Reaching a new global climate pact requires a body with authority and broad representation: the Group of 20

Executive decision

Major international meetings rarely result with recognition of abject failure. If the prospects for success look bleak, the job of senior officials and ministers is to reframe objectives, lower expectations, devise productive "next stages" or "roadmaps", and generate hopeful if non-substantive declarations of intent.

In the worst case, meetings can be postponed, or, exceptionally, cancelled. The organisers of the UN Climate Change Conference, scheduled for December 7 to 18 in Copenhagen, do not have the luxury of cancellation or postponement. Yet it is necessary to consider alternatives if the conference indeed concludes fruitlessly.

This 15th Conference of the Parties (COP) to the UN Framework Convention on Climate Change (UNFCCC) will take place, whether or not the outcomes are likely to be useful. And absent a significant breakthrough in the next six weeks, on December 19 the global community will not have advanced materially towards the overarching goal of checking or reversing the increased levels of greenhouse gases in the atmosphere.

Reflecting the dedication and professionalism of the COP 15 delegates, the meeting will produce a range of agreements to keep talking about a collection of subjects too technical for most outsiders to understand. So the several days of talk will not have been entirely in vain. With luck, the areas of disagreement will have been further defined and some of the "low hanging fruit" will have been picked. The shape of future agreements may be more evident, but it's doubtful that meaningful, binding commitments directly affecting the levels of greenhouse gases in the atmosphere will have been made.

> Change on this scale [calls for] a commitment by government leaders, not by ministers or senior bureaucrats

Current expert assessments of the state of play agree that too much technical work remains to be done for a definitive, comprehensive successor agreement to the Kyoto Accord to emerge from Copenhagen. The emphasis is on accomplishing enough to keep the negotiating round alive past the COP 15 meeting. The alternatives at that point will be fairly clear – continue with a flawed process or seek a new way forward. The first option is ill-advised, given the evidence of accelerating climate change and the demonstrable inability of 192 parties to reach agreement on highly technical, multi-sectoral, rapidly evolving global issues.

But if significant changes to the current approach are to be adopted, they must be grounded in the recognition that the decisions required are quintessentially political in nature.

It is clear that climate change can only be dealt with through a package deal. If the need for a package is generally recognised, however, the elements are still in major dispute (as is their sequencing).The nub of the problem is that developing countries are totally unwilling to accept greenhouse gas caps unless developed countries pay for the impact this would have.

Meanwhile, if developed countries are to meet the conditions laid down by developing countries for participating in a climate change deal, significant impacts will be felt in Western economies which remain fragile in the wake of the recent financial crisis. And even if developed country leaders make major concessions, the level of mutual distrust is such that developing country leaders will be hard-pressed for domestic political reasons of their own to come on board.

Baldly stated, to achieve change on this scale, a major exercise of political will affecting national positions across a range of sectors will be needed. This sort of multi-dimensional commitment can only be made by government leaders, not by ministers or senior bureaucrats.

To obtain ultimate success, additional issues of more local or national interest might have to be added to the mix to bring specific countries onside and to generate enough "winners" to make any climate change package broadly acceptable.

So, what existing body has the capability of breaking this deadlock which is closely related to so many other neuralgic areas? The players in this game will need to be government leaders, since the decisions required will be both broad and extremely political. The body will need to be both representative of the developing and developed worlds but limited in number to keep the numerous trade-offs feasible. The obvious candidate is the G20.

Called into existence only in November 2008 to respond to the international financial and economic crisis, the G20 has so far managed that emergency reasonably well. The group is developing useful habits of co-operation and co-ordination, and has passed the acid test of utility – it continues to be called together. In particular, the idea that the major developing economies (China, India, Brazil, Mexico and South Africa) must be fully involved in global decision-making seems firmly entrenched.

Adaptation to global warming will be expensive, even for developed countries. Fairly soon, public pressure for solutions will grow (Arctic melting, among other indicators, seems to suggest that the pace of warming is accelerating).

