

FINANCIAL TIMES
Without fear and without favour

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South Korea's democracy shines through in a crisis

South has a chance to push economic reform and diplomatic ties
When a sensational corruption scandal in South Korea stole global headlines late last year, many in the east Asian nation felt embarrassed for their country. Now they should feel pride.

On Friday the country's top court upheld an earlier impeachment vote, officially ousting Park Geun-hye, South Korea's first female leader. From office, this follows months of peaceful protests by South Koreans alarmed at claims of bribery, influence-peddling and even shamastic rituals in the presidential Blue House. The demonstration, which at one point were more than 100,000, put pressure on both sides of the political divide. An impeachment motion easily passed the legislature.

In a unanimous decision of the eight judges, the constitutional court upheld the decision, saying Ms Park had "violated her duty to safeguard the nation". This is significant not only for South Korea but the wider region. It has reinforced the country's credentials as one of the world's thriving democracies, responsive to public sentiment and bounded by due process and law. In doing so, South Korea has delivered a shot in the arm to liberal democracy which it underwrites throughout the world.

The country finds itself at a pivotal juncture. It has an opportunity to push ahead with vital reforms not only to its faltering conglomerate-led economy, but the wider political culture and even its foreign policies, harking a major update. It looks likely to move far-in, a former human rights lawyer and political veteran from the opposition Democratic party, will win snap presidential polls in May. Mr Moon has won admirers among the country's younger generation for his progressive values and pledges to tackle youth unemployment, which stands at a record 10 per cent. Despite what his opponents say, he is no communist.

British Cycling learns a hard and universal lesson

If results are everything and process nothing, trouble follows success

Britain is pretty proud of its cyclist's international success. The number of victories in the past decade is staggering. In the most recent three Olympics, there have been 38 medals, 22 of them gold. Four of the past five Tour de France have been won by British Chris Froome or his teammate Sir Bradley Wiggins. Much of the credit for these laurels has gone to the British Cycling organisation, which was led by Dave Brailsford until 2014. Sir Dave's doctrine of "aggregation of marginal gains" entails clinical attention to detail, a long planning horizon, and relentless focus on results. Money helps too. In the four years leading up to the Rio games, British Cycling received £30m in taxpayer funds.

In late 2016, however, a series of disclosures began to change the picture. A Russian hack brought to light that Sir Bradley had received three "strategic use exemptions", allowing him to take the steroid Triamcinolone to treat asthma. These came shortly before his races, including his 2012 Tour victory. David Miller, a decorated British cyclist who served a doping ban, has described the drug as a potent performance enhancer - though it can be used legally under particular circumstances.

Then there is the mystery package. In 2011, a British coach delivered a medical package to the doctor for Team Sky, the professional racing team that shares personnel and facilities with British Cycling. The UK Anti-Doping Authority is investigating. Sir Dave testified to members of parliament in December that the package contained a decongestant, and that the investigation would be provided with a paper trail for the package and medical records detailing Sir Bradley's treatment. Subsequent testimony suggests that neither will be forthcoming.

Finally, there are claims of bullying and sexism leveled against former

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Letters

Costs to the US of immigration vastly exceed the benefits

decade, our population would quintuple, and we would experience the largest increase in GDP any country in world history. However, it is not the more relevant question whether mass migration increases the per capita GDP of native-born Americans in amounts sufficient to offset less measurable costs such as increased pressure on our environment, our \$4.5tn infrastructure deficit and our failing public schools, not to mention increased "cultural tensions".

Mr Frensch does not identify the "large body of research" showing that immigration benefits both "the top and bottom levels", but a contrary conclusion was reached in the 1997 report of the National Academy of Sciences to the US Commission on Immigration Reform (appointed by Democratic President Bill Clinton), the most exhaustive effort in American history to arrive at a fact-based, non-

partisan foundation for immigration policy. A 2016 version of the report has been summarised in a "Cultural Crucible" by Harvard professor George Borjas, one of its contributors. According to the guide, current immigration flows are estimated to increase the incomes of native-born Americans by about \$50tn (about three-tenths of 1 per cent of total GDP). However, because historically high levels of immigration have lowered wages by about 1 per cent, that \$50tn net benefit is accompanied by a \$100tn wealth transfer from employees to employers of approximately \$500bn, which helps explain the "xenophobia" of President Donald Trump's working-class supporters. What employees would be considered to earn that \$500 pay cut made his boss \$500 richer? In any event, before the upper crust spends the extra \$50bn that the working class has sacrificed so much to drop into their laps, they are



Mr Trump's unpopularity is a trend, not a fad

Headriers heading for a total lockout

Mr Steve Tarr's letter (March 6) reminds me of another version of the "trend" I mention circulating among town planners in the 1970s. Then, it seemed, many plans were made by projecting an identified trend to the end date of whatever local plan they were working on - hence the projection that, for example, the hairdressers of Herford would in 20 years "run out of hair" at the local retail price in the city.

Britain is engaging respectfully with locals

Mr Harbridge International is right to draw attention to the tragic land conflicts of the Raja Aguin region of Honduras ("Honduran farmers accuse World Bank of profiting from murder", March 9), but it is quite mistaken to allege that Corporacion Diantan has been waging a campaign against farmers' operations. We too have been victims of the violence, with 19 of our security guards murdered since 2010 during armed invasions of our African Palm plantations or similar incidents.

