

东亚研究所通讯

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What can the West Gain from Politicising the Olympics?

Though malicious talk, or even behaviour, cannot be avoided, making a success of the Olympic Games under the dark clouds of politicisation will nevertheless increase the soft power of China in the international community.

ZHENG YONGNIAN

Many social groups in the West are in a state of political mobilisation as the Olympic Games approach. Some celebrities and politicians seemingly stand ready to exert full pressure on China.

On this political stage, there are necessarily activists and passivists. Activists primarily comprise two groups of people. One group is made up of those who have been rather unfriendly towards China from the start; the other consists of people who sincerely hope for China's progress, particularly in terms of political development, but are overly naive in thinking that they could accelerate China's change using the platform of the Olympics. At the other end, passivists can be said to include every segment of Western society, as long as the person carries some influence.

What is regretful is that sports men and women from the Olympics participating countries in the West are the first to be affected by this political mobilisation.

Now that the Olympics is less than half a year away, the smell of politics is already very strong even as the spirit of the Olympics is yet to be seen. Those who monitor media reports daily might be led into wondering whether this year's Games constitute a sporting event or a political one.

A RARE CHANCE

All of China have been fully occupied with preparing for the major sporting event. For China, applying for the hosting rights of this event had not been easy; making the event a success is an even tougher task.

China is also hoping that this significant event will act as a strong driving force to spur development in various parts of the country. The ability to host the Olympics shows that China has attained a certain social economic level.

Since the introduction of its policy of reform and opening up, China has been fully interacting with the outside world. The Olympics is a rare chance for China to take a further step towards integrating with the world. Politically, China is also hoping to project an image of openness, transparency and responsibility through this event. Since last year, authorities in China have been introducing relevant regulations to improve these aspects.

Such efforts however do not seem to satisfy many in the West. In reality, no matter what China does, there is always someone who is dissatisfied.

Even if the politicisation of Olympics cannot be avoided, sports must take centrestage. However, in the eyes of those who think they represent supreme moral values, the Olympic Games are no longer about sports, but politics; in other words, the Games become a means to achieve their ideal political objectives. Without the slightest hesitation, these people have framed the Olympics within the contexts of democracy and human rights, Myanmar's militarist dictatorship and the Darfur humanitarian crisis in Sudan. To exert pressure on China, any issue could be linked to the Olympics.

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China's Olympic Moment

For all its avowed disinterest in superstition, the Chinese leadership has let the Beijing Olympics organisers set the time for the Olympics opening ceremony at 8 minutes past 8pm on August 8, 2008. In Cantonese, the pronunciation of the number 8 sounds like “prosperity”. One could hardly have found a more prosperous moment than that for China's coming-out Party.

For the city of Beijing, the Olympics have indeed been a massive banquet. The city has benefitted enormously from the construction of world-class sports venues such as the Bird Nest and the Water Cube as well as massive investments in infrastructure (especially subways, airport expansion). The city of Beijing's share of the national GDP had fallen from three percent at the end of the 1970s to 2.5 percent in 1996 but, with the Olympics-related construction boom, its share has steadily climbed since the end of the 1990s to reach 3.7 percent for the past few years. As has happened again and again in the history of the PRC, the entire country has been mobilised to support the capital city. Even neighbouring Hebei and Shanxi provinces, which are already suffering from severe water shortages, have had to divert water to Beijing.

By lavishing the nation's resources on Beijing, China's leaders have ensured that Beijing will be among the best prepared host city for the Olympics ever and probably the most transformed in terms of a host city's landscape. Unlike some previous host cities, Beijing does not need to worry about budget shortfalls and will not need to rush to complete the sports venues.

Yet even the best laid plans may still go awry. On air quality, the city has adopted a large number of measures, including the conversion to natural gas for home heating, the closure of a substantial number of polluting firms and the dramatic downsizing of Capital Iron and Steel's operations. Yet planners clearly underestimated the surge in private vehicle ownership in recent years as well as how much of the air in Beijing is affected by drift from nearby areas. Stop-gap measures have had to be devised to limit pollution

in surrounding areas during the Games and to curb pollution arising from Beijing's notorious road traffic. The question of air quality continues to hang in the air, however, for some athletes.

While the Games are still more than four months away, two major events have already served notice to the Chinese leadership to expect the unexpected. The prolonged snowstorms in Southern China wreaked havoc on the local economy and on the lives of millions and served to underscore the points of vulnerabilities in China's economy, especially in power transmission and transportation.

