

# Comment

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EDITORIALS

## Moribund market

THE CHINESE STOCK MARKET HAS HOBbled along for the most part of six months compared to fellow Asian or the wider global share market and the decline does not seem to have touched bottom as yet.

Buying opportunities in the A-share market has to wait until it gets solid support from robust economic indicators, further stimulus measures and more inflow of funds that will ease liquidity drains from massive share issues.

Analysts are circumspect about how soon these props will come into effect, if at all. In the meanwhile, trading is likely to be volatile since investors will take time to figure out how prolonged the slowdown is going to be.

The Shanghai Composite Index fell 6.7 percent last week, the sharpest weekly decline in 16 months, on concern a slowing economy will hurt company earnings, and capital raising plans by companies — such as the recent mammoth float by Agricultural Bank of China — will divert funds from existing equities.

The sustained fall in Chinese A-shares has created a ripple effect in markets across the world looking at China to lead the global recovery.

Asian stocks also fell last week, dragging the MSCI Asia Pacific Index to its fourth weekly decline in five weeks.

A view is taking hold among investors that global economic recovery will not be as easy as some people expected earlier.

China's prospects for balanced growth given its current strategies, together with Europe's sovereign debt problems and the sluggish US economy, are the biggest risks threatening international investors.

In fact, most hopes of global recovery are predicated upon whether the Chinese economy will land softly or not.

## Vicious circle

SETTING UP AN ACCUMULATION FUND TO reward clean officials may actually be a good idea — at least, it is not as bad as is being perceived by citizens in Jiangmen, Guangdong province.

The authorities there have good reasons to feel wronged. Similar endeavors have worked fine in places like Hong Kong and Singapore. Yet, when the tiny city in south China decided to give it a try, it has been viewed with suspicion.

Many have criticized the move as yet another bureaucratic pretext to transfer public funds into the pockets of officials. Still others have perceived it as outright corruption in the name of preventing corruption.

Such disapprobation is certainly unfair to local decision-makers. But, the fact that officials' personal contributions will only account for a portion of the fund, with the rest coming from public finances, does provide reasons for doubt.

Domestic anti-corruption mechanisms are notoriously impotent. And, Chinese public servants are quite adroit at taking advantage of public resources to serve private interests.

Still, that should not be an excuse to refuse new approaches that may boost the system's corruption-control efforts. The critics might have been too impatient, but they should reserve final judgment on the matter. Time will tell whether the Jiangmen experiment has been motivated by greed or righteousness.

Such suspicions, however misplaced, highlight the public's distrust in local authorities, or in a broader context, of public offices as a whole. Certainly, the disapproval is not without some basis.

Stories of abuse of power have been far too many; that has made the public wary of such fancy "reform measures".

It is a vicious circle at work. To prevent such criticism, whether justified or not, the authorities must first check abuse of power by its officialdom.

## Heritage value

INTANGIBLE HISTORICAL VALUE IS AT THE heart of cultural heritage conservation. Tourism, on the other hand, is all about making profits.

Therefore, cultural relics and sites must be protected from being exploited for tourist dollars, writes an 88-year-old cultural heritage protection expert, in a letter to Premier Wen Jiabao.

Most TV programs on China's cultural heritage talk about how much money a particular relic is worth, and seldom about its historical value, he says.

Protection of cultural heritage hits a dead end the moment listed companies — with travel firms holding majority shares — start running these sites of historical interest on a for-profit basis. It is unwise to expect such enterprises, whose goal is to make money, to show restraint while exploiting the potential of these cultural relics. Bluntly put, sites of historical value must never be run as a business solely to make profits. Their historical importance will be irretrievably lost the moment they are destroyed or damaged.

Yet, there have been instances when some local governments have used cultural sites to maximize revenue, allowing tourism ventures to run them in order to spur local economic growth.

The plan to turn the Shaolin Temple — a well-known Buddhist monastery long associated with Chinese martial arts such as kungfu — into a listed company is a case in point.

Protection must be the watchword for sites of historical interest like the Shaolin Temple.