The political cost of inaction will eventually be prohibitive, although by then, a succession of so far undetectable tipping points may have been surpassed, with ruinous results.

Peter Heap, Barry Carin and Gordon Smith are all with the Centre for Global Studies at the University of Victoria in Canada. Reprinted with permission from YaleGlobal Online (http://yaleglobal.yale.edu)

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Land of plenty

Hong Kong certainly needs a critical assessment of its land use policy. In his policy address last week, the chief executive acknowledged the need to respond promptly to changing circumstances. The problem is our officials are often unable to act in a timely manner.

The struggle over what to do with Central is a case in point. The public has pushed for minimising harbour reclamation and using reclaimed land wisely to create a harbourfront that the city can be proud of. Yet, it has taken more than a decade to change government's mind on these matters. The same goes for heritage building preservation. So, it is positive that the government is now beginning to see Central in a more holistic fashion although it has yet to provide us with a visionary replanning of the district as a whole, and not just around a number of buildings.

Another problem is the city's land-use mismatch. Hong Kong has 17.4 million square metres of industrial-building floor space. This is about 70 per cent more space than the existing stock of office and commercial space. With our economic activities mostly in services, this is a major disparity. The relocation of Hong Kong's manufacturing industries to the mainland started from the 1980s, and by the time of the handover in 1997, many of the city's industrial buildings were empty. Yet, commercial space has been in short supply. Building owners began to rent industrial space essentially for commercial uses at comparatively lower rent in view of the lack of appropriate facilities and amenities for commercial tenancies. Government turned a blind eye. Retrofitting or redeveloping these buildings to fit their new purpose requires major investment, which owners will not make unless there is a clear policy for the conversion and redevelopment of industrial land to commercial or even residential use.

Only now is the government willing to address the problem. To convert or redevelop industrial buildings for other uses require owners to pay land premiums to the government. This is, in effect, a land-development or change-of-use tax. What is special in Hong Kong is this tax is calculated on the basis of the value post-conversion or post-redevelopment. Moreover, the tax has to be paid up front. In other words, a landowner needs to have a lot of cash available to pay the government before conversion or redevelopment, which is a longstanding barrier to change. The government proposes to deal with this by essentially relaxing when the tax has to be paid. Rather than demand payment in advance based on a redevelopment plan, calculations can be based on what is actually built.

> The existing system of land taxation is, in fact, a deterrent to redevelopment and conversion

Moreover, the tax can also be paid by instalments rather than in one go even before redevelopment work begins. In the case of a whole building being converted, the government is even willing to exempt owners from having to pay the land premium.

No doubt the devil is in the details. What is curious is these measures will only be effective for three years from April 2010. Officials may argue they want to test what interest there is in the market, but that is not really a sufficient answer. The problem is how the government taxes land, and how the existing system is in fact a deterrent to redevelopment and conversion because of the enormous financial resources for landowners to not only pay for the necessary work but to also pay the hefty up-front tax. The problem is not dealt with directly in the policy address.

Indeed, the government has always been reluctant to discuss how it gets a major part of its revenue. Land sales and land premiums have always formed a substantial chunk of government income. These sums are then put into the Capital Works Reserve Fund, and not into general revenue. As its name implies, the money there is used exclusively for capital works – that is, physical infrastructure development.

It's time the government addressed the whole issue of land taxation directly and discussed its impact on land and property prices, as well as on the economy as a whole. That is the sort of critical assessment Hong Kong needs.

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Voices: Hong Kong

Has the penny finally dropped with planners?

Bernard Chan

In my public service work on heritage and sustainable development, I hear a lot of comments along the lines of "government doesn't get it". Activists and campaigners complain that officials cannot break out of their traditional mindset, especially the assumption that government revenue should take priority over quality of life in land and planning matters.

