



A Chinese security officer binds up the media rope as U.S. National Security Advisor Susan Rice (background left) and Chinese President Xi Jinping (right) are seated to pose for photographers during their meeting at the Great Hall of the People in Beijing, last week

Xi's China - Smothering dissent

By Tom Mitchell

This article is part of a Financial Times series examining President Xi Jinping's China.

In one of his last interviews before he was detained by Chinese police, Meng Han appeared relaxed as he talked about his work as a labour activist.

"Our most important work is to help factory workers organise themselves so they can defend their rights," he told the Financial Times last year. "The government rarely helps the workers. But as long as the workers don't go to extremes, it will stay neutral."

At the beginning of 2015, Mr Meng could feel reasonably confident that he inhabited, in the context of China's rapidly evolving civil society, a relatively safe sphere. Labour activists, rights lawyers and academics believed that, so long as they did not challenge the ruling Communist party, they could operate without fear of official retribution.

Today, however, Mr Meng is

spending his eighth month in a detention centre. He awaits trial on charges of "disrupting public order", an offence that carries a maximum sentence of five years in prison. This month also marks the one-year anniversary of the round-up of dozens of rights lawyers. Most have since been released but the most prominent among them have been formally accused of state subversion - a charge punishable by life in prison.

The chill that has descended across Chinese civil society, especially over the past 12 months, has become one of the defining aspects of Xi Jinping's presidency, alongside his own rapid consolidation of power over the party, government and military. As China's most powerful party and state leader since Deng Xiaoping, Mr Xi has presided over a crack-down without precedent since the repression that followed the 1989 Tiananmen Square massacre.

Even academics and businessmen who thought themselves immune to politics provided they did not wade into sensitive areas are having to reassess their

vulnerability.

"Since Xi came to power, China's situation has become more and more worrisome," says Murong Xuecun, a prominent author and commentator. "Things that we could openly discuss before, such as the Cultural Revolution, are now considered sensitive or even forbidden. In the past there was some room for non-governmental organisations and rights lawyers. Now all of them have been suppressed."

In an internal document issued just a month after Mr Xi became president in March 2013 and later leaked, the Communist party identified the very notion of civil society as "an attempt to dismantle the party's social foundation".

"Western anti-China forces and people with ulterior motives within China view civil society as a magic bullet for advancing social management at the local level [and] have launched all kinds of so-called citizen's movements," Document No 9 warned. "Advocates of civil society want to squeeze the party out of

leadership at local level [...] their advocacy is becoming a serious form of political opposition."

The belief that people who do not see themselves as challenging the party are nevertheless a threat to its rule has only intensified, especially in an environment where slower economic growth increases the risk of social unrest.

"The biggest threats to state security, in the party's view, are those seen as posing a direct challenge to its narrative and concept of what China is," says Samantha Hoffman, who researches Chinese social controls at the UK's University of Nottingham. "Groups and individuals that have the potential to offer alternative visions of China are seen as a threat to the party state."

"That puts NGOs, journalists, activists, researchers at a much higher risk."

TIGHTENING THE SCREW

Some elements of the "repression" that human rights organisations have lamented under Mr Xi's watch were set in train by Hu Jintao, his

predecessor. But Ms Hoffman says there has been a more methodical approach under Mr Xi through the recently approved national security and NGO laws.

"Under Xi Jinping the Chinese government is creating a more coherent legal framework to enforce preservation of the party-state," she says.

"Xi reversed everything," adds Hong Zhenkuai, a historian and former editor at Yanhuang Chunqiu, a traditionally liberal political magazine created by Communist party elders in 1991. "The party approaches public opinion management as it would a military battle. It is a shame. China's print media is gasping for its last breath. The media environment is the worst it has been in 20 or even 30 years."

Mr Hong quit the magazine in 2014, citing an erosion of its "democratic" culture. "The atmosphere was rather free and open," he says. "We hoped it could uncover historic truth and help the Chinese people learn to think rationally." Last week, Mr Hong's former colleagues at Yanhuang Chun-

qiu halted publication of the journal after the Chinese National Academy of Arts sacked the publisher and demoted the chief editor.

Less than a year after Document No 9 was issued, Xu Zhiyong, a prominent civil society activist whose causes included fair treatment of migrant workers, was sentenced to four years in prison for allegedly "gathering a crowd to disrupt public order".

