Revolutions are all about jobs

CHRYSTIA FREELAND

There's nothing like a few revolutions to focus the mind. The lesson the world's smartest authoritarians are drawing from Tunisia's Jasmine Revolution and its neighbourhood copycats is simple: It's all about jobs.

"The leadership in China is always worried about how do you stay ahead of the growth to create enough jobs," says Dominic Barton, the global managing director of consulting firm McKinsey, who has lived in Asia for much of the past decade. "They have to create over 30 million jobs a year. … They know that if they don't and there are disruptions and the people don't have jobs, there will be revolution."

To illustrate how focused China's Communist rulers are on jobs, Barton described work he had done helping the Chinese government structure its economic stimulus in the aftermath of the 2008 financial crisis. The Chinese authorities came to him with a very specific question: What sort of discount should you put on TVs in Tier 3 cities? "It was a very focused question. And the reason was, they were trying to create consumer demand in a very sophisticated manner."

The mandarins wanted McKinsey's advice on how exactly to implement their TV stimulus program: Should the price of televisions be cut by 25 per cent, or should consumers be required to pay the full price, then apply to their mayor for their 25-per-cent rebate? Barton says that once he understood how precise the request was, he "did the McKinsey thing" of talking about how important it was to make sure the project worked and had an impact. One Chinese official wasn't impressed by his spiel, Barton recalls: "He says, 'I think we have a different definition of impact than you … If this doesn't work, we are going to have probably 12 million people that won't have jobs. And you should know that all of the revolutions in our 5,000-year history have occurred in the countryside.'"

The authoritarian regimes' preoccupation with jobs is in striking contrast with the United States, where despite nearly record levels of unemployment, the central issue in the political discourse at the moment is cutting government spending, a major gripe for the US left, which correctly sees that less state spending will mean fewer jobs

The Middle East's remaining autocrats are swiftly learning the Chinese lesson, as illustrated vividly by Saudi Arabia's new $36-billion (US) stimulus programme, which includes a 15-percent pay increase for public sector workers. As Jack Welch, the former chief executive of GE, described it this week, "In this recession, China did incredible things," adding that "it is a little bit like what the Saudis are trying to do now to keep everyone happy."

As Barton's Chinese interlocutor readily acknowledged, these regimes' concern about keeping their people employed is hardly selfless. Both China's long history and current events in North Africa show the smart autocrat that if too many of his subjects are unemployed, their supreme leader is at risk of losing his job, too. Moreover, instant job creation is easier in economies where the state plays a dominant role -- and that is particularly true for power exporters such as China and Saudi Arabia, who have plenty of cash on hand. Nor do government handouts -- especially in oil-dependent Saudi Arabia -- necessarily offer a path to long-term economic growth and job creation.

AFP

Thousands of Tunisian demonstrators holding banners and Tunisian flags protest during a silent demonstration in Tunis recently, to call for an end of protesting and for people to return to work.

Even so, the authoritarian regimes' preoccupation with jobs is in striking contrast with the United States, where despite nearly record levels of unemployment, the central issue in the political discourse at the moment is cutting government spending, a major gripe for the US left, which correctly sees that less state spending will mean fewer jobs.

It isn't only the progressive activists who think jobs needs to be at the centre of the US national conversation. Welch, an outspoken Republican, says: "Why did we spend a whole year fighting over health care and ignoring jobs?"

Google chief executive Eric Schmidt calls unemployment the No. 1 issue facing the country. Like those Chinese mandarins, he has a proposal. "The best way to solve that problem is to have a construction boom," he said in an interview. "The best way to have a construction boom is for the government to create liquidity in markets that are debt-related to build whatever they care about. My favourite one is energy -- rebuilding America's energy infrastructure, insulating all the homes. This requires lots of construction. And these are nice, local American jobs."

Both Welch and Schmidt are very worried about government debt. But governments need to be able to do more than one thing at the same time. The Arab uprisings have reminded the world's dictators that not worrying about jobs could undermine their own job security. Kicking out elected leaders who can't provide jobs is even easier.

Chrystia Freeland is a global editor at large for Reuters.

