme introduced by the government.

During 1997-2003, the ratio was far better: 1.37 flats for each newly married couple to choose from. In the 10 years prior to 1997, the supply/demand ratio was largely in equilibrium. Rubbing salt in the wound, the supply of public rental housing has also tightened: during 2004-2011, a meagre 15,476 apartments were built for rent per annum, compared with the 23,370 homes and 24,918 flats per annum constructed during 1997-2003 and 1987-1996 respectively. Not surprisingly, property prices have skyrocketed, and this would have happened even without the help from the ultra-loose monetary policy adopted by the US Federal Reserve since the global financial crisis, which Hong Kong is forced to follow due to the currency peg.

The top 10 property developers in Hong Kong control more than 90 per cent of private housing supply and have enjoyed mouthwatering profit margins of around 40 per cent, among the highest in the world. The hardworking middle class often lose out because of this property cartel.

What about the argument that the high land price is justified to allow a low income tax rate? Again, this is an illusion put about by vested interests, but not supported by statistics: in the past 14 years, the proceeds from land sales have amounted to around HK$470 billion. During the same period, the government had accumulated excess reserves of about HK$650 billion by the end of last year. This suggests that even without the revenue from high property prices, the government would still be able to maintain low income tax rates and also enjoy around HK$200 billion of fiscal surpluses.

If the government were to double the land supply and cut prices by half, its land sales revenue would be the same, assuming other factors remained unchanged. This would also give Hong Kong people more living space and disposable income and, in turn, could translate into more business opportunities in the non-property sector, and help build a more diversified economy.

The majority, perhaps close to 90 per cent, of Hong Kong people would be better off if more land is developed. Around half of Hong Kong households live in private housing and around 80 to 90 per cent of them are home owners.

More land supply and lower property prices would enable existing homeowners to upgrade their living space (although they would need the courage to think in these terms rather than focus on short-term mark-to-market losses resulting from lower property prices). Indeed, many existing single property owners are hoping that prices will come down, to give them the opportunity to upgrade, as opposed to what is often suggested otherwise. In fact, only a very few who are sitting on multiple properties and the property tycoons may lose out.

Numerous opinion polls show that excessively high property prices is the single biggest concern among the middle class; it is also hurting Hong Kong's economic competitiveness.

While it is encouraging to see the latest move to increase land supply, policies need to be more aggressive to correct the imbalances accumulated by the current administration in the past eight years. If Leung genuinely understands what government is for, and for whom, he should act with courage and vision to decisively increase the land supply, for the better of Hong Kong.

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Have a heart

Tony Read says the city should remember its own heritage and start showing some compassion for refugees and asylum seekers

In her Nobel Peace Prize acceptance speech in Oslo last Saturday, Aung San Suu Kyi imagined a world without refugees and said, "Ultimately our aim should be to create a world free from the displaced, the homeless and the hopeless, a world of which each and every corner is a true sanctuary where the inhabitants will have the freedom and the capacity to live in peace." She said each and every one of us was capable of making a contribution towards such peace.

The reality is that the world is far adrift from this vision. In 2010 alone, there were 42 million displaced people in the world and 15 million of those sought protection outside their own countries.

Hong Kong has an estimated total of just 6,000 asylum seekers and refugees, or less than 0.1 per cent of the population, coming mostly from African and South Asian countries where there is severe political disruption and unrest. You might think then that the city's contribution towards making this corner of the world "a true sanctuary" for the refugees we already have would be comparatively painless. But far from it.

In fact, refugees are very unwelcome guests and Hong Kong is definitely not a sanctuary. This is starkly illustrated by the case of four long-term refugees whose bona fide status has been well established by the UNHCR and who cannot be resettled elsewhere for various reasons. As a result of government policy not to accept refugees and also to make life difficult for those who are here, they face the prospect of living in the city for the rest of their lives as refugees, not residents. That means they have to sign a permit every few months to remain; have no right to work; live under the threat of deportation; are unable to travel freely to and from Hong Kong; have no right to education for them or their families; no right to health care or welfare; and are only provided with subsistence-level rent allowance and food allocation. This is a miserable and miserly existence.