While improving weather has allowed much of Southern China to recover and rebuild, the eruption of protests and riots in Tibet has proved especially challenging for China's leaders, particularly because the Chinese government has pledged greater access for foreign media in connection with the Olympics. While the unrest has succeeded in bringing international attention to the Tibetan discontent, it remains to be seen whether this will lead to more fruitful dialogue between the Chinese leadership and the Dalai Lama or turn the situation in Tibet into a vicious cycle of protest and crackdown.

On the other side of the Taiwan Strait, however, the news is decidedly more positive for China's leaders. On March 22, Ma Ying-jeou of the opposition Nationalist Party (KMT) became the President-elect by convincingly defeating Frank Hsieh of the ruling DPP (Democratic Progressive Party). Mr. Ma has premised his candidacy on improving cross-strait relations and now the world waits to see whether the Chinese leadership on the Mainland will respond positively to Mr. Ma's initiative.

With or without the summer Olympics, the year 2008 may still turn out to be an Olympic moment for China. ■



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EAI Bulletin is published twice yearly by the East Asian Institute (EAI), an autonomous research organisation set up in April 1997 under a statute of the National University of Singapore. EAI succeeds the former Institute of East Asian Political Economy (IEAPE).

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China as a 'Sporting' Power: A Century-old Chinese Dream

In 1908, a Chinese newspaper asked three simple questions about China's involvement in the Olympic Games: When will China send its first athlete? When will China send its first delegation? When will China host the Olympic Games? The Chinese have waited for one hundred years before finding complete answers to these questions in 2008.

WANG TIANFU

For many Chinese people, the 2008 Beijing Olympic Games are more like a grand party. But for those who have worked in the area of sports, it is more like a dream come true after generations of endeavour. The 2008 Beijing Olympic Games are of symbolic significance for China to claim its rising position in world sports.

Sports have never been a simple game to many Chinese. Historically, ever since the middle of the 19th century when the late Qing Dynasty was invaded by western powers who partially colonised the coastal areas, many Chinese strived to get rid of the insulting term “Dongya Bingfu” (sick man in East Asia). Sports have been regarded as one of the significant areas in which the Chinese could prove their health and strength. However, the first time for a Chinese athlete to compete in the Olympic Games—the biggest world sports event—did not come until 1932 when Los Angeles hosted the Olympics.

China's participation in Olympic Games has not been smooth, and it was disrupted by the Cold War during which the Chinese government decided to stop sending its delegation. It was in Los Angeles that Chinese athletes made their re-appearance in 1984. Since then, China has participated in every Olympic Games. The Chinese athletes scored major success at the Olympics. With a delegation of an average of 225 athletes, Chinese athletes took 15 gold medals, ranking the fourth among the world sporting powers.

This achievement did not seem to be surprising because like other socialist states at that time, China established a hierarchical structure (Sport Committee and later General Administration of Sport in the Cabinet) throughout each administrative level with the task of boosting sports and establishing a comprehensive system of selecting talented athletes. The Chinese government had also been generous in supporting sports both politically and economically. At the Los Angeles Olympics, China clearly showed to the world its eagerness to achieve the title of a sporting power. In fact, many news and commentaries of the Olympic Games directly described the achievements as a sign of overthrowing the “Dongya Bingfu” slight and as a symbol of being a stronger and rising nation.

Compared to the success at the Los Angeles Olympics, the 1988 Olympic Games were a big disappointment for Chinese sports. Despite extensive preparations and high expectations, the 300-plus-athlete delegation brought home five gold medals, only a third of the number four years earlier. One direct consequence of the Seoul humiliation was the personnel change among top sports officials. At the Barcelona Olympic Games in 1994, China quickly recovered and won a total of 16 gold medals. This feat

was repeated four years later at Atlanta, U.S. In 2000, the Chinese delegation won 28 gold medals and for the first time, got into the top three ranking, trailing only the U.S. and Russia. The 2004 Olympics at Athens witnessed even bigger progress made by the Chinese delegation. More than 300 Chinese athletes competed in Athens, bringing home 32 gold medals, ranking second only to the U.S. delegation.

Sports have been regarded as one of the significant areas in which the Chinese could prove their health and strength.

Given that the 2008 Olympic Games will be held in Beijing and that more Chinese athletes will be competing, many observers have begun to wonder if China would overtake the US in the gold medal list. In any case, based on China's performance in the five Olympic Games during the past two decades, Chinese athletes have shown that

they are capable of competing in the field and prevailing among world class competitors. Measured in terms of achievements in competition, China is already one of the “sporting” powers in the world.