My response has been broadly to agree, but I remind them that public demand for fresh thinking in this area is relatively new. It is only in the last year or so, for example, that ordinary citizens (as opposed to activists) have started complaining in a big way about the "wall effect", where buildings are crammed together in a row.

My feeling was that government would take time to adjust. But I knew some officials understood the need for change, and I expressed confidence that, in time, they would "get it". I am glad to say that chief executive Donald Tsang Yam-kuen's policy address last week has helped to prove me right.

The Development Bureau's plans for government-owned sites in Central promise to make a visible difference to the area's quality of life. The idea is to conserve various buildings like the Central Market and much of the central government office complex, to provide more open space on the waterfront and convert the Murray Building into a hotel.

The alternative is to sell the sites to developers and allow redevelopment. That means raising revenue, but destroying heritage sites and increasing traffic congestion, air pollution and so on. This is the traditional, and very pragmatic, way we have handled it in the past.

The government is taking a bold step with this new approach in Central. There are critics in business, the media and indeed the bureaucracy who view the plans only in accounting terms. To them, this has "cost" the government billions of dollars it could have made from land sales. They can't see the intangible value of a better quality of life.

Perhaps they will come round when they see the results. A hotel in the Murray Building would be unique, thanks to the distinctive architecture and location. Some real greenery and imaginative facilities would make the waterfront a pleasure for people to visit.

> Central Market could become an excellent example of the benefits of renovation over redevelopment

Places like the central police station, the police quarters on Hollywood Road and the old French Mission offer opportunities for all sorts of activities. Even where the architecture may be unimpressive (as with the police quarters), the locations are ideal, and avoiding more skyscrapers in these cramped areas will be a relief.

Conservation of the Central Market could be an excellent example of the benefits of renovation over redevelopment. I must confess that I don't find the architecture attractive, but the key thing is leaving a low-level site in an area that is clearly overdeveloped and overcrowded.

This could become something for everyone to enjoy: office workers, local residents and tourists. Singapore's central business district also has an old wet market, dating from Victorian times and built of wrought iron, called Lau Pa Sat. Today it is a food court, serving hawker food to office workers by day and tourists and others in the evening.

Something like that, offering an accessible and relaxing retreat from the congestion around it, could give Central a new icon. Not a major stunning skyscraper, and not a mall full of designer labels, but a fun place on a human scale where people can sit, hang out and, hopefully, enjoy some traditional snacks.

At the moment, many Central office workers on a normal budget have little choice for lunch but to stand in line for some fast food which they rush back to eat at their desks. Don't they deserve something better? And a fun gathering place in Central Market would become popular among tourists and residents in the evenings, bringing some life to the business district after dark.

How can you put a dollar value on these things?

Bernard Chan is a former member of the executive and legislative councils

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Voices: Arts and culture

Consultation seeks more concrete ideas

Stephen Vines

Any lingering doubts about the government's commitment to the development of the arts and the suitability of Henry Tang Ying-yen to head the West Kowloon Cultural District Authority can now safely be laid to one side. The government is convinced that the word "culture" is synonymous with the word "concrete" and poor old Tang is so entirely clueless that he has even started to embarrass himself.

At least it is to be hoped that he is capable of self-embarrassment because at a recent consultation forum he was asked when he last attended a performance by a minor arts group. In response he listed two events he had seen, both of which were shows by performers belonging to Hong Kong's nine major performing companies.

Told that this was the case he looked puzzled and promised to bone up on the subject. Then, just in case there was a scintilla of doubt that Tang had even the slightest idea of what he was talking about, he joked that members of the Hong Kong Philharmonic could increase attendance by wearing shorts and flip-flops instead of tuxedos. It's hard to know where to begin in tackling stupidity at this level.

But none of this will worry an administration that really doesn't get it. It is now in the midst of one of those consultation exercises that mendaciously give the impression that the public will have a great say in the development of the arts hub. But the public are not being asked about content; the focus is entirely on form, but even here the questions are designed to be irrelevant. For example, the great unwashed are asked whether they would like an ambiance that is: a, relaxing; b, exciting; c, traditional; d, contemporary; e, inviting or f, inspiring.

