



“Without fear and without favour”

Friday November 9 2012

Only the Greeks can rebuild Greece

Politicians must take responsibility for painful measures

By voting through another four years' worth of austerity measures, the Greek parliament has made a further step on the painful road that the eurozone promises leads to salvation. Yet to Greece's citizens, every move seems to push the goal further into the distance, as each new revision of the austerity programme adds to the burden. Meanwhile, the country's official creditors have little patience left.

The smallest coalition partner, Democratic Left, abstained from the package. Prime Minister Antonis Samaras still managed to pass it, but with a majority so threadbare that no one should feel confident that Greece will see the programme through. If support for it is tenuous inside parliament, it is non-existent in the streets. The slide into poverty of large parts of the population is stretching the social fabric to breaking point.

Yet Greece cannot avoid painful reforms: without the emergency loans from the eurozone and the International Monetary Fund, Athens would have had to cut its deficits even more savagely. The old system, where insiders lived off the fat of inefficiencies and debts imposed on outsiders, created an illusion of wealth always destined to end badly. But that makes the political handling of economic necessities all the more important.

The Greek political class has dimly failed to convince the wider public of the necessity of the painful measures required to bring about the social and economic transformation of the country. Without these steps, the Greek people – for all their aspiration to live in a modern European country – will be relegated to a Balkan backwater. Every reform is presented as an act of self-flagellation exacted by Europe's paymasters. No party has given Greeks a possible vision of what an improved society can look like. As the Baltics show today, and Finland and Sweden did in the 1990s, radical economic change need not mean political abdication.

It is still possible to salvage the process – if Athens passes a budget on Sunday, and eurozone capitals approve an interest-rate cut and a new tranche of rescue loans. That would permit a recapitalisation of Greek banks and end the insult of a credit crunch on top of the injury of austerity. Next year Athens should be in primary balance. The postponement of any scheduled debt service for the foreseeable future should force the politicians to do their real job. This is to sell to the Greek people the idea of a future lived within their means, and stop pretending to defend them against heartless foreigners.

Church's choice

Bishop of Durham is a gamble for Anglican communion

The outgoing Archbishop of Canterbury said this week his ideal successor should be someone who “likes reading the Bible and likes reading newspapers”. If this is the criterion, then Justin Welby, the recently appointed Bishop of Durham who is expected to be named to the post today, fits the bill.

As a former oil industry executive, Bishop Welby will bring a dash of worldliness to the post of Archbishop of Canterbury and, as such, head of the Anglican communion. Rowan Williams, who retires in December, may be a brilliant academic and theologian but his lack of leadership left the church so enmeshed in internal disputes over sex and gender that it was tardy in responding to public anger over inequality, bankers' bonuses and the financial crisis.

Bishop Welby has been an outspoken critic of banks in the run-up to the crisis, declaring that they had no socially useful purpose and were “exponents of anarchy”. Such views sit easily with the Anglican establishment but they also reflect the new conventional wisdom among regulators, including the Bank of England. Bishop Welby will continue to straddle the material and spiritual worlds by remaining a member of the parliamentary commission on banking, which some may see as

one more sign of the steady secularisation of the Anglican Church. Bishop Welby's rise has been meteoric, the appointment coming barely one year after receiving his bishopric at Durham. His privileged background as the Eton and Cambridge-educated descendant of former Tory deputy prime minister Rab Butler make him an establishment candidate, albeit one who brings certain risks at a time of great upheaval.

The Anglican Church is struggling to reconcile radically different views on the exercise of faith. Liberals and conservatives battle over homosexual priests, same-sex marriage and the ordination of women bishops. Anglicans in the US want an inclusive church, while homosexual priests are anathema to the rapidly growing African congregations.

Bishop Welby has experience in Africa and in conflict resolution, having risked his life in Nigeria as a mediator between warring factions. While he has in the past spoken out against same-sex marriage, he is an evangelical who supports the ordination of women bishops. He could be the bridge on which both sides might meet.

The Anglican Church has always been a broad one. Putting a worldly pragmatist at the helm was the right choice.

Dublin's shame

The unjustifiable pensions of Ireland's former bankers

Ireland's bankers have not covered themselves in glory in recent years. The credit binge they presided over felled the country's largest lenders and saddled taxpayers with a €64bn debt.

As the Irish people have been paying heavily for this ever since, in the form of fierce austerity and plummeting real wages, one can understand why pressure has risen for those who presided over the mess to share a little of the pain. This week, Allied Irish Banks, one of Ireland's nationalised banks, duly wrote to more than 15 of its former directors asking them voluntarily to forgo part of their pensions.