While Chinese athletes have made impressive performance in the field, China's sports officials have also scored big in winning the bid for hosting Olympic Games in Beijing in 2008. In fact, China started its bid for Olympics a couple of years after the 1988 Seoul Olympic Games, emphasising the socio-economic change such a world event would bring to an Asian country. In March 1991, Beijing decided to bid for the 2000 Olympics. Largely because of the hostility from the West (the U.S. Congress passed a resolution opposing Beijing's bid in 1993), Beijing lost the bid to Sydney by two votes at the IOC (International Olympic Committee) in September 1993.

However, this setback did not dampen China's enthusiasm, and it continued its bid. In April 1999, Beijing once again submitted its application to host the Olympics. On 13th July 2001, when the IOC announced that the 2008 Olympic Games were awarded to Beijing, the whole country was jubilant. Most Chinese people would view this success as a big boost to their national proud and a sign of getting recognised internationally. In many ways, the country as a whole has been mobilised to get ready for the opening of Olympics in August 2008. ■

Dr Wang Tianfu is Visiting Research Fellow at EAI

The Issue of Tibet and the Beijing 2008 Olympic Games

Recent unrest in Tibet highlights challenges for the Chinese government to create a favourable environment for a successful Olympic Games in August.

SHENG SIXIN

On Friday, March 14, 2008, Tibet and its neighbouring Tibetan areas experienced the most serious riot since the 1980s rebellion. The riots took place during a very sensitive period: it occurred while the First Session of the 11th National People's Congress (NPC) was in progress, and only months away from the August Olympic Games in Beijing.

DIFFERENT VOICES ON THE TIBETAN ISSUE

Chinese Premier Wen Jiabao denounced the riots as “trying to sabotage Olympics” and accused the “Dalai Lama Clique” of plotting the riots. Dalai Lama refuted the accusation, and said that he supported Beijing's Olympics at all times, and the peaceful “middle way” he insisted was in pursuit of Tibetan autonomy and cultural conservation other than independence. Nevertheless, a number of younger and more aggressive Tibetan exiles (such as members of Tibetan Youth Congress) did call for a free Tibet and an Olympics boycott after the riot, but their claim and behaviour did not get much support in China. Most Chinese people including many Tibetans were supportive of the Central Government on the Tibetan issue while the foreign media stood by the Dalai Lama and the radical Tibetan exiles. They interpreted the Chinese government's attempt to restore order in Tibet and its neighbouring provinces as “(bloody) crackdown” on “peaceful demonstrators”. Some international media such as CNN even quoted unreliable sources and did improper montages to substantiate their distorted portrayals of the Tibet issue while ignoring the violence by the Tibetans. This media bias has given China a bad name in the eyes of people in the west although it did not have much influence over most countries' “silent diplomatic policy” on the Tibetan issue.

WHY COUNTRIES REFUSE TO BOYCOTT THE BEIJING 2008 OLYMPIC GAMES

Indeed, most countries adopted a careful official standpoint. They appealed to China's restraint in the riots and called for a dialogue between Beijing and the Dalai Lama. Major western countries which used to be active critics did not explicitly criticise the Chinese government over the Tibet issue this time. Several countries, such as Russia and Singapore, even expressed their support of Beijing's tough response to the riots. Almost every government (including the US, and EU countries) rejected their domestic Olympics boycott talk based on China's handling of the Tibetan protests. Bush did not change his decision to attend the Olympics this August, and the US Olympic Committee also

restated that US athletes “will definitely compete in Beijing”.

There are three reasons behind the unusual stand. Firstly, China has the strong and persistent support of the International Olympic Committee (IOC). Rogge, the President of IOC, reiterated his long-standing position that the Games are a sporting event which should not be politicised, a position which has been recognised by most governments. Even under the pressure to speak out on the crackdown in Tibet, Rogge still insisted that awarding the Olympics to Beijing has been the right decision which would bring positive changes to China, a move which could not be expected to solve all problems. Secondly, during the last three decades, China's influence on world politics, economy and military affairs has increased greatly. Countries have to consider possible losses if they boycott China, a world economic power. As the president of the Turkish Olympic Committee said, “Our countries are doing business there. Everybody is going there.” Finally, the unrest in Tibet has proven to be a riot causing at least 22 deaths, though the western media had initially distorted the riots as a peaceful protest repressed by force. Most governments would have done the same when social order was at risk, just like what the French government had done in the riot of 2005.

More
challenges
await
China after
Olympics

CREATING A FAVOURABLE ENVIRONMENT

The unrest in Tibet also signals that there might be more challenges to China in preparation for Beijing's Olympic Games. After the crackdown, Chinese embassies in many countries such as the Netherlands were attacked by some radical Tibetans.