In May 2014, Pu Zhiqiang, a leading rights lawyer, was detained ahead of the 25th anniversary of the 1989 Tiananmen Square massacre while Ilham Tohti, long regarded as a moderate representative of China's largest Muslim minority group, the Uighurs, was sentenced to life in prison for allegedly advocating independence for his home region of Xinjiang. Mr Pu was released in December last year with a conviction and three-year suspended prison sentence that effectively ended his legal career.

THE ACCIDENTAL ACTIVIST

These individual prosecutions were followed in 2015



Xi's China - Smothering dissent (continued)

by round-ups of dozens of rights lawyers and labour NGOs, the last of which netted Mr Meng, who only became a labour activist by accident. Originally, the 51-year-old was a riverboat pilot employed by a state-owned company in Wuhan, a large city by the Yangtze river in Hubei province. After he was laid off, he moved to Guangzhou in southern Guangdong and found work as a hospital security guard.

His involvement in a labour dispute at the hospital four years ago led to a nine-month prison sentence and, after his release, a job with an NGO that helped workers who felt they could not rely on support from China's only legally sanctioned union, the All-China Federation of Trade Unions. "La-

bour NGOs do a lot of the work that should be done by the ACFTU," Mr Meng said at the time. "Basically all I do with other workers is share my own experiences with them."

Mr Meng and other labour activists have long argued that their work, which is primarily focused on helping employees secure better terms and conditions at foreign-invested factories, is not only fundamentally patriotic but also aligned with the party and government's own interests. They help defuse tensions before they spill out into the streets.

China's small band of rights lawyers walk an even narrower line than their labour activist colleagues. As the party sought to build a modern, efficient court

system - reducing the need for official intervention in all but the most politically sensitive cases - the lawyers believed they had a useful role to play. The authorities might have harboured extreme distrust for their dissident and activist clients but even in show trials, where the outcome is preordained, it is critical that the accused be seen to have had credible legal counsel.

In December, police rounded up Mr Meng and his colleagues at the Guangdong Panyu Migrant Workers Center. The charges against them related to their alleged "manipulation" of labour negotiations at a shoe factory, which was followed by a large strike.

"Labour NGOs in Guangzhou are under immense pressure," says Zhang Zhi-

ru, who runs a workers rights organisation in nearby Shenzhen. "They have been paralysed."

Guangzhou factory staff now face greater risks if they take industrial action and are less likely to count on support from labour NGOs, reducing the pressure on employers for increased salaries. Earlier this year, the Guangdong provincial government froze minimum wage levels for two years.

BUSINESS PRESSURE

At the other end of China's social spectrum, its growing private sector was unnerved in December by the brief detention of one of its leading lights, Guo Guangchang, ostensibly to assist authorities in a corruption investigation that was not focused on either him or his Fosun Group

conglomerate.

That sense of unease was heightened by the silencing of a prominent real estate developer and party member, Ren Zhiqiang, who dared to question the party's grip on official media. When Mr Xi told state media organisations that they must "speak for the party", Mr Ren dared to criticise the president's comments on his personal Weibo account, which had 38 million followers.

The action against Mr Ren reflected the authorities' wariness of Weibo, the country's Twitter equivalent that was once seen as a potentially liberating medium. Censors now seem confident they can use technology to suppress speech more effectively than civil society can use it to speak freely.

Mr Ren's run-in with the

party followed revelations about the apparently extrajudicial detention of five booksellers, at least two of whom were allegedly renditioned from Thailand and Hong Kong, which although a special administrative region of China is theoretically off limits to its internal security forces.

"My millionaire friends have been in shock ever since the booksellers' incident because they were picked up outside China," says one prominent Beijing-based businessman, adding that they no longer feel secure even when they have left the mainland.

Additional reporting by Wan Li

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ANALYSIS

Alternative energy and its power struggle

By Tim Harford

Will we ever stop using fossil fuels? The question matters because fossil fuels are the largest contributor to climate change. Although finding better ways to produce cement, combat deforestation or even reduce the flatulence of cows and sheep would all be welcome, our only hope of dramatically cutting greenhouse gas emissions is by finding cleaner methods of generating power.