Such a request is not unprecedented. Royal Bank of Scotland, with the active encouragement of its main shareholder, the British government, asked for just such a concession from its former chief executive, Fred Goodwin, three years ago. After an initial show of reluctance, Mr Goodwin duly disgorged more than a third of his £550,000 a year pension.

It is debatable whether the generous savings those bank executives built up during the fat years were truly earned, given the cataclysm that followed. But what is unarguable is the fact that after the rescue the Irish government had to slash spending on both its

current and future pensions. Those who helped to dock the retirement income of others can hardly complain if they are themselves asked to take a hit.

So far, however, the bank directors' reaction has been underwhelming. One former manager – Eugene Sheehy, who used to run AIB – has said that he will reduce his payments by a fifth – a smaller concession than Mr Goodwin's. The others have yet to respond publicly. If they had an ounce of shame, they would go at least as far as Mr Goodwin did.

Public shaming may be the only recourse available to the government. Some argue that the pension funds should stop paying these executives, daring them to sue. Alternatively, Dublin could raise a levy on the richest pensions. But, however justified the resentment, either step would be wrong. Governments should not tear up contracts or tweak laws just to target a few. If the directors are to be penalised for their acts, this should happen in the civil courts.

Mr Sheehy and his colleagues should think long and hard about their response, however. Ireland is a small country; their moral debts are huge. While a pension cut may not be enough to salvage their honour, failure to act will guarantee their status as pariahs.

Japan's case for territory also has weaknesses

From Prof Gregory Clark.

Sir, Yoriuzumi Watanabe (Letters, November 7) has given us the standard historical material used to prove weaknesses in China's claim to the disputed Senkaku islands. But China and Taiwan can also produce evidence to prove Japanese weaknesses. The rights and wrongs of territorial disputes can be complex.

For example, Tokyo also has its territorial dispute with Moscow over the islands of Etorofu and Kunashiri – the so-called Northern Territories – at the southern end of the Kurile

chain. Yet its own foreign ministry, in a formal statement to a Diet committee on October 19 1951, agreed that the Kurile islands to which Japan had renounced all right, claim and title in the San Francisco peace treaty included precisely those two islands. Today it simply ignores this statement or declares it was a mistake, and pursues its Northern Territories claims with the same vigour as it pursues its Senkakus claims.

True, there is a good reason Tokyo does this: it believes, but dare not say openly, it was unfairly forced by

the US and Commonwealth nations into this renunciation. But that is my point. If Tokyo insists we overlook the weaknesses in its Northern Territories claims, it should be equally tolerant over the Senkakus; especially since, and regardless of alleged weaknesses, the Chinese/Taiwan position seems to call for no more than the right to joint development and fishing rights on islands that, after all, do lie on the Chinese continental shelf.

Gregory Clark, Emeritus President, Tama University, Tokyo, Japan

The resilient alliance that offers Pakistan a better future

From Dr Sania Nishtar.

Sir, It was encouraging to read Charles Leadbeater's article “Time to look again at Pakistani society” (November 7), featuring those hidden forces that point to a better future for my country: adaptability and resilience, entrepreneurship and shared coping.

In addition to social innovation schemes that have stepped in to help Pakistan's education and agriculture

sectors, the ineffective functioning of health systems, compounded by the recent abolition of the Ministry of Health, means that similar intervention is also necessary to protect Pakistan's poorest of the poor from health risks and catastrophic health expenditure.

Indeed, being involved in a mobile-integrated social protection system for health, I witness daily how the “new” widespread mobile services

and the “old” Islam's traditions of charity, justice and learning, come together to protect Pakistan's poor from medical impoverishment. I am continuously impressed by the generosity of Pakistani society who donate funds to the poor, saving lives.

Sania Nishtar, Founder and President, Heartfile, Islamabad, Pakistan

Congress finally represents America

From US Congressman Michael Honda.

Sir, Your report “A triumph of strategy, money and theatre” (November 7) neglects one critical component to Barack Obama's re-election: the minority vote. This week we witnessed the highest voter turnout ever among Asian-Americans and Pacific Islanders. We moved the dial of democracy forward and more minorities voted than ever before.

We now have the first Asian-American and Pacific Islander majority district in the continental US, which I've been elected to serve in congress as the representative of California's 17th district. As of voting day, my campaign utilised more than 20 languages to get out the vote – an inspiring reflection of America's growing diversity and a testament to how other campaigns

in the future will communicate.