Diantan is a significant landowner in a part of Honduras beset by poverty, insecurity and organised crime, and so perhaps it is inevitable that those ignorant of the true causes of the problems here blame big business for everything that goes wrong. In fact, we

would advise to check their tax returns. According to the guide, native-born taxpayers (mostly the upper crust) will need to pay as much as \$270bn of extra taxes to cover the government services and government benefits used by immigrant families. There are a number of good reasons for admitting immigrants without regard to economic and fiscal costs, such as protecting refugees who have no hope of returning to their homelands, or enabling foreign brides and grooms to live with their US spouses. Those immigrants alone account for nearly 500,000 a year, and a cost/benefit analysis does not argue for admitting even more, save those whose skills, education or talent ensure that they will compete with those at the top rather than those at the bottom. William W. Clay, Member, Board of Directors, Center for Immigration Studies, Washington, DC, US

accept our responsibilities to the people that live here, and have created thousands of well-paid local jobs, built lasting relationships with hundreds of independent suppliers, and successfully implemented policies that are almost unparalleled in Central America, such as removing farmers from security guards at our plantations, mills and facilities.

Northern Honduras is a challenging place to do business but, with the support of the International Finance Corporation - Diantan has proved that it is possible, while engaging respectfully and especially with local communities. The IFC's loan to Diantan was granted, among other things, to expand economic opportunities in rural areas like the Aguin. Encouraging internationalists' moral obligations throughout to undertake the very people they claim to represent. Roger Phinda Diantan, Director of Operations, International Relations Director, Corporacion Diantan

Brexit is there a way for both sides to save face?

Mr Martin Wolf's insightful article "Britain plays with fire over Brexit" (March 8) highlights some options to us in silencing Charles since the UK's decision in June to leave the EU, so much ink has been used that it seems increasingly clear that no "deal", even under the best of circumstances, can be struck. The UK's national interests (and those of all its constituents) better than the overall situation prevailing today between the EU and the UK.

It is there a way for both sides to save face and consider a form of status quo? Could such options be examined at the FT's "Brexit and Beyond Summit" to be held in London on April 11? It does seem regrettable that such a summit and others of a similar nature were not held throughout the UK before June 23 2016. Arlette Laurent, New York, NY, US

COMMENT ON FT.COM The second phase involves... (without the oil price decline a remarkable story of technical ingenuity, writes Nick Barber www.ft.com/ideabank)

Import levy unlikely to greatly affect the dollar

It is presenting differing perspectives on the likely impact on the dollar of the imposition of an import levy by the US. Shantou Chen offers a more balanced appraisal of this issue (than has hitherto been the case on these pages).

President Trump has legitimate frustrations

Sir, I share the FT's alarm over Donald Trump's unsubstantiated claim that President Barack Obama wiretapped his phones during the 2016 election, along with his many other reckless and self-serving attacks on US government institutions ("Trump is straining the system of government", editorial, March 7). Nevertheless, President Trump's behaviour does have some legitimate grounds for frustration. The violent protests staged by liberal students at Middlebury College, which aimed - and succeeded in - disrupting the US government's operations, are a case in point.

These matters do not excuse Mr Trump's disregard of the responsibility a president has to speak truthfully and to respect the laws, customs and institutions of the government. He was elected to lead. But to ignore, or whitewash, the excesses and transgressions of some of Mr Trump's opponents creates an incomplete picture of the conflicts that are currently raging across the US. Daniel Akravoff, President, The Linden Companies, Birmingham AL, US

Digging into the roots of the housing crisis

Property values have outpaced growth and incomes in many major economies in the past three decades, particularly in the UK. At its root, the problem is land. That is the argument that the authors of this book seek to advance. It would tell us many more copies if it were titled 'This is Why You Can't Afford to Buy a House, As It Is. Rethinking The Economics of Land and Housing is not an appealing title but this is a very appealing book.

Written by a trio of economists and policy wonks - Josh Sides, Gillian and Laurie MacFarlane work for the Population Foundation, which Toby Lloyd works for Shelter, a homelessness charity. It is a lucid exposition of the dysfunction of British housing markets.

The authors set out how housing markets around the world have changed in the past three decades, and why we should all be worried. Since the early 1980s, UK banks' mortgage lending has risen from 20 per cent of gross domestic product to more than 60 per cent in the same period leading to non-financial firms retained at 20-30 per cent of GDP. Meanwhile, in the mid-1970s, more than 80 per cent of UK housing subsidies were supply side initiatives to encourage construction. By 2000 more than 85 per cent of subsidies were on the demand side, such as helping buyers into ownership.

British Cycling technical director Shane Sutton by Jess Varnish, a cyclist who was dropped from the team. Mr Sutton subsequently left his job and following a leaked draft of an independent review, British Cycling co-ordinated organisational "shortcomings" reflected both in coach behaviour and in its own internal investigation. What is known thus far does not constitute conclusive evidence that British Cycling's Team Sky best doping rules. The investigation may or may not reveal more in time. What we know of the Varnish claims reflects organisational problems, not necessarily rottenness. The incidents taken together, however, paint a picture of organisations whose complete focus on developing a culture of performance, and on upstaging the established order in their sport, came at a cost to anything that did not directly affect results. Given the history of the sport of cycling, neglecting record keeping in medical matters is at best astonishingly careless. In any sport, failing to establish and maintain clear guidelines for interaction between coaches and athletes is to ignore donors of past success.

There is a clear lesson here for entrepreneurs seeking to disrupt the markets they play in. The parallels, for example, with the cultural and regulatory travails of Uber are striking. When victory in the market comes before attention to basic processes and standards, trouble follows, because success all but guarantees that the processes will be examined retroactively.

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Book review by Kate Allen

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