This won't be easy. Coal, gas and oil are wonderfully concentrated sources of energy, neatly synthesising aeons of solar radiation. The late Professor David MacKay, author of the remarkable *Sustainable Energy - Without the Hot Air* (2008), underlined that truth with the book's pointed dedication "to those who will not have the benefit of two billion years' accumulated energy reserves." The concentrated nature of fossil fuels means alternative energy sources are competing against a formidable head start; the head start is lengthened by the fact that our entire existing energy system revolves around fossil fuel.

Despite all this, there are two obvious scenarios in which we might replace fossil fuels with alternative energy sources for purely commercial reasons. The first is grim: we begin to run out of fossil fuels and they become too expensive to use as a source of bulk energy. The second, more benign possibility, is that alternative energy sources become so cheap as to outcompete coal, gas and oil at almost any price; as the former Saudi oil minister Sheikh Yamani once commented, the Stone Age did not end because we ran out of stones.

The grim scenario is unlikely, be-



cause we are unlikely to run out of fossil fuels any time soon. According to the BP Statistical Review of World Energy, we have used all the proven oil reserves that existed in 1980, yet have more than we started with. Gas reserves aren't falling either. (Coal reserves are but from immense levels.) This shouldn't be too surprising: "proven reserves" are resources that have been identified, measured and look profitable. As old reserves are exhausted, new reserves are sought to replace them, and so far we have had little trouble finding more fossil fuels whenever we wish to.

Another way to observe this is to look at economic behaviour. If the supply of oil was limited and known, owning an oilfield would be like owning any other investment. Producers would have to decide when exactly to sell their finite barrels of oil, and the only logical path for the oil price would

be a gentle upward trend, matching the rate of return on other assets such as shares or bonds. (Any other price-path would be self-defeating: a lower price tomorrow would provoke a rush to sell immediately; a sharply higher price tomorrow would mean no oil was sold today.) This well-known theory, demonstrated by the economist Harold Hotelling in 1931, is, of course, in contradiction to the actual behaviour of oil and gas prices: fossil-fuel producers are not treating oil and gas as though they were non-renewable resources. But the cheerier scenario, in which low-carbon energy sources become very cheap, may be unlikely too. At first glance the signs seem promising - Denmark, Germany and Portugal have all reported occasions this year when their entire electricity grid was fuelled from renewable energy sources. And photovoltaic solar power, in

particular, has become dramatically cheaper, largely for the simple reasons that China has over-subsidised production of the panels, which now come in easy-to-install kits.

But it is too soon to declare victory. On a commercial basis, renewable energy sources must do more than outcompete fossil fuels on price. Solar and wind deliver power when the sun shines or the wind blows. Fossil fuels deliver power when people need it. That is a big advantage.

And because fossil fuels pack a lot of energy into a small space, they're ideally suited for transport. Electric cars are not competitive. A recent survey in the *Journal of Economic Perspectives* by the economists Thomas Covert, Michael Greenstone and Christopher Knittel estimates that current fuel cells would only be cheaper than gasoline at an oil price of USD425

a barrel, eight times current levels. Fuel cells will fall in price, of course, but that figure gives a sense of the scale of the challenge.

And nuclear energy? Economist Lucas W Davis, again in the *Journal of Economic Perspectives*, concludes that there is little prospect of a nuclear renaissance because nuclear power stations simply cost too much to build. It would require a large upward shift in the price of fossil fuels, not to mention a change in the political winds, to see the technology return at scale.

Overall, there is little prospect of running out of fossil fuels, and it seems unlikely alternative energy sources will outcompete them. And yet we must make the shift, or risk catastrophic climate change. Our reserves of fossil fuels may be no constraint but the atmosphere's capacity to safely absorb carbon dioxide is. There is some space for optimism. Renewable energy sources are no longer impossibly costly. Nor is nuclear power, even though the costs have moved in the wrong direction. We cannot wait for the market to make the switch unaided - but the gap is no longer so wide that sensible policy cannot bridge it. The centrepiece of such a policy would be to raise the price of carbon dioxide emissions, using internationally co-ordinated taxes or their equivalent. Such a tax would make renewable energy sources more attractive, and encourage energy efficient technologies and behaviour. Market forces can do the rest. Low carbon energy is not free - but it is worth paying for.