The next Congress will see more Asian-American members of Congress than ever before. As chair emeritus of the Congressional Asian Pacific American Caucus, this is everything I've worked to create, and I'm thrilled to see Congress more diverse than the day I started. (That goes for the more Hispanic-American 13th Congress, the first openly gay senator in history and the first Asian-American woman in the Senate.) Congress is slowly, but surely, starting to better represent America.

This is what democracy looks like. It is a kaleidoscope of language, culture and colour, and what an incredible record-breaking moment this is for America.

Michael Honda, Washington, DC, US

Hispanics are not lost to the GOP

From Mr Daniel J. Aronoff.

Sir, Jurek Martin is correct that “the Republican party, once a big tent in the days of Ronald Reagan and with aspirations to it under George W. Bush, has some hard thinking to do if it wants to be a party with any serious future”. But he incorrectly concludes that the party needs to become more centrist in order to expand its base (“Republicans have some hard thinking to do”, November 7).

According to the polls, Mitt Romney's support among Hispanics, the fastest growing US voter group, was half that of George W. Bush, at around 20 per cent. The explanation is Mr Romney's anti-immigration stance, perceived by Hispanics as reflective of a discriminatory attitude towards them. The swing toward Democrats in the Hispanic vote is unreflective of any shift towards the political centre. That is why Florida senator Marco Rubio and former Florida governor Jeb Bush, two of

the leading conservative politicians in the US who are not perceived as anti-immigrant, remain very popular with Hispanics, as was Jeb's brother George W. Bush.

A large segment of the Hispanic community share with conservative Republicans a deep attachment to religion and traditional family values. The Democratic party will find it difficult over time to maintain the support of conservative Hispanic voters within a coalition that is hostile to their core values.

What the GOP must do to win back Hispanic voters is to jettison the anti-immigrant bias from its conservative agenda. To achieve this, it should promote into party leadership those politicians – such as Jeb Bush and Marco Rubio – who command popularity across the entire conservative spectrum.

Daniel J. Aronoff, President and Chief Executive, The Landon Companies, Royal Oak, MI, US

Only one way for Scots to vote if they want to stay in EU

From Dr Mark Corner.

Sir, Your excellent account of the recent problems concerning the UK and the EU budget (“Exasperated allies”, Analysis, November 7) has an implication that cannot be too strongly made.

In two years' time the Scots will vote on the question of whether they should become an independent nation-state. I am not one of those

who support Scottish independence, and have always argued that there are dangers in a “small-state mentality”.

Now I find myself thinking that only by voting for independence can the Scots avoid a small-state mentality, for that mentality seems to be alive and well south of the border. If you were Scottish and determined to stay a part of the EU

you might well be starting to think that voting for independence was the only way of ensuring that you did.

David Cameron beware – in the process of seeming to encourage those who wish to separate the UK from the European Union, you may end up bringing down your own Union.

Mark Corner, Brussels, Belgium

Beijing Notebook



Jamil Anderlini

China's ever greater expectations

Beijing looks as if the government declared martial law in the midst of a floral convention. An obscenely large flower pot sits in the centre of Tiananmen Square, uplifting red banners bearing political slogans adorn every flyover, while Chinese-made Humvees cruise the streets and tens of thousands of policemen and “stability maintenance staff” outnumber ordinary pedestrians.

The paranoia of the Communist party extends to ping-pong balls, balloons, carrier pigeons, fruit knives and computer batteries, all of which are banned as potential tools of sedition during the party's week-long 18th national congress, which opened yesterday.

The congress is held every five years but this one is particularly important because at the end of it a handful of ageing men with shiny dyed black hair and dark suits will walk out on to the stage led by a new president, Xi Jinping, who is expected to govern China for the next decade.

If he and his comrades make it to

the end of that term, they will claim the record for the longest unbroken rule by an authoritarian political party, a record currently held by the Soviet Union, at 69 years.

But in Beijing's universities and watering holes, and even in the corridors of power this week, a surprisingly large number of people are whispering doubts that the party will manage to break that record.

I spoke to a professor of politics at one of China's most prestigious universities who assured me that within three years the Chinese people would take to the streets to demand that the government relinquish power. I listened to a group of drivers, whose job is to ferry diplomats and senior party officials around Beijing's gridlocked streets, cursing in earthy Mandarin about the “turtle's egg” Communist party and how it wouldn't be around in five years' time.

