

INSIGHT

Technology gap

Naubahar Sharif says any more delays to setting up an innovation bureau will only hurt HK's economy

We are witnessing a further extension of the longstanding argument over funding for the proposed innovation and technology bureau. Hong Kong needs this bureau, which would be the government's smallest, to ensure the broadening of the city's economic base, and also to guarantee its integration into a regional economy that depends increasingly on innovation and technology as a lever for economic growth.

Hong Kong's innovation ecosystem is relatively underdeveloped and undergoing transition. Hong Kong is a small territory; the diversity and range of its innovation ecosystem compares poorly to those of small countries such as Switzerland, not to mention its fellow Asian "tigers" of Taiwan, South Korea and Singapore.

Historically, Hong Kong has experienced relatively little government intervention while serving primarily as a trading post. But it is not possible to promote innovation and technology or strengthen an innovation ecosystem, without significant government intervention, especially in the early stages.

What stands out most strikingly is how far behind Hong Kong has lagged behind. Not until 1999 did the city develop any kind of formal,

coordinated innovation policy. Against almost any benchmark – whether among Organisation for Economic Cooperation and Development countries, other Asian tigers, or other economies of a similar size and level of development – that was far too late. From the establishment of the Innovation and Technology Commission in July 2000 until now, Hong Kong's innovation ecosystem has not progressed sufficiently to maintain our competitiveness.

The seemingly endless delays that have plagued the launch of the bureau have arguably been especially detrimental to the overall innovation ecosystem in Hong Kong because of the speed and intensity with which the mainland – the economy on which Hong Kong depends most for its economic livelihood – has been pursuing scientific and technological pursuits, in industry, government and private firms, over the past two decades.

In terms of almost any important research and development-related indicator, Hong Kong lags far behind even Shenzhen.

The consensus among key policy advisers is that innovation policymaking has been constrained by the lack of legitimacy and authority accorded to the Innovation and Technology Commission within the government's bureaucratic

framework. This has led, unsurprisingly, to low levels of coordination, which manifests in neglect of systemic relationships across the various policy areas.

Since the establishment of the commission, for example, there are still a number of other policymaking bureaus connected with innovation, including the Commerce and Economic Development Bureau, the Office of the Government Chief Information Officer, the Financial Services Branch (for financial innovations) and, to a lesser extent, regulatory bodies such as the Telecommunications Authority, most of which are not formally connected in function or mission.

This lack of coordination, along with Hong Kong's procrastination in introducing and implementing innovation policies, has meant that policy measures have been, for the most part, extremely fragmented, with insufficient attention paid to fostering interaction at national and international levels.

For the most part, the government addresses current challenges with administrative structures and policy instruments that have been shaped by responses to past problems. This lack of proactive policymaking becomes doubly problematic because of the virtual absence of coherent innovation policies.

Technology and innovation policies require government intervention to bolster weak markets and correct systemic failures that hinder the flow of knowledge and technology, and reduce the overall effectiveness of R&D efforts.

The government needs to play an active role in managing and integrating knowledge on an economy-wide basis by making technology and innovation policy an integral part of its overall strategy.

We should not avoid implementing 'risky' measures that may pay off

New approaches, including public-private partnerships, may be needed.

If the government wishes to intervene effectively, institutional bureaucratic reform is needed. Bureaucracies should be, on the one hand, competent at managing the intricacies of specific technologies and technology policymaking while, on the other, sufficiently in-

sulated from political pressure and supported by the highest ranks of the political hierarchy.

Only then can cooperation be cultivated between the constituent elements of the innovation system. The need for dedicated and capable officials cannot be overstated given the pace of change occurring as a result of globalising pressures on Hong Kong, especially in technologically advanced sectors.

In addition to attracting competent civil servants, the government needs to allow independence in formulating policy, and grant the requisite power to implement policies. Despite the embryonic status of Hong Kong's innovation policies, we should not avoid implementing "risky" measures that may pay off handsomely. Perhaps even a certain tolerance of "failure", both in the government and on the part of the local population (as represented by the legislature), could develop.

Some claim Hong Kong has already missed the boat. Further delays in establishing the innovation and technology bureau will inevitably see realised the widely expressed fears among supporters that it will come too late to make a positive difference to our economy.