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By Stephen Wade
in Rio de Janeiro

Olympics will showcase Brazil's diversity and tensions

RAFAELA Silva hoped to get an Olympic gold medal four years ago in London. Instead she got racial abuse. Disqualified in her Olympic judo match and eliminated from the chance of winning a medal, Brazil's Silva thought she'd find refuge in sympathetic text messages from fans in her country. Instead, here's what she found: "The place for a monkey is in a cage. You are not an Olympian."

"The messages said I was an embarrassment to my family, so they really hurt," said Silva, who won gold in the world championships a year after London, and is among the favorites for gold when the Rio de Janeiro Olympics open in just over a week.

Silva is one of many athletes familiar with the sting of racism in a country where most of the poor are brown and black. Though a nation of rich diversity — 51 percent identify as non-white, brown, black or mixed race — racism still runs deep.

On the one hand, Brazil is thoroughly mixed. On the other, there is searing racial inequality in a place often portrayed as a "racial democracy," or "race-blind." The myth of a race-blind country has been losing force, but there's still a yawning gap between black and white.

"Behind the apparent peaceful melting pot there's a lot of tension and not much open talk about race," Marta Arretche, a political scientist who studies inequality at the University of Sao Paulo, told The Associated Press.

Diversity and inequality will line up side-by-side at the Olympics, just as they did at Brazil's World Cup two years ago. Visitors will see the country's racial politics play out in ways that are subtle, yet clear.

Magazine covers seldom feature a black face. The very popular soap operas feature mostly white actors, althou-

That was the most powerful way for the white elite to control black people; that nobody talked about race.

MARCIA LIMA
UNIVERSITY OF SAO PAULO
SCHOLAR

AP PHOTO



Brazil's Rafaela Silva (top), competes against Venezuela's Anriquelis Barrios during a women's -57kg bronze medal judo match at the Pan Am Games, in Mississauga, Ontario

gh black actors are now getting roles other than drivers, cooks or doormen. Upscale restaurants and suburban shopping malls are almost all white. Waiters in top restaurants are seldom black. And the only black faces at the airport are the hired help, or black women caring for white children in the airline lounges.

All shades sunbathe on most Rio's beaches, though Ipanema and Leblon tend to be more white. Vendors selling trinkets and drinks on all beaches are usually black.

It will also be apparent in the crowds at venues, an issue that began with the World Cup two years ago. White fans bought the pricey tickets, and the black and brown were priced out.

Rio de Janeiro Mayor Eduardo Paes promised during the World Cup that the Olympics would be different, pledging to supply 1.2 million free tickets to schools and the poor. In the end, he came up with 47,000 Olympics tickets — 4 percent of his promise.

The cheapest Olympic tickets cost 40 Brazilian reals (USD12), though the average price is 100-200 (\$30-\$60). The top ticket for the opening ceremony is listed on the official website at 4,600 (\$1,400). By comparison, the government-mandated monthly minimum wage is 880 reals (about \$270).

Blacks earn about half of what whites do, and among the wealthier the gap jumps to 2.5 times less.

The root of the problem starts with slavery. Brazil imported about 5 million African slaves — about 10 times more than the United States. Slavery ended in 1888, which was 25 years after the United States. Brazil was overwhelmingly black at the time, which triggered a government policy to "whiten" the country with poor European immigrants, Japanese and others to replace slave labor.

It's difficult to define who's black. Most Brazilians self-identify, which means that two people of similar skin colors may identify differently — one as white and one as black.

In a case at the University of Brasilia, identical twins applied for admission under an affirmative-action pro-

gram. Only one was judged to be black.

The Brazilian government in a household survey in 1976 asked people to describe their color. It came up with 136 descriptions from morena (brown), to canela (cinnamon), to trigo (wheat) and 133 other shades, an exhaustive list explained by Brazilian anthropologist Lilia Moritz Schwarcz.

Barcelona soccer star Neymar has been the subject of many reports about his skin color. A mix-raced Brazilian, photos show his skin tone has lightened since he's become world-famous and a marketing success. He frequently appears in TV ads for dandruff shampoo, foot cream and electronic products.

"The bias against being black shows up almost everywhere," Arretche said.

Brazil's 400 Olympic athletes represent all colors and shades, easy to see in photos on the website of the Brazilian Olympic Committee. The same website carries a group photo of the BOC's administration standing in front of the headquarters: the members are almost all white headed by IOC member Carlos Nuzman.