Pursuing short-term profits from tourism without any limits will be detrimental to the preservation of our cultural heritage.

CHINA FORUM | ZHANG MONAN

# Towards new financial order

## Wealthy economies' decline and developing ones' rise makes it necessary to remodel the economic governance framework

Global recovery is moving into a more complicated phase in the post-crisis era. The top priority of the G20 summit held recently in Toronto was to strengthen the recovery and laying the foundation for sustainable and balanced growth.

Although the global economic and financial order dominated by developed economies has not changed fundamentally, the longstanding global economic disequilibrium and uneven wealth distribution during the recovery process have gradually turned the situation, relatively stable for decades, into a multi-faceted problem.

In the aftermath of the financial crisis, emerging economies, showing expanded domestic demand and government spending, have played a major role in leading the recovery.

For example, China's economy registered a year-on-year increase of 11.9 percent in the first quarter of this year. India's economy expanded 8.6 percent and Brazil 9 percent, all of which were faster than that of the developed world.

The rapid rise in the stature of developing countries and simultaneous decline of the wealthy economies provide an opportunity to break the traditional governance framework dominated by the rich club.

Against this backdrop, the G20, after three successful summits, has finally replaced the G8 and stepped into the center of global governance.

Nevertheless, contradictions and differences still exist, not only among developed countries, but also between developed and developing countries. This shows that the recovery is uneven across coun-

tries and rebalancing global wealth distribution is imperative.

On the one hand, both sides want their own specific policies to dominate the G20 agenda.

Washington is focusing on financial rebuilding and attempts to restore its financial stability and competitiveness, and regain its absolute leadership in global financial matters.

The EU, however, faces the task of fiscal tightening in the aftermath of sovereign debt crises. Compared with the 750-billion-euro aid package, fiscal self-help and a sound constraint mechanism could truly provide fundamental solutions to the European debt crises.

The euro zone countries will defend the common currency, adopt fiscal restraints and restore government credit, even at the cost of an economic slowdown or recession.

The process of reforming the global financial system and fiscal rebuilding will be propelled by the financial and debt crises. This is in the core interests of the US and the EU regardless of how wide their differences are.

On the other hand, besides caring for global short-term recovery, China and other developing countries are hoping the global economy develops in a more balanced and healthy way, and gives them more say in global financial restructuring.

The reform process will prove to be harder, as the international monetary system dominated by the US dollar hasn't been completely overthrown.

Over the past two decades, with global division of labor and industrial production experiencing a major change, a new economic landscape has emerged.

Developing countries mainly depend on booming industrial production and trade, while developing countries rely on virtual financial transactions.

Such an increasingly interdependent global division system has made global production more efficient and contributed much to the 20-year prosperity of the global economy. But it has also aggravated the global wealth distribution imbalance.

Judging from a variety of standards, the US dollar is still the world's most important currency. The current utilization rates of dollar in international trade valuation, foreign exchange reserves and international financial transactions are 48 percent, 61.3 percent and 83.6 percent respectively.

Besides targeting international financial organizations, reform of the international financial system also covers many institutional frameworks, including the international exchange rate system, the international expenses and receipts adjustment mechanism, the creation and allocation of international liquidity, management of international capital flows and coordination of international monetary and financial policies.

On reforming the international financial system, the US is willing to accept only minor changes to international financial institutions, such as moderate tightening of financial oversight and symbolic increase in developing countries' voting power in the IMF and the World Bank.

The US has set two benchmarks on the issue — that no country be allowed to weaken its dominance over the international financial system and no reform should alter the dollar's status as the world's leading currency.

The unbalanced international debt circulation system hasn't been reversed. The global financial crisis has not only intensified the imbalance between deficit-ridden nations and surplus ones, and between consuming and manufacturing nations, but has also projected the imbalance between debtors and creditors.

The operational model of the US economy heavily depends on two aspects. The first is government spending, which depends on issuing treasury bonds to make up for the deficit between revenue and expenditure. The other is household consumption, a large part of which comes from bank loans.