Despite government concessions to allow easing of some restrictions, they have not been removed. Some might say it is better than being sent back to face persecution or torture in their home countries, but is this really refuge and protection, or just another form of punishment? It is a passive and grudging acceptance at best and downright hostility at worst.

The government will argue that it also has the discretion to review particular cases and circumstances to ensure there is no undue hardship and ease suffering where it is proven. While this might seem like a reasonable safety mechanism, remember that it is at the sole discretion of the Director of Immigration who has a much more important stated policy of discouraging asylum seekers from coming to Hong Kong. Doesn't this sound like a conflict of interest?

Hong Kong has built a very successful, civilised society in less than 70 years from what was largely a poor, marginalised and displaced group. Our heritage is a refugee population. Yet now we seem to lack compassion for other races. We should remember with gratitude our heritage and the help we received by showing compassion to asylum seekers and refugees. We have the chance to make a contribution, however small, to Suu Kyi's vision and show we are a caring society, whatever government policy might be.

Tony Read is a pastor and justice advocate for The Vine Church in Wan Chai, which has been assisting asylum seekers and refugees for more than seven years

Building a code of civic ethics in China is everyone's responsibility

Hu Shuli says the government must take the lead by ensuring officials' conduct is above board – and this means allowing scrutiny of power so abuses can be checked

Morality in China was the talk of the town after two everyday workers risked their own lives to save others. The heroics of Zhang Lili (張麗莉), a teacher in Heilongjiang (黑龍江), and Wu Bin, a bus driver from Hangzhou (杭州), revived praise of the "people's hero". At a time when social morals are deemed to be in decline, their selfless acts touched many people and sparked hope of a compassionate society.

But can sound morals really be built solely on the acts of kindness among the grass roots? From a wider perspective, the change in our value system – as society changes – cannot be ignored.

People's values have been transformed by 30 years of market and social liberalisation. The state's retreat in some aspects of private lives, the dismantling of work units, and the growth of a more diverse and consumerist society have all played important roles. Traits that were seen in the past as negative, like individualism and the pursuit of personal interests, are now accepted, if not lauded. Conversely, some old virtues have lost favour; thanks to reform and opening up, outdated moral traditions and politics no longer permeate every aspect of society.

But there's a cost to such rapid change. Social morals are on the decline in some corners, where people care only to protect their own interests, often at the expense of others.

Here, scholar Liang Qichao's thoughts on civic and private morals are instructive. He says private morals are concerned only with the good of one's self, while civic morals demand people to strive for the good of others. "Morals in China can be said to have been developed from an early age, but these morals are private virtues, while civic virtues are lacking," he said.

As China increasingly becomes a contract-based society, it must not only hold on to its private morals, but also develop civic ethics. For too long, this has been missing in Chinese cultural tradition.

So it's painful to see that today's China not only lacks civic ethics, but its private virtues are also being somewhat eroded. Perhaps public morals are alive and well among the common folk, as the heroics of Zhang and Wu assure us, but merely holding them up as examples for others to follow only goes so far. We need to build a code of social conduct that honours the public spirit, and lift moral standards as a whole. To do that, we must address the system flaws that encourage misdeeds, and strengthen the laws and institutions that safeguard morals.

We can blame the widespread abuse of authority for the weak civic spirit in China. In a modern society, private rights and public authority are clearly defined and rights are protected by law. A citizen's defence of his private rights is regarded as right and proper, and public authority may not encroach on private rights. It's important that we have a system of government that ensures officials stay clean. If corruption and abuse of power at the top are not punished, this will trickle down to, and pervert, the rest of society. It will be hard to muster social cohesion.

The government has a duty to safeguard social morals. Its policies and officials' behaviour must remain above board and lead by example. Good governance can compensate for moral inadequacies, while bad policies can speed up moral decline. Thus, the task at hand is to institute checks on official powers.

Besides trying to improve moral standards through education, the government must do the following:

First, clarify public authority and private rights. In particular, private rights should be respected and protected by the rule of law, so as to nurture civic independence and ethics.

Second, exercise public authority fairly and according to the law. Justice and fairness should be practised so that morals can develop and society can function normally.

Third, strengthen supervision of powers to ensure openness and transparency. Too many corrupt officials have escaped punishment by using their privileged position or by engaging in backroom deals, trading money for power. In almost every instance of corruption, there is evidence of abuse of power. This must be curbed by improving public scrutiny of official conduct.