The same is true for the local Olympic organizing committee, which Nuzman also leads — virtually all white from CEO Sidney Levy on down.

Michel Temer, the acting president of Brazil, has only white men in his cabinet — no women and no blacks. Temer has the honor of declaring the Olympics "open" at the opening ceremony on Aug. 5.

"There was a strong silence in Brazil about race, a taboo," said Marcia Lima, who studies the subject at the University of Sao Paulo. "That was the most powerful way for the white elite to control black people; that nobody talked about race. We don't have a race problem here would be the response, so we didn't need to talk about it."

Mortiz Schwarcz cites a Brazilian study in which 97 percent said they were not prejudiced, but 98 percent said they knew people who were.

"It's not so open, not institutional as it was in the south in the United States," Arretche said. "The racism is much more disguised." AP

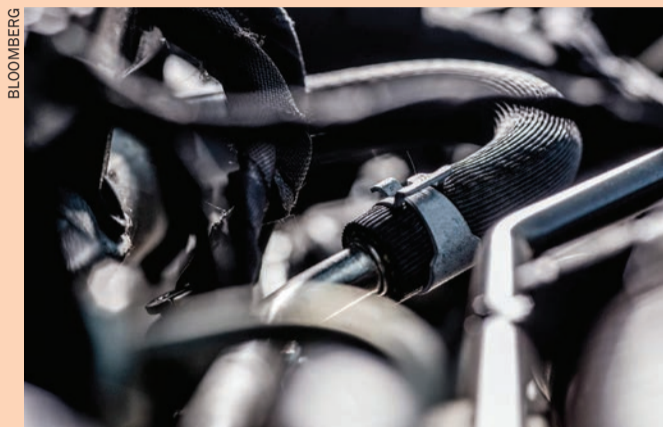
ANALYSIS

The only winners in Volkswagen's diesel mess are drivers

By Kyle Stock

JEREMY Malczyk's 2012 Volkswagen Jetta Sportwagen is no prize. It has 70,000 hard miles on it, and the interior has been finely detailed by his two young children: beige leather buffed with beige Cheerios. But the vehicle comes equipped with a two-liter diesel engine doctored to cheat on emissions tests, so it will likely fetch almost USD22,000 (PDF) in Volkswagen's buyback program. A similarly used Sportwagen without the dirty diesel would fetch about \$9,000 on the open market.

A U.S. District Court in California may approve the details of a massive Volkswagen repurchase program as early as today, and checks are expected to trickle down this fall to U.S. owners of some 482,000 Golfs, Beetles, Jettas, and Passats, as well as Audi A3 sedans sold with engines that violate emissions standards.



It will mark a painful hit for Volkswagen—part of a \$15.3 billion settlement with the federal government and California regulators—and a windfall for owners of otherwise deeply depreciated vehicles.

"I bought it just before I kind of found Jesus, financially," Malczyk said of his four-year-old Sportwagen. "So this is going to be kind of a nice way to reset."

The average purchase is expected to range from \$12,500 to \$44,000, with values pegged to the value of each car just before the diesel scandal broke in

September 2015. All of the afflicted vehicles will be considered in "clean condition," even if the wheels are falling off. Tacked onto the value of each car will be a "restitution" payment equal to 20 percent of the vehicle value, plus \$2,987.

All told, owners stand to make at least double what their cars were worth just before news of the scandal. "Financially, consumers are going to do far better than if diesel-gate never happened," said Ernie Garcia, chief executive officer of Carvana, an online used car dealer in 14

U.S. cities. "My guess is most of them will be able to make a decision on this very quickly."

Regulators pushed Volkswagen to spread payments widely. Owners who are upside-down on car payments—owing more than their car is worth—will be offered loan forgiveness or an even larger payout, up to 130 percent of the value of the car. Even a former owner who sold one of the afflicted cars after news of the scandal will be eligible for half the restitution payment, with the other half going to the current owner of the car.

This is all in addition to the \$500 cash cards that the company has already scattered to owners.

"It is certainly the most comprehensive and thorough compensation package I've ever seen an automaker offer owners," said Karl Brauer, senior analyst at Kelley Blue Book.