Even on the day of lighting the Olympia flame, two pro-Tibetan demonstrators rushed towards Beijing Party Secretary Liu Qi while he was speaking during the flame-lighting ceremony. The subsequent torch relays were also disrupted by aggressive Tibetan exiles and their supporters in some western countries. A number of biased media encouraged these Tibetans and provoked an anti-China upsurge in the western world. However, this situation also aroused strong nationalism among overseas and domestic Chinese against the west.

In addition, China might be faced with other protests, demonstrations, and even terroristic attacks before and during the Olympics. In order to quell further criticism, this calls for not only more skilful handling of protests but also tighter security measures for the Games. If the violence in Tibet or the protest continues before the Olympics, some countries may take this excuse to change their previous neutral stand. Indeed, at this stage, a few western politicians have already expressed that they would

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Olympic Games and the New Image of China

Along with the physical transformation of the city of Beijing in preparation for the Olympic Games, Beijing's residents are also being prepared to present a new image of China to the world.

ZHAO LITAO

The Beijing Olympics are more than a sporting event. Preparations for the Games occur at a time when China is rapidly modernising. Its economic rise by now has become a taken-for-granted fact, but other dimensions of transformation—political and social—are more controversial. Against this backdrop, China saw a need to change the global perception of the country in its favour.

The Beijing Olympics provided China with an opportunity to showcase the transformation of China in general and Beijing in particular. The transformative effort is two-fold, one focusing on Beijing's physical landscape, the other on the city's social and cultural environment. Beijing had made major changes to its landscape in 1997-98 to celebrate the 50th anniversary of the People's Republic of China. But still nothing compares with the large-scale urban transformation underway in the seven-year long preparation for the Games.

Unlike previous urban development and renewal in Beijing that produced few distinguished modern buildings if any, the Olympics created a stage for today's boldest architecture and engineering. World-class design consortiums around the globe saw Beijing as one of the few places that could provide funds and space for innovative architecture. With the construction of iconic architecture, Beijing has become a city with a new outlook—young, modern and cosmopolitan.

The National Swimming Center, widely known as the "water cube", is one of four landmark buildings to shape Olympic Beijing. Designed by PTW and Ove Arup from Australia and domestic design consortiums, the swimming centre looks like a semi-transparent cube with "bubbles" spreading out all over its surface. The striking exterior is made from panels of a lightweight form of Teflon that transforms the building into an energy-efficient greenhouse-like environment. Solar energy will be used to heat the swimming pools, which reuse double-filtered, backwashed pool water that is often dumped as waste.

The National Stadium, designed by Herzog & de Meuron from Switzerland, is another iconic architecture with unique appeal. While sports stadiums have long followed the enduring design of Rome's Coliseum, one of the world's earliest wonders, the National Stadium located in the northern Beijing represents an attempt to "rethink the classic sports-arena layout for more ecologically correct times". The Stadium, nicknamed "bird's nest", is constructed without a strictly enclosed shell, which allows for natural air circulation, and yet provides shelter for the audience and athletes.

Another architectural icon is the 230-metre high, new China Central Television (CCTV) headquarters at the heart of the Central Business District in eastern Beijing. The futuristic design

by the Metropolitan Architecture of the Netherlands challenged the popular conception of a skyscraper, violated Beijing's building codes and had to be approved by a special review panel. This unique building is formed by two leaning towers, each bent 90 degrees at the top and bottom to form an unconventional "Z crisscross" shape.

The National Grand Theater located near the Tiananmen Square is another unconventional building, looking like a giant egg floating above a man-made lake. A bold design by untraditional French architect Paul Andreu, this opera house is made of titanium metal and glass with lights adding radiance to each other and forming fast-changing colours. At night, the semi-transparent skin will allow passersby a glimpse of the performance inside, a feature that is said to highlight the theatre's public nature. The theatre's striking contrast with the nearby bustling streets and ancient buildings has garnered criticism.

Through the participation of internationally renowned architects, Beijing not only adds distinguishing modern buildings to the landscape, but also sets new standards of urban image construction for cities around the world: innovative designs, extensive use of high technology, and emphasis on energy efficiency and green technology. Beijing now has much more to offer to people with differing tastes and who are looking for different elements.

The Beijing Olympics also legitimised the pursuit of a social reform programme and accelerated the "civilisation process that sought to turn Beijing residents into modern citizens". The purpose is to re-mould Beijing residents into smiling and courteous citizens ready to welcome "waiguo pengyou" (foreign friends) in English.