Most surreal of all was when I found myself in one of Beijing's hottest nightclubs raising a glass of expensive cognac with a recently retired senior officer in the Chinese police and a wealthy property developer as they heartily toasted the downfall of the party.

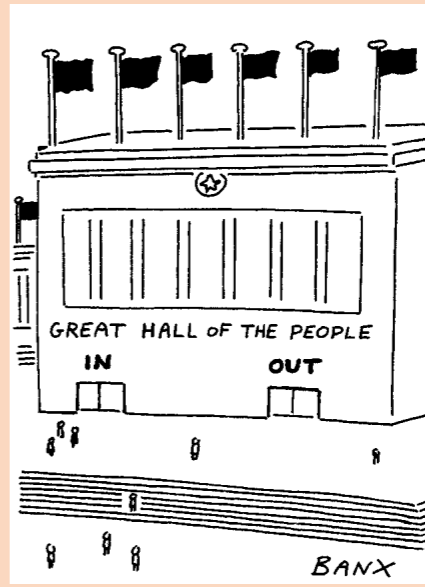
As beautiful people twirled to the thumping beats on the dance floor next to them, these two beneficiaries of the system cursed the greedy corrupt officials whose palms they had to keep well lubricated but who still demanded exorbitantly high taxes to fill state coffers.

In fact, things had become so bad for the property developer that he

had come up with an ingenious way to outsource his bribery. He now organises private high-stakes poker games with well-connected officials but hires a professional player to represent him. He allows the officials to play on credit, shows up to drink a few toasts and play a few rounds, tells his representative poker pro who to lose big to and then goes home to bed in the interests of preserving his liver and his sanity.

The Communist party and its leaders are well aware that its subjects are becoming less patient and more demanding and that its minions are getting out of control.

On Thursday, in his speech to the assembled nomenclatura of the



Hamilton rescue for economic life

From Mr John Barchilon.

Sir, The US and Europe face huge problems with similar causes: both have too many unproductive government employees and too few productive private sector jobs to absorb the massive government job losses needed to correct their budget deficits.

The solution is to import employment by applying a protective tariff against the rest of the world while forming a free trade union among nations with equal standards of living, ie, the US, Britain, the eurozone, Canada, Australia, New Zealand and Japan. That and regulatory relief, tort reform (for the US) and lower taxes will lure back those factories and businesses that have been outsourced to developing nations. This will restore the manufacturing bases of the west, returning millions of productive private sector jobs, in turn enabling governments to make the needed job cuts to balance their overdrawn budgets, and thus lower taxes.

The west cannot compete with modern western factories and businesses relocated to developing nations that use our research and development, knowhow, marketing – with native labour at one 30th of our wages. Only the senior executives of American and European companies, now earning tens of millions where before they earned many hundreds of thousands, and developing nations are the real beneficiaries at the expense of American and European workers. But the west loses out with mounting unemployment, lost technical skills, high taxation and falling living standards. Those “cheap” goods from China are too costly as our prolonged economic crisis reveals so clearly.

Faced with strikingly similar problems in 1792, Alexander Hamilton rescued the economic life of the US with a protective tariff enabling our young nation to grow into the greatest economic power on earth. He didn't care if France or Britain shut out our goods because he knew our country alone could provide the markets to pull ourselves up by our bootstraps. Germany later instituted a tariff and grew mightily. The tariffs ended in 1932 when a disastrous tariff war took place mainly between the US and Europe, while the developing world remained largely unaffected.

A free-trade zone among nations of equal living standards vigorously competing against one another in a huge market will not only help balance government budgets and set their economies on a more stable pattern of growth, but could also lead to government surpluses which could, conceivably, create huge sovereign portfolios that might provide steady income such as a university endowment, leading even to that highly idealistic goal of a tax-free America and Europe. It can be done. It must be done.

John Barchilon, Los Angeles, CA, US

Just coincidence?

From Ms Alyssa Ford.

Sir, With reference to recent letters discussing Lady Gaga, apostrophes and spellcheckers: I find that Apple's iPad spellchecker automatically corrects “Kennington” to “Kensington”. I also have noticed an increasing number of French speakers in and around Kennington. Is this the work of iOS6?

Alyssa Ford, London SE11 (Kennington), UK

From Mr Roger Gill.

Sir, “Abundant fish life in the Thames” (Letters, November 7). Happy dace are here again?

Roger Gill, Cradley, Herefordshire, UK

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