Sun is shining on Asian tourism trade

AFP, *Hong Kong*

The sun is shining on the tourism trade in Asia-Pacific with double-digit growth notched up in 2010, spurred largely by Chinese and Indian middle classes packing their bags for a break abroad.

Strong economies, the proliferation of low-cost airlines and a burgeoning constituency of online shoppers are adding to the region's rosy outlook.

There was an 11 percent rise in arrivals in the region overall last year, according to preliminary data from the Pacific Asia Travel Association (PATA).

And 2011 is also expected to be a strong year.

"Asia will receive international arrivals at close to double that of the world average growth rates," PATA's deputy CEO John Koldowski told AFP.

"It's Asians travelling to Asia, that's the key to all these numbers and the big shift we are seeing globally in the tourism market. It's all happening in Asia now."

South Asia reported the strongest arrivals growth with a gain of 14 percent, highlighting a record year for India which posted 5.6 million foreign inbound visits for the year, a nine percent increase.

Over 70 million people went to Southeast Asia, 12 percent up on 2009, with Vietnam, Singapore and the Philippines all ratcheting up record growth.

Australia and New Zealand and the Pacific islands also had a record year for tourist arrivals.

The total travel market in Asia Pacific is expected to reach $212 billion this year, reflecting a near five percent increase over 2010, according to industry analyst PhoCusWright.

Growth in the region is being boosted partly by a newly minted middle class in the enormous populations of China and India -- around 46 million Chinese travelled abroad last year, as did over four million Indians, PATA say.

And they take their wallets and credit cards with them.

Chinese travellers spent almost $44 billion in 2009 while travelling overseas, according to data from the World Trade Organization -- and that's excluding the cost of getting there.

"For some markets Chinese and Indian tourists are extremely important," said Koldowski.

"Indian travellers to Singapore, for example, travel in an average group size of four people and spend on average 5.8 days there against a total average of 4.0 days."

The proliferation of low-cost airlines, particularly in Southeast Asia, is also a shot in the arm for the industry.

Carriers such as Malaysia's AirAsia and Cebu Pacific in the Philippines, among others, continue to expand aggressively.

People from Europe and North America are also heading to Asia and the Pacific in their droves -- arrivals from Europe were up 11 percent to 24 million, PATA say, while arrivals from North America grew by over 10 percent to 13 million.

"Travel has generally rebounded from the global financial crisis," Carl Jones, director of advisory services for American Express Business Travel in the region, told AFP.

"For developing nations, which make up a large portion of Asia-Pacific, short vacations to neighbouring countries will continue to be most popular. As nations grow, so does their exposure and disposable income, leading to trips to farther afield.

"Asia-Pacific will continue to be a growth engine for travel -- for both business and leisure."

And many of those will book their trip online, another area of huge potential growth for the travel trade.

US Internet travel booking giant Expedia plans to launch at least five new Expedia-branded sites throughout Asia, having already recently launched a new site in Singapore.

"Already in 2011, we're seeing growth rates in markets like Asia that are outpacing the growth that we saw in 2010," an Expedia spokeswoman told AFP.

"One of Expedia's primary focus areas in 2011 will be on growing its presence in Asia-Pacific and we plan to invest heavily in the region, as we think the opportunities are immense and in some cases untapped."

Booking through mobile devices and social media is also expected to help the tourism industry grow.

According to industry analysts, such as PhoCusWright, the US travel market is approximately 38 per cent online, Europe is 34 per cent online and Asia Pacific is 21 per cent online.

Expedia recently bought mobile travel application firm Mobiata and EveryTrail, a GPS-enabled publishing platform to create outdoor tours and city guides for mobile devices.

"Consumers will use their mobile devices more and more to research and purchase products and services, including travel, at an increased rate," the Expedia spokeswoman told AFP.

"Social media and user-generated content will continue to be an important factor in the travel decision-making process, with more travellers than ever relying on reviews, photos and videos, and recommendations from peers."

South Asia reported the strongest arrivals growth with a gain of 14 percent, highlighting a record year for India, which posted 5.6 million foreign inbound visits for the year, a nine percent increase

AFP

Tourists take a boat trip along the Singapore river next to the financial district in Singapore.