The authorities have singled out five areas where the city's social etiquette is thought to be lacking: swearing, spitting, littering, queue-jumping and unsmiling. In a drive to host a "Civilised Olympics", city-wide campaigns have been launched to revamp potentially embarrassing public behaviours.

Civil servants and state company executives are reportedly targeted for special training; police officers are issued handbooks on how to provide polite and professional services; taxi drivers have to learn dozens of English phrases to pass mandatory tests, and to "brush teeth often, bathe regularly, and change clothes" to eliminate any foul-smelling cabs by the time millions of athletes, reporters, foreign guests and tourists flood the city in the summer of 2008. The general public is educated via the mass media and through pamphlets distributed at schools, work places, public transport stations, hotels, travel agencies and so on. To make the campaign more effective, Beijing has been conducting morality evaluation that ranks neighbourhoods by their level of refinement.

"Use Accurate English to Welcome the Olympics" has

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**The Beijing Olympics
provided China with
an opportunity
to showcase the
transformation of
China**

Recent Staff Publications

Books

Chuka bunmei to chukoku no yukuei
[Chinese civilisation and China's Trajectory]

Author: Wang Gungwu

Translator: Kato Mikio

Publisher: Tokyo: Iwanami shoten

Year of Publication: 2007



This book, authored by Professor Wang Gungwu, Chairman of EAI Management Board, examines the sweeping changes of China's civilisation over the past 2000 years and the challenge to construct a modern nation-state, civilisation and identity in a competitive international system.

China's Elite Politics

Author: Bo Zhiyue

Publisher: World Scientific Publishing

Year of Publication: 2007



This book provides a new theoretical perspective on elite politics in China and uses this theoretical perspective to explain power transfer from Jiang Zemin to Hu Jintao and political dynamics between different factional groups since the Sixteenth Party Congress of November 2002.

It explains the transition in structural terms, presents characteristics of China's political elites, and analyses the balance of power among formal institutions as well as among

factional groups. It also examines political interactions between Jiang Zemin and his cronies on the one side and Hu Jintao and his allies on the other over a number of issues: the epidemics of severe acute respiratory syndrome (SARS); ideological institutionalisation; the politics over economic overheating; Jiang Zemin's complete retirement; and Hu Jintao's power consolidation in both ideological and personnel terms.

The Kyoto Protocol and International Cooperation against Climate Change

Author: Chen Gang

Publisher: Xinhua Press

Year of Publication: 2008



This book, taking the example of long-term international negotiations on climate change and the Kyoto Protocol signed by most states as the first binding agreement in this area, analyses the huge economic cost of different states when controlling greenhouse gases domestically, as well as the limited and vague common interest that the Kyoto Protocol may achieve even when it is fully implemented.

It also lists the differentiated interests that the Kyoto Protocol provides to various countries through the three Flexibility Mechanisms, including emission trading, joint implementation and clean development. The first two mechanisms help industrialised nations reduce the cost of cutting their greenhouse gas emissions, while the last will benefit both developed and developing countries when they jointly launch emission reduction projects. The trading may bring billions of dollars to transitional economies such as Russia and Ukraine that own hot air, a possibility that these countries might meet the Kyoto targets without any domestic action and will thus be able to sell their surplus emission allowance without incurring any abatement cost. The clean development mechanism will also help developing countries like China attract foreign investment worth billions of dollars at no cost.

The author believes that this kind of individual benefit is the true incentive that pulls state actors into collective actions. Without such selective incentives, it is almost impossible for the international community to sign a binding agreement in the area of global warming.

As Book Chapters, Book Reviews and In Journals

The Kyoto Protocol and the Logic of Collective Action, The Chinese Journal of International Politics, Volume 1, Number 4, Winter 2007 (525-557).

By Chen Gang

China's Trade Acceleration and the Deepening of an East Asian Regional Production Network, in China and World Economy 16 (1): 66-81, January 2008.