Meanwhile, as plans are being laid for keeping the concrete mixers in business the government is significantly cutting its financial support to arts groups.

It would be wrong to assume that malice lies at the heart of the government's fixation on form as opposed to the content of Hong Kong's cultural life. Indeed, embedded in the bureaucracy are many officials both genuinely committed to the development of the arts and knowledgeable on the subject. But, right at the top of the tree are policymakers who only have an interest in show. They are obsessed with meaningless plans to build the biggest cultural centre, to control what goes on there and to be able to boast of a commitment that sounds good but in practice is little more than an exercise in vanity.

Clapping on the sidelines are members of Hong Kong's elite who assume it is a fine thing to be associated with culture but have a limited understanding of the term.

There is no convincing argument for the concentration of the arts in one place but every reason to give encouragement and support to the arts throughout Hong Kong. Modest donations to struggling theatre groups, artists, even to the more avant garde, are likely to do far more for the development of the arts in Hong Kong than a complex of buildings destined to remain barren.

Only the bureaucrats and their misguided supporters believe that consolidation is the key to success.

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Voices: US unemployment

No clear answer to a long-term problem

Robert Samuelson

What can government do to crank up America's creaky job machine? We'll be arguing ferociously about that in coming months, and the answer, frankly, isn't clear. Die-hard Keynesians insist that only more government spending and tax cuts will boost job growth. But other economists fear exploding federal debt, incurred partly to pay for more spending and tax cuts, could trigger a new crisis that would destroy jobs.

Almost everyone agrees the outlook is bleak. Since the recession started in 2007, about eight million payroll jobs have vanished. More will go. Employment is lower than a decade ago: the first time that's happened since the Great Depression. With the labour force expanding by more than one million new workers annually, economists Joseph Seneca and James Hughes of Rutgers University estimate that even the job growth of the 1990s (2.4 million a year) wouldn't reduce today's 9.8 per cent unemployment to 5 per cent until 2017. Ugh.

English economist Lord Keynes held that government activism could generate jobs. That's the theory behind the US$787 billion "economic stimulus" passed in February. Many ideas are circulating for Stimulus 2.0, though the controversy over Stimulus 1.0 suggests it will be relabelled.

Larry Mishel of the liberal Economic Policy Institute wants more aid to state governments, a further extension of unemployment insurance (now up to 79 weeks) and a tax credit for companies that create new jobs. One proposal would give employers about a US$7,000 credit for each additional worker hired (over some base period). Timothy Bartik of the W.E. Upjohn Institute for Employment Research thinks such a credit might create two million jobs. The budgetary cost could be US$40 billion or higher. A drawback: two-thirds of the credit's cost might go to firms that would have hired anyway.

The rap on Stimulus 1.0 is that it hasn't yet – as promised – reduced unemployment. Boosters retort: unemployment would have been worse without it, and much less than half the stimulus has been spent. Detractors argue that the benefits of stimulus packages are overrated.

Government debt is now rising at unprecedented post-second world war rates. In fiscal 2009, the federal budget deficit was US$1.4 trillion. The Congressional Budget Office predicts a similar amount for 2010.

If rising debt frightens domestic and foreign lenders into fearing high inflation or default, interest rates could soar. A first stimulus was warranted, but "it makes no sense to use stimulus just to postpone the reality of lower economic growth over the coming decade", economist Kenneth Rogoff says.

Economists Mishel and Rogoff frame the debate: the first impatient, the second prudent. A middle way would be to scour government for policies that discourage job creation.

Government erects many employment obstacles: restrictions on oil and natural gas drilling; unapproved trade agreements; some regulations. But reducing these barriers would require the Obama administration to choose between its professed interest in more jobs and its many other goals – a choice it has so far avoided.

Robert Samuelson is a Washington Post columnist