

## Crisis makes transparency an urgent task

Peter Verhezen

THE fear caused by the current financial crisis has pushed global investors into a bearish mood, avoiding risky markets that do not have the governance mechanisms in place to protect them from unruly free-riding or irresponsibility.

As if the current global mortgage and consequent financial crisis were not daunting enough, China's manufacturing reputation recently took a dent when the Sanlu milk contamination was belatedly let out of the Pandora's Box, though checked later.

However, fear and regret are not the best guides to make the most reasonable decisions. It can be argued that opportunities may arise as result of this crisis.

In the future, better governance mechanisms may not only prevent such debacles as a kind of insurance policy, but they may also create an environment in which risks are better valued in the face of global or national competition.

Corporate governance incorporates a vision that inspires people and protects the organization from certain excessive or non-understood risks.

Remaining deeply engaged with all critical stakeholders and developing an emotionally resonant shared purpose for their employees and other stakeholders seem to be one of the corporate features for successful corporations.

Such organizational value is not linked to nation, race or gender but is equally appreciated throughout a global interdependent world.

It has now become obvious that survivors and clear winners of this crisis are companies that have endured the storm through appropriate risk management supervised by independent board oversight and those focusing on long-term value instead of speculative short-term bucks.

### Long-term perspective

Admittedly, attempting to take a longer-term perspective is more often than not hindered by the financial community's adamant and sometimes irrational overemphasis on the next quarterly financial results.

The underlying governance principles are guided and underpinned by ethically responsible behavior, a high level of fairness, transparent and accountable corporate leadership, and legally binding corporate governance principles.

The lack of transparency and accountability by the captains of the losing organizations, not just in emerging markets but even up to Wall Street institutions, has become a major issue of public debate.

Not all is gloomy, though.

Some companies, within China and beyond, have been emphasizing long-term organizational value and are jockeying for a position to steer the organizations towards becoming leaders in their respective local environments or even seeking to become "global competitors" in the international arena.

A certain level of transparency is part of the claim that appropriate governance structures may prevent reputation or organizational disasters.

(The author is a visiting scholar at the University of Melbourne, Australia. The views expressed are his own.)

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# Wielding an ax no way to grow greener cities



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IF there is one word to describe Chinese cities, it would probably be "restless."

There is a universal drive to grow taller, to build up and break down, to renovate, remodel and to standardize.

These impulses stem from an inferiority complex, as all cities strive to emulate others, and to extirpate any vestiges of yesterday.

It is no coincidence that this unsettling mood is definitely GDP-friendly, and reflects positively on official performance — officials are evaluated by bricks and mortar, or how much they contribute to GDP.

How can mere journalists help to harmonize the various interests, diversity and inherent contradictions within cities?

What ingredients are necessary to create harmony between the physical, social, environmental and cultural aspects of a city and the human beings that inhabit it, from the journalists' viewpoints?

These are questions revisited at the Third Asian City Journalists Conference, "Seeking Harmonious Cities from a Media Perspective; Reflecting on the State of Asian Cities," held in Nanjing on November 5.

Organized by the Government of Japan, UN-HABITAT Regional Office for Asia and the Pacific and The Nishinippon Newspaper (Fukuoka), the forum was attended by scholars and journalists from across Asia.

"A harmonious city is one where distribution of social wealth and coordination of social interests are considered along with wealth creation," according to Dr Dinesh Mehta in his State of the Asian Cities Report.

Mehta is professor emeritus at School of Planning, Center for Environmental Planning and Technology University, Ahmedabad, India.

In other words, a single-minded preoccupation with economic growth may not be compatible with the goal of harmony. But of course, we know that.

"Many Asian cities have prioritized economic growth objectives rather than environmental objectives. This has adverse long-term consequences," Mehta said.

It does not take much insight to see that building more roads, while pumping up GDP, encourages more cars and leads to more congestion and pollution.

Sadly, during the past decade some Chinese cities did not learn from the best examples.

According to Mehta, in cities like Hong Kong, Singapore and Tokyo, public transport already represents 70 percent or more of total person trips.

Singapore collects congestion charges and Tokyo levies an automobile tax.

Chinese cities should be ready for a policy shift from "moving vehicles to moving people."

Why are policy makers in some Chinese cities so reluctant to align themselves with the interests of the majority of the urban population?

I think one reason for this sorry state is that while nearly all public servants in cities like Hong Kong and Singapore are required to use public transit to commute to work, a huge



Illustration by Zhou Tao/Shanghai Daily

“The thick foliage, Wang (Wulong) complained, blocked the sunlight and barred the view of the dazzling neon lights, thus holding Nanjing back as a metropolis.”

number of Chinese officials are chauffeured around at public expense.

If they are allowed to fight their way to work on crowded buses or metros, could they afford to allow public transit to be sidelined?

Similarly, the workings of private interests may lead Asian cities to be collectively blind to the threat of climate change.

As Mehta noted, "the size, geographic location and elevation of many Asian and Pacific cities make them especially vulnerable to the impacts of climate change in the form of frequent floods, cyclones, and heat waves."

A rise in sea level from global warming would affect more than 238 million Asians, Mehta said.

This calls for a fundamental change in attitude, but as we are talking about the danger confronting 238 million people, few countries are giving the danger serious consideration — see how rich countries are renegeing or procrastinating on their environmental commitments?

During a panel discussion at the forum, journalists were asked to identify problems confronting specific cities based on findings of the report and their own perspective.

Although Chinese journalists had come from all over the country, they had no difficulty in agreeing on the problems: the dramatic increase in the number of cars, soaring property prices, and pollution.

If harmony means balancing different interests, the Chinese urban landscape is dominated by the impulse for growth.

This restlessness manifests itself in the incessant din produced by drills biting into concrete, the wreckers' balls pulverizing by no means old buildings, the omnipresent scaffolds erected for face-lifting purposes, and the plastic, dusty smell that permeates the downtown area.

As urban planners work full throttle churning out standardized matchboxes, similarly

configured, steadily narrowing sidewalks, and foreign brand franchises, more and more cities are experiencing an identity crisis.

### Identity crisis

Whatever city I find myself in today, I feel a need to remind myself that this is not Shanghai.

Cities are becoming more and more like each other.

On our way back from a visit to a museum during the Nanjing forum, Takeshi Kokubu, international affairs editor for The Nishinippon Newspaper, was quite impressed by the huge plane trees with thick foliage that virtually formed a canopy overhead.

"It looks like a covered corridor," he remarked admiringly.

For me as a Chinese, it was an embarrassing topic to broach.

These giant trees, most of them planted pre-1949 by the Kuomintang government or in the Qing Dynasty (1644-1911), have miraculously survived the axes of Wang Wulong, former Party secretary of Nanjing.

The thick foliage, Wang complained, blocked the sunlight and barred the view of the dazzling neon lights, thus holding Nanjing back as a metropolis.

The trees were replaced by shrubs and lawns, affording an unobstructed view of the neon lights, widening streets, skyscrapers, and huge property development posters.

Wang was sentenced to death early this year (with a reprieve for future good behavior), not for cutting down trees, but for the uninspiring offence of taking 6.8 million yuan (US\$1 million) in bribes — and he had already felled half of the giant trees.

While we shudder at the unwise and brutal force of some of our civil servants, we need to be reminded that Wang's aspiration to a glittering metropolis remains a perfectly legitimate political goal in many other cities in China.