By Sarah Y Tong and Zheng Yi

“The 17th Politburo Candidates: From Provinces to Beijing”
in Te-sheng Chen (ed), Political Recruitment and Local
Governance in the 17th Congress of the Chinese Communist
Party, Taipei: INK Publishing, 2008. pp 133-185
By Bo Zhiyue

FORTHCOMING

**An Empirical Analysis of Stock Market Integration:
Comparison Study of Singapore and Malaysia,**
Journal of Singapore Economic Review

By Zheng Yi

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And Opportunities For Ma Ying-Jeou
By BO Zhiyue, 1 April 2008

BB No. 376, Korea's New President Facing New Challenges:
“Korea 747,” “Pragmatism,” “Reciprocity” And “New
Diplomacy”
By JOO Jae Woo, 26 March 2008

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By LAM Peng Er, 26 March 2008

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New?
By BO Zhiyue & CHEN Gang, 19 March 2008

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- **Job Search Channels and Education Levels**
- **FDI Lessons from China for India**
- **Public Goods Provision and Rural Governance**
- **Role of the Agricultural and Industrial Sectors in Economic Growth**
- **Sino-Japanese Maritime Boundary Dispute**
- **Sino-Myanmar Economic Relations**
- **Sino-African Relations**
- **Macao's Casino Industry**

Olympic Games and Cross-Strait Relations

With Ma Ying-jeou as Taiwan's new leader, Taipei is likely to be more cooperative with Beijing for the Olympic Games in August.

BO ZHIYUE

The Beijing 2008 Summer Olympic Games provides an opportunity for both sides of the Taiwan Strait to come together as partners. Yet the process of cooperation is not without its problems. Taipei initially supported Beijing's bid for hosting Olympic Games, but Taiwan's outgoing president, Chen Shuibian, tried to sabotage the Beijing 2008 Olympic Games by politicising the torch relay issue. With Ma Ying-jeou as the new president of Taiwan, the two sides of the Strait are likely to be more cooperative for the Games in August 2008.

ROLE OF TAIPEI IN BEIJING'S BID FOR HOSTING OLYMPIC GAMES

In Beijing's bid for hosting Olympic Games, Taipei actually played some supportive roles. Back in 1993 when Beijing vied for the hosting of the 2000 Summer Olympic Games, Taipei's representative to the International Olympic Committee (IOC), Wu Ching-kuo, voted for Beijing instead of Sydney (which won the bid by a narrow margin of two votes). Seven years later when Beijing competed for hosting the 2008 Summer Olympic Games, President Chen Shuibian publicly voiced his support. After Beijing won the bid to host the Olympic Games (by beating Toronto, Paris, Istanbul, and Osaka) on 13 July 2001, Taipei immediately expressed interest in participating in the Beijing's Olympics under the principles of "equity and dignity."

ROW OVER TORCH RELAY THROUGH TAIPEI

However, Chen Shuibian began to sabotage the Beijing Olympic Games in 2007 by politicising the Games over the issue of torch relay through Taipei. On the one hand, Taipei reversed its decision to participate in the Beijing Olympic Games torch relay because of the "sovereignty" issue. On the other hand, Chen Shuibian's government allowed the "Tibetan Olympic torch relay" to pass through Taipei as the Tibetan torch represented Tibetans' commitment to the "pursuit of peace, harmony, and struggle for freedom."

Originally, Tsai Chen-wei, chairman of the Chinese Taipei Olympic Committee, responded favourably to the invitation of the Organizing Committee for the Beijing Olympic Games (BOCOG) to participate in the torch relay. In a letter dated 28 December 2006, Tsai confirmed that the Chinese Taipei Olympic Committee was willing to participate in the Beijing Olympic Games torch relay and looking forward to close cooperation with the BOCOG in the future to fulfill the sacred task of passing the Olympic flame in accordance with the Olympic spirit and Olympic principles.

The Chinese Taipei Olympic Committee subsequently sent a four-member delegation to Beijing in February 2007 to meet with the BOCOG and reached a four-point consensus. First, the two parties will abide by the regulations, resolutions, and practice of the IOC and preserve the purity and sanctity of the Olympic torch relay and Olympic flame. Second, the Beijing Olympic Games torch relay is an important part of the Beijing Olympic Games and the relay must follow the Olympic Charter. Third, the Beijing Olympic Games torch relay passing through Taipei is a sport and cultural activity carried out within the jurisdiction of the Chinese Taipei Olympic Committee and the Chinese Taipei Olympic Committee will ensure that the torch relay is conducted smoothly under its jurisdiction. Fourth, when the torch relay is conducted under the jurisdiction of the Chinese Taipei Olympic Committee, the use of relevant flags, emblems, and songs should strictly follow the relevant regulations of the IOC.

Tsai further confirmed the specific arrangements of the Taipei leg of the Beijing Games torch relay in a letter dated 27 March 2007: the Olympic flame will fly from Ho Chi Minh City to Taipei on 30 April 2008 and leave for Hong Kong on 1 May 2008.