Fourth, the government should deepen social structural reform and give a freer hand to non-governmental organisations so civil society can develop. This will lay the foundations for public morality.

People from all walks of life should work together to build a compassionate and caring society. Ever since the heroics of Zhang and Wu came to light, there has been talk that we should not and cannot rely on the intellectual elite to lead us to a more moral society. Instead, our hopes must rest with the grass roots. This is absurd reasoning. Are moral paragons found only among the grass roots? This falsely pits one group against another.

Let's leave aside the obscure concept of a so-called "elite ideology". Even if we divide people into discrete groups, we must see that people with high morals are found across all groups, whether among "ordinary people" or "intellectual elites". Civic morals are not the responsibility of any one group. Making them so will not only be ineffective in improving moral standards, we also risk polarisation in society. China is an old country that seeks renewal. Our moral growth will depend on whether we succeed in doing so.

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A little faith in faith could help heal society's troubles

Paul Letters argues that religion can bring cohesion to the mainland

Marx decried religion as the "opium of the people". The current position of the Chinese Communist Party is more ambivalent; indeed, some argue China's leaders see an appeal in the sedative effects of religion.

Last week, former British prime minister and renowned Catholic Tony Blair visited China and promoted his worldwide Faith and Globalisation Initiative, conceived in conjunction with Yale University.

Some see religion as a fundamental cause of problems around the globe; Blair has faith in it as a solution. The key characteristic of globalisation is that it is pushing the world and its people together. Religion is expanding in the developing world and faith is running out of buffer space. Allow religions to bump up against each other (and atheism) unchecked and the all-too-apparent danger is of faith being a force for pulling people apart. However, seek an understanding of what faith means to people in different cultures and a negative becomes a positive.

While the 20th century was dominated by battles between political ideologies, Blair argues that the 21st century is in danger – if we stand still – of succumbing to conflicts of a religious or cultural nature.

Are we heading towards the *End of History and the Last Man* – again? Author Francis Fukuyama marked the end of the cold war as the "end point of mankind's ideological evolution". Marxism was given a premature burial in the West and a facelift by China: the chameleonic survival of the Communist Party was unforeseen – as was the rise of religion.

Religion had long been buried alive by Mao Zedong (毛澤東), but now religious faith is undergoing something beyond a resurrection. Globally, religious faith is growing, but nowhere on as large a scale as on the mainland.

Chinese state media agrees with Western estimates that about one in three Chinese is religious. *The Economist* estimated that about 13 million (or one in six) members of the officially atheist Communist Party had a religious belief. The majority of those are Buddhists and almost 2 million are Christians.

China is the most religiously diverse one-party state in the world. The persecution of, among others, Muslim Uygurs, Buddhist Tibetans, Falun Gong and unofficial Christian churches, underscores the regime's attempts to control religion. However, there are signs of a growing governmental appreciation of religion – albeit only where there is not the perception of separatism.

Beijing has been sponsoring academic studies into the sociological and economic effects of religion, examining the success of Christian-owned capitalist enterprises in Wenzhou (溫州), for example. Religious studies is an expanding subject at universities, cultural exchange programmes are on the rise and, in 2010, Peking University became the seventh university worldwide to join the Blair-Yale initiative.

Many Chinese, including party members, hope the growth of religious faith will combat an apparent malaise in morality, with issues ranging from the battle against rampant corruption to forced abortions in mind.

Of course, the authorities are not about to release all the shackles from religion; Christianity is not welcomed by many party loyalists. The authorities will continue to endeavour to control religion – but not sweep it away. Faith could prove a more palatable outlet for the frustrations of the masses than the rising number of protests.

When Reuters asked Li Junru, a senior government adviser, why India could handle being a democracy but China could not, he replied that India had religion.

Blair believes Beijing is increasingly recognising "that religion is a social good both in the sense of providing social cohesion and moral norms in a society troubled". Religion becomes all the more attractive if it helps the party control the people.

Appreciating the role of faith is of mounting importance to understanding China. In addition, a more positive form of religious pluralism could, perhaps, light the way to political pluralisation.

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