After Volkswagen takes

the tainted vehicles off the road, what will become of the nearly half-million cars unfit for use in the U.S. remains unclear. There may eventually be a fix for the diesel engines, and owners retain the right to keep their cars and wait. Those who do will still be able to collect the restitution payment and, in theory at least, the company could eventually put the repurchased cars back on the road.

But the timeline on any potential fix stretches to July 2019, and environmental groups are already bracing for a fight. The California Air Resources Board estimates that any modification would still allow more NOx pollution than cars that fully comply with clean-air laws.

"Honestly, I think [Volkswagen will] probably just junk them," said Bloomberg Intelligence analyst Kevin Tynan. "They'll have already spent all that money to buy them back. They're

not going to spend more to retrofit them."

Brauer, at Kelley Blue Book, expects from 70 percent to 90 percent of owners to take the buyback. "I think Volkswagen's approach is, 'We're going to assume scrap value on all of these,'" he said.

It's a staggering number of cars to toss onto the scrap heap. Volkswagen needed the past 18 months to sell as many new vehicles in the U.S. The company is still trying to figure out how to make amends for diesel gamesmanship on its larger, three-liter engines. There are 85,000 of them on the road in the U.S.

Malczyk, meanwhile, is one of a few people who knows exactly what to do with his tainted Volkswagen while he waits to sell it back to its maker. He's going to wreck it, or at least flog it extremely hard in the coming weeks. Oil changes? Pass. Car wash? Nah. An impromptu rally course through the hardwoods of Connecticut? Sure. None of those will affect his payout.

"I guess I could just park it for six or seven years," he mused. "It would be the last diesel wagon in America and there's always going to be some geeked out diesel fan who's into these things." **Bloomberg**

ASK THE VET

By Dr Ruan Du Toit Bester



APPLYING CAT FLEA DROPS

CAT flea drops are topical products designed to control the spread of fleas on your pet's skin and fur. Fleas are common insects that feed off the blood of cats and other animals. Flea bites typically cause affected skin to itch and swell uncomfortably. Cats infested with fleas can also develop secondary infections caused by the excessive biting or scratching of irritated skin. Another less frequent flea-related problem is feline military dermatitis, a painful skin condition often caused by allergic reactions to flea saliva. Fleas can also contain the eggs of the harmful tapeworm parasite, which can spread when a cat ingests a flea while grooming.

Flea drops are one of the most widespread and effective methods of controlling flea outbreaks among cats. There are several prescription and over the counter varieties of drops available. Generally, they are designed to stop infestations by killing adult fleas. Some newer treatments also disrupt the parasite's lifecycle by destroying flea eggs and larvae. Here is a brief description of how these topical products work and how to apply them to your cat.

HOW CAT FLEA DROPS WORK

Fleas can multiply quickly on a host animal. Females can lay between 20 to 50 eggs a day on an infested cat. Under

warm conditions, like those found in a typical home, flea eggs can hatch within a few days. The hatched larvae may then reach adulthood in around two to three weeks. This shortened lifecycle combined with the flea's adaptability and rapid reproduction can lead to infestations that spread quickly, particularly in households with multiple cats.

Prescription flea drops contain an insecticide, or adulticide, to kill adult fleas on your pet. Frequently prescribed treatments like Frontline, Revolution and Advantage as well as over the counter products like Hartz UltraGuard Pro use different insecticides that cause paralysis and death in fleas by attacking their nervous systems. Frontline Plus and Hartz UltraGuard Pro also contain methoprene, a chemical that inhibits the growth and development of flea eggs and larvae.

HOW TO APPLY CAT FLEA DROPS

Flea drops are oil-based products that spread along your cat's body through her sebaceous glands, which control the secretion of natural body oils. In order to give the drops enough time to soak into the skin, it's important to apply them where your cat can't lick them off—like between the shoulders. Here are some additional tips for flea drop application:



- Remove the applicator containing an individual dose of treatment from its packaging.

Secure your cat in a position so her shoulders are exposed and remove her collar. Nervous or agitated pets may need to be wrapped gently in a towel.

- Hold the applicator upright, with the opening away from your face, and remove the tip—most are perforated for easy removal.

- Using your other hand, move the fur between your cat's shoulder blades until the skin is exposed.

- Place the applicator opening near the area of exposed skin, then squeeze the

entire contents directly onto one single spot of skin.

Hope this info helps
Till next week
Dr Ruan

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