Nevertheless, the Chinese Taipei Olympic Committee changed its mind in April 2007 under the pressure of Chen Shuibian's government. "The current evolution of many issues," Tsai confessed, "is out of our sports community's control." Taipei, Tsai informed the BOCOG on 20 April 2007, wanted to modify the route to show that Taiwan was an independent sovereign state. If the Olympic flame travels to Hong Kong via Taipei, he argued on behalf of his "authorities," "Taiwan's status as an independent sovereign state would be degraded." Consequently, Taipei was removed from the list of cities on the route.

In the meantime, however, the Taipei leg of the torch relay for the "2008 Tibetan Olympics" took place on 24 February 2008 under the tacit blessing of Chen Shuibian's government.

TAIWAN'S SELECTIONS AND CROSS-STRAIT RELATIONS

Fortunately, political situations on both sides of the Taiwan Strait have been changing for the better in terms of cross-strait relations. In the January 2008 legislative election, the pro-independence ruling party, Democratic Progressive Party (DPP), suffered a disastrous defeat while the main opposition party, Kuomintang (KMT), won a landslide victory. Out of 113 seats, the KMT won 81, representing about 72 percent of the total while the DPP only obtained 27 seats, less than a quarter of the total. President Chen Shuibian was blamed for the loss and resigned

Political situations on both sides of the Taiwan Strait have been changing for the better in terms of cross-strait relations.

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Olympic Games and Media Liberalisation in China

The Chinese Communist Party is attempting to maintain a delicate balance between conducting an effective public relations campaign and managing a more liberalised media for the upcoming Olympics in Beijing.

LYE LIANG FOOK

China wants the Olympic Games in August 2008 to showcase itself as a peaceful, progressive and modern nation. Yet, this unrest in Tibet and subsequent chain of anti-China protests has the unexpected and disproportionate effect of tarnishing the image of China.

LIMITED IMPACT OF DOMESTIC MEDIA INITIATIVES

On the domestic front, the anti-China sentiments stirred up by the Tibetan issue has undercut the political mileage Beijing has built up over the years by improving the operating environment for foreign journalists. As part of its Olympic commitments, China has, for instance, eased reporting restrictions on foreign journalists in January 2007. They can now travel freely within China once they have obtained the consent of the relevant individual or organisation for an interview. Another measure is a one-stop service by the Beijing Olympic Media Centre in July 2007 that allows foreign journalists access to enquiry, application, review, approval and reply services under one roof.

Beijing has also initiated media liberalisation measures beyond its Olympic obligations. Most notable is the news briefing and spokesman system introduced in 2004. The system comprises three levels, i.e. the State Council Information Office, various departments of the State Council and provincial governments. At each level, there are designated press spokesmen to engage the media at regular and even impromptu press conferences to convey official responses and positions on various issues. The purpose is to institutionalise the dissemination of timely and accurate news.

Beijing authorities in recent years have allowed the local media a greater role in reflecting the people's concerns and expectations, a result of the Hu-Wen leadership pro-people orientation. In March 2003, Hu Jintao exhorted the local media to report more on the people so that it can be "closer to reality, closer to the masses and closer to daily life."

In particular, the Party and the government have accorded the local media and public a greater role in improving official accountability and transparency. They are encouraged to report on officials that fail to abide by standards set by the Party or government. They have helped to expose the crimes of errant or corrupt officials, and highlighted local governments' failure to implement government policies such as those related to environmental protection.

The greater leeway granted to the local media and public fits in with the Party's overall agenda of stamping corruption and abuse of power, as well as achieving sustainable development. By giving them a voice, the Party seeks to enhance its legitimacy and maintain its leading role in politics. The greater room for

... the recent liberalisation measures in the foreign and local media scene in China do not amount to a policy change on media freedom.

manoeuvre does not mean that media freedom will develop in a linear direction. The process is more likely to proceed fitfully, guided by political considerations and prevailing circumstances.

Even before the Tibetan issue hogged the headlines, these measures have been greeted with lukewarm response and even cynicism by foreign journalists and international media that monitor press freedom in China. Reporters Without Borders and Human Rights Watch continue to cite instances of foreign journalists and their staff harassed or roughed up by thugs while travelling in China. In their view, the spate of media liberalisation initiatives is cosmetic and has limited impact on the ground.

DEALING WITH NEGATIVE PUBLICITY

Beijing's immediate public relations challenge is to counter the bout of negative reporting by the foreign media that started with the unrest in Tibet. First, Beijing has stood firm and criticised the attempts to politicise the Games as violating the Olympic spirit of peace, friendship and progress. The anti-China protesters are regarded as the actions of a few people that do not represent the international community. Beijing has reiterated that it is ready to have a dialogue with the Dalai Lama under certain conditions. Even if talks resume, a breakthrough is unlikely given the deep-seated distrust on both sides.