Through the securitization of assets, banks then transfer their loans risk to buyers of securities. In this sense, the US debt economy is the root cause of global economic imbalance.

While pinning their hopes on emerging economies to sustain recovery, developed countries should show more respect for the long-term interests of developing countries.

Only through reestablishing the currency and debt systems will a framework for strong, sustainable and balanced growth become a reality.

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LUO JIE



MAURICE PRETER

# Quality psychiatric care is needed

The recent spate of attacks on schoolchildren and the workers' suicides at the Foxconn factory in Shenzhen have again highlighted China's urgent need to balance economic progress with care for those left behind, and unable to cope with, the lightning speed of development.

Sustainable development is an avowed goal of Chinese government policy, and from a medical-psychological perspective, accessible, quality general medical and psychiatric care is a fundamental part of long-term, ecologically minded, peaceful societal progress.

However, it is an open secret that the medical profession in China is in disarray and rather ill-equipped to contribute to the solution of China's larger societal problems. Chinese physicians are overworked. They routinely see several dozen, if not a hundred patients a day, including those in urgent need of expert mental health treatment.

They are forced to accept absurdly low salaries and are consequently, generally disrespected. Pharmaceutical sales productivity incentives imposed by hospital administrators and by the wish to supplement meager earnings lead to a medical assembly line mentality that short-changes patients and frustrates doctors.

It comes as no surprise that, according to data cited in this newspaper (China Daily, March 25, 2010: "Doctors at receiving end in medical reform"), there are high levels of stress and depression among Chinese doctors.

Coincidentally or not, this year's most murderous school attack was perpetrated by a supposedly mentally ill physician.

This situation is unlikely to attract the needed

numbers of highly intelligent and motivated students to the practice of medicine. This in turn stymies the development of quality medical care, and the future acquisition and transmission of clinical knowledge. However, the recent violent events are a cruel reminder that China must make the rational delivery of compassionate, sophisticated medical-psychiatric care an absolute priority.

Keeping in mind that for the foreseeable future, the majority of mentally ill and emotionally distressed patients in China will continue to receive their care from general (non-specialist) doctors, what is the current situation in my own field of practice?

Chinese patients seeking expert help for mental distress will often receive care from physicians educated without any knowledge of available non-drug based treatment options, such as psychodynamic psychotherapy, group therapy and other types of behavioral interventions.

While in the West the set ways of medicine, and especially psychiatric medicine, are increasingly coming under critical scrutiny, most Chinese psychiatrists limit themselves to simplistic, obsolete interpretations of Western biomedical models that de-emphasize empathic listening.

However, quality medical care, and especially mental health care, begins with a well-trained and experienced physician who is able to create a therapeutic alliance with a suffering and often frightened, and ashamed patient.

By contrast, the lack of time spent with an individual patient (when there are countless individuals waiting to be seen), combined with the economic reality of multiplying one's salary by writing huge numbers of prescriptions puts Chinese doctors

under undue and undeclared influence from extraneous forces, namely the pharmaceutical industry.

In turn, patients are at risk of receiving sub-optimal diagnosis and care and are put in harm's way by medication overuse.

On a positive note, the Chinese government is taking steps to alleviate the existing income and infrastructure discrepancies between the Eastern coastal areas and the countryside, which will improve general medical, and one hopes, mental health care.

Equally important, a whole generation of sophisticated, highly motivated psychiatric physicians and non-medical psychotherapists is coming of age (in the big cities), educated in part thanks to outside efforts by not-for-profit organizations such as the Chinese American Psychoanalytic Alliance (CAPA).

Regarding the proposed health care reform, China might conclude that there is little synergy between corporate business models and her huge population's need for accessible medical care.

The conflicts of interest that have come to shake US academia will need to be addressed here as well. At the same time, doctors' working conditions must be improved. Eventually, consideration should be given to the establishment of a rational tort system that does not simply copy the excesses of the US system. There is much reason for hope and much work to be done. Chinese society, patients and doctors will be better off for it.

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