One Man’s Meat

Forum draws journalists to explore prospects, perils of rapidly urbanizing Asia

Wan Lixin

A RAPIDLY urbanizing Asia and its regional implications were key subjects at the 10th Asian City Journalist Conference held in Jakarta, Indonesia, on October 26.

Focused on the theme of “Asian Cities and Sustainable Urban Development,” the conference this year was intended to share information on the state of Asian cities among participating journalists.

The conference this year was organized by The UN-Habitat Regional Office for Asia and the Pacific, in cooperation with the government of Indonesia and Nishinippon Shinbun. Five journalists from India, China, Japan and Indonesia shared their views about problems arising from urbanization.

Thalekkaara Krishnan Arun, Opinion Editor of The Economic Times in India, cited the need for new cities in India to accommodate millions from rural India seeking new industry and service jobs, which have grown at least three times faster than agricultural jobs.

Currently India is only 32 percent urban, suggesting that there is still plenty of room to urbanize as economic growth accelerates. By the time India becomes 50 percent urban, an additional 250 million people will move into the country’s growing towns and cities.

As a result, some observers have concluded that the Chinese economy is in trouble, Chinese consumers are herding down and the next five-year plan must be dead on arrival.

In reality, Chinese economy is rebalancing as expected. Chinese consumption is more vibrant than before. And the new plan is likely to ensure that this will remain the case for the next half a decade.

China’s government leaders are expected to disclose an outline of their 13th five-year plan this week. The apparent aim is to rebalance the Chinese economy toward consumption.

The toughest test of the new plan will be reforms of state-owned enterprises (SOEs). The key to success is to time the SOEs right. If you move too fast, you risk additional unemployment, bad loans and social disharmony. If you move too slowly, you will contribute to a false sense of stability, creeping assets bubbles and decreased growth.

Until recently, Chinese growth relied on investment and net exports. That was so long as the government was in a position to invest and the rest of the world could absorb Chinese exports. That era, however, ended with the global financial crisis.

Toward services and consumption

According to the third-quarter data, fixed-asset investment continues to lose momentum. It expanded just 10.3 percent year-on-year, which marks the slowest growth since 2000. In contrast, the service sector accounted for 51.4 percent of GDP, compared with the industrial sector’s 40.6 percent.

The old China of manufacturing, investment and exports is fading. The new China of services, innovation and consumption is emerging. Typically, export-oriented, China was used to obviate long commutes and public transport can connect people with other towns.

While creating new accommodations might be important in developing India, in aging Japan, revitalizing unoccupied houses is a much more pressing challenge.

Made in China

Akihisa Nonaka, Bangkok Bureau Chief of Nishinippon Newspaper, shared his thoughts on how to give a new lease on life to unoccupied, timeworn houses at risk of illegal settlement, fire or collapse.

According to recent statistics, in Japan such houses number 82.2 million and are still growing. Many local governments have been trying, in vain, to identify their owners. Nonaka mentioned the implementation of a new law in May that makes it easier for local governments to knock down abandoned houses without owners’ consent. Still, in the absence of a plan, some local governments risk bringing down heavy financial burdens on themselves from teardown cases.

There are other options.

Instead of destroying these buildings, some city authorities and communities turn them into useful public spaces: cafes, cram schools, facilities for the elderly, galleries, etc. They could even be converted into low-cost business offices to promote local employment.

Some residents defended their claims to their land, and whether they have legal documentation supporting their ownership rights or not, their claims are bound to have complex legal ramifications.

In terms of urbanization, China is confronting problems of its own.

Wan Lixin from Shanghai Daily elucidated the need for measured development in China after a decade of heady growth.

Although urbanization is increasing as seen by necessary fuel sustained growth, more attention should be paid to the plight of migrants, social and cultural decay in certain villages and the long-term environmental consequence of urban growth.

In their relentless pursuit of superlatives, many urban planners fail to realize that a good city should be moderate in scale and responsive to the needs of its residents — rather than a giant prestige project designed to impress tourists and visiting dignitaries.

In Shanghai’s long-term urban plan for 2015-2040, now being reviewed by the municipal people’s congress, there is a clear awareness of the limits to which a city can expand and the impact of urban growth on environment sustainability.

New five-year plan to promote reforms, consumption

Dan Steinbock

FOREIGN VIEWS

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Last year, consumption was still 38 percent of the GDP; much more than before but still lower in comparison to other emerging economies. Given the current transition, consumption has the potential to double by 2030, which could lift its relative role in the economy to 50 percent.

Last year, private consumption in the mainland increased to US$3.8 trillion — the same value of Germany’s economy — while Chinese tourists spent a record US$165 billion, an increase of almost 30 percent from the previous year.

During the ongoing year, growth will be within the government’s “flexible 7 percent” target, around 6.8-6.9 percent. Next year, growth is likely to decelerate to 6.3-6.5 percent and by the early 2020s it is likely to be around 5 percent.

What this means internationally is that China continues and will continue to grow 3-4 times faster than the major advanced economies: the US, the EU economies and Japan.

Indeed, despite the deceleration of growth, Chinese GDP per capita is expected to double within a decade. Chinese economy is still expanding, but living standards are rising even faster in relative terms — as they should.

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