Naubahar Sharif is an associate professor in the Division of Social Science at the Hong Kong University of Science and Technology

UK right to bring up human rights

Toh Han Shih welcomes the fact that the issues of democracy and rights were raised during Xi Jinping's state visit to Britain, given the huge investment flows coming from China

UK House of Commons speaker John Bercow publicly raised the issue of human rights with Xi Jinping (习近平), while the leader of the British opposition Labour party Jeremy Corbyn did the same, but in private, during the Chinese leader's state visit to Britain. It is right and proper that the two did so, despite warnings by the Chinese ambassador to the UK, Liu Xiaoming (劉曉明), that Xi would be offended if he was lectured on human rights.

When introducing Xi to the House of Commons on Tuesday, Bercow pointedly said: "We have had no fewer than four prominent daughters and sons of Asia in our Parliament in the past three years, starting with Aung Sang Suu Kyi of Burma, the Nobel Peace Prize winner, democracy champion and international symbol of the innate human right of freedom... In all matters, from international law to individual liberty, we should all aspire to be seen not merely as a powerful force in the world but as a moral inspiration to it."

Although Bercow's speech did not directly mention China's record on human rights and democracy, it is obvious that he was indirectly referring to it.

Corbyn raised the issue in a private meeting with Xi at Buckingham Palace on Tuesday, and did not touch on it publicly at a state banquet later that day. This was a win-win compromise for both sides, because it spared the Chinese leader from losing face. Xi should be given credit for agreeing to hear out the opposition leader.

Corbyn and Bercow follow an admirable precedent from 1840, when British opposition politicians criticised foreign secretary Lord Palmerston for his plans to embark on the opium war against China.

In March 1840, Sir Robert Peel, leader of the Conservative party which was then in opposition, introduced a motion in Parliament to censure Palmerston's aggressive policy towards China over Britain's opium trade with the Qing empire. Ironically, the Conservative Party headed by Prime Minister David Cameron is the ruling party today.

This was a win-win compromise, because it spared the Chinese leader from losing face

During the Parliamentary debate in March 1840, a fast-rising Conservative member of Parliament, William Gladstone, spoke strongly against Britain's exports of opium to China, describing it as "this infamous and atrocious traffic".

Gladstone, who later became chancellor and prime minister, said justice was on China's side, while the British were pursuing the lucrative opium trade "at variance both with justice and with religion". He described the opium war as "a war calculated to cover this country with a permanent disgrace".

Peel's censure of Palmerston narrowly failed by 262 votes to 271. Although Britain subsequently defeated China and forced the drug upon the nation, against the Chinese emperor's will, the narrow loss of this censure indicates the strength of the opposition to the opium war among British lawmakers.

In 1906, the British Parliament unanimously adopted the motion that the Indian-Chinese opium trade was "morally indefensible", which put an end to Britain's export of opium to China. The British values of democracy and human rights were, in this instance, friends of China.

The question arises: if Corbyn were to one day become prime minister, would he welcome the huge Chinese investments into the UK, as Cameron is doing? After all, the late president of Zambia, Michael Sata, was a critic of China when he was in opposition, but after he became the president, he welcomed the huge Chinese investments in his country.

The fast-growing Chinese investment in the UK will benefit both countries. However, the risk is that in their eagerness to lap up the huge influx of Chinese funds, British companies and politicians may be lax in their due diligence with regard to whether all the Chinese money is clean.

Just as the British should remind China of human rights, they should also ensure their own corporate governance is sufficiently rigorous to prevent money laundering and corrupt Chinese money from entering the UK.

Toh Han Shih is a writer based in Hong Kong



Xi Jinping delivers a speech to the British Parliament as speaker John Bercow looks on. Photo: AFP

Poverty rate has fallen, but has quality of life risen in HK?

Paul Yip says higher numbers of single elderly households and jobless youth mean many people are still struggling. To really help the needy, our education and social policies must change

The recent summit on poverty provided some encouraging news on alleviating the problem. Taking into account recurrent government cash benefits, the poverty rate dipped from 19.6 per cent to 14.3 per cent last year, and the number of poor people was the lowest in six years.

The poverty rate – the proportion of households earning less than half the median household income – is a relative one. The increase in the number of older adults and single-parent households over the past decade has made it harder to reduce the poverty rate, as these households are often worse off than the general population.

In fact, the poverty gap has widened. While there are fewer people living in poverty compared with 2009, the funding needed to bridge the gap has risen by more than HK\$3 billion over the same period.

The situation among the poor has got worse, partly as a result of the increasing number of unemployed young adults and single elderly. The poverty rate among the unemployed is eight times higher than for those with jobs, for example.

The government has rightly pointed out that continuous

economic growth with a good employment market is the most effective way to improve people's livelihoods. However, to reduce poverty in a meaningful way, the benefits of growth need to be shared by every sector.

Over the past decade, our economy has grown, with nearly full employment. But wages, especially among low-income earners, have lagged behind. If the government just wants to reduce the poverty rate, it can target those just below the poverty line to achieve maximum effect with minimum resources. But that doesn't necessarily translate into an improvement of quality of life for most poor people.

Further, low-skilled workers' self-esteem would be raised if they earned a wage rather than having to rely on government subsidies. It is very unfortunate that most low-income earners work for companies that the government has outsourced its work to.

The government rightly focused on youth mobility at the recent summit. Likewise, businesses have been working hard to create opportunities for our young through work experience and mentorship programmes. It is vital to nurture our younger generation. As the Hong Kong workforce starts to

dwindle from 2018, it is important to ensure the current and next generation are more productive.

At the same time, we need to diversify our economy to create more opportunities. The education curriculum is very much exam-oriented. Among schools with a large proportion of academic low achievers, perhaps only 1 per cent will get a place at university; for the rest, time spent in the classroom leads nowhere. For those who are not academically inclined, it is a self-defeating and demoralising experience.

In contrast, the German vocational model places students in different schools based on their skills and talent and whether they are vocationally or academically orientated. At the end, the majority find a job with decent pay.

The success of the German model requires a good mix of economic activities in society and the infrastructure for vocational types to find decent jobs. The Hong Kong government has to diversify our economic portfolio to cater to our young people's different talents.

For now, the government seems to be winning the battle to contain the spread of poverty but the war is far from over. There is no magic bullet, but hard work and dedication do pay off. Hong Kong can flourish if we all work together.

Paul Yip is a professor of social work and social administration at the University of Hong Kong

United in need, 70 years on

Shamshad Akhtar says the UN ideal of all nations working together for peace and the common good is as relevant today as it was in the wake of war

On this day, 70 years ago, the UN Charter came into force, hope rising from the ashes of the second world war. For seven decades, the UN has driven multilateralism for peace, security, development and human dignity around the world. Although far from perfect, no other organisation has done more to "save succeeding generations from the scourge of war and to promote social progress and better standards of life" for all.

Conflicts have been averted. Human rights have been enshrined in international law. Hundreds of millions have been lifted out of poverty. Primary education has become near universal. Smallpox and polio have been largely eradicated, and fewer women, men and children die now from preventable causes than at any point in history.

Many of the greatest impacts of 70 years of UN work remain often unseen, but are at least as important in our daily lives. UN-driven regulations and frameworks facilitate trade and commerce, as well as air and maritime safety. UN-sponsored treaties help ensure the worldwide flow of mail, telecommunications and data. Global energy, food security, and even the acceptable use of our oceans and outer space, are all governed by agreements reached under the auspices of the United Nations.

Its most important contribution, however, has been to prove the power of a single ideal: that no nation can succeed

alone. Through its institutional architecture, especially its five regional commissions, the organisation has fostered regional development and shared prosperity as a way to reinforce multilateralism, demonstrating time and again that cross-border challenges require collaboration, integration, coordination and an unwavering commitment to the wider common good.

No region provides better proof of these efforts than Asia and the Pacific. When the UN was created, much of the continent was under colonial rule. Standards of living were falling, and post-war infrastructure in many countries was nearly non-existent.

To address these challenges, the UN created the Economic Commission for Asia and the Far East, the forerunner of the present Economic and Social Commission for Asia and the Pacific (Escap). Over the next seven decades, these institutions have assisted member states in creating the most economically dynamic and diverse region on earth.

This growth has, however, come at great cost to our people and planet – with growing resource constraints and social inequalities. We are, once again, in a time of great turbulence, transition and opportunity, which is why the UN remains more relevant today than it has ever been.

Shamshad Akhtar is a UN undersecretary general and executive secretary of Escap