Second, Beijing has stepped up its publicity campaign by stressing the positive socio-economic progress occurring in Tibet over the years. This thrust usually includes emphasising the financial and material resources the central and local governments have poured into Tibet; the preferential treatment Tibetans enjoy as an ethnic minority; and the protection and preservation of Tibetan culture, language, religion and places of worship.

Third, Beijing has gone on the offensive by highlighting the apparent biases and mistakes made by the foreign media in reporting on the Tibetan issue. China Daily also carried an article in April 2008 apparently written by a Canadian teacher in Beijing who argued that the Chinese government restrained use of riot police to stop the violence in Tibet is not only "fully justified" but is also "far milder than measures taken under similar

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'Fresh Air' and 'Blue Sky' for the Olympic Games

To make the Olympic Games a success, the Chinese government has taken a number of measures to ensure good air quality in Beijing.

CHEN GANG

As an event of paramount importance to China, the 2008 Olympic Games with related spending of around US\$35 billion has been regarded by Beijing as a showcase of its rapidly growing economic strength and rising international status, as well as an indicator of the communist regime's legitimacy.

The Chinese government has been taking great steps to ensure the complete success of the pageant, but the capital's poor air quality that all athletes and attendees may have to face in the summer has been an area of concern for the organisers and for China's top leaders. China is one of the world's fastest-growing economies, but its cities pay for it with choking pollution. Beijing is often blanketed by grey smog, some from coal-fired industries and construction sites, and others from neighbouring provinces or rocketing vehicle numbers.

Small particulate matter (PM) – fine particles of pollution that can easily pass into people's lungs and harm health—is the major pollutant in Beijing's atmosphere and a main cause of the capital's dark grey sky. A U.N. report found that the average level of small PM in Beijing's air in 2006 was eight times higher than the level recommended by the World Health Organisation. According to official statistics provided by the Beijing Environmental Protection Bureau (EPB) in its annual gazettes, other forms of air pollution, including sulphur dioxide, nitrogen dioxide and carbon monoxide, registered increases in 2006 following three years of decline.

Smog in Beijing is not merely an image problem, but one that will affect the normal performances of athletes during the Games. With bad air, the defensive mechanism of the body will make the athlete breathe less of it, leading to oxygen debt and even disastrous consequences during the contests. Serious pollution can also provoke allergic reactions, or trigger an asthma attack, and increase the risk of a heart attack on high-pollution days. An athlete working out at a moderate pace for 30 minutes in poor air is equivalent to a sedentary person breathing that air for eight hours.

When "particulate matter" is breathed in, the particles deposit on the lungs and can pass through the lungs into the blood-stream. August is one of the hottest and most humid months in Beijing; the over-30-degree-centigrade heat, 95% relative humidity together with the smog in a windless season will be extremely hazardous for endurance athletes – marathoners, triathletes and cyclists – who will be competing outdoors for hours.

In a visit to China in August 2007, Jacques Rogge, the

president of the International Olympic Committee, said some of Beijing Olympic events might have to be postponed if the athletes are at risk. Some sports federations, like those of the United States, Australia and Britain, have announced that some of their athletes will not arrive in Beijing until right before the competitions to avoid being exposed to poor air.

Growing international concerns over Beijing's air pollution have embarrassed the organisers of the Games, imposing a huge challenge towards the "Green Olympics" concept put forward by Beijing years ago.

At the beginning of 2008, the Chinese government rolled out new statistics claiming that air quality has dramatically improved since its successful Olympics bid in 2001, and that more "blue sky" days can be seen in Beijing now.

According to the air quality statistics released by the Beijing EPB, the number of "blue sky" days jumped from 185 in 2001 to 246 in 2007, an increase of 33% over six years. Foreign environmental experts have cast doubts on whether air quality has truly improved in Beijing and has concluded that methodology changes in the measurement of air pollution have enabled the city to meet "blue sky" targets linked to the coming Olympic Games. According to western media, from 1998 to 2005, the same seven stations – located in the city centre – were used to measure air quality. In 2006, however, when international scrutiny on China's air quality was increasing, two stations monitoring traffic were dropped from pollution calculation, while three additional stations in less polluted areas were

added. Calculating the pollution index for 2006 and 2007 using data from the original monitoring stations would have changed the outcome considerably; in fact 38 of Beijing's 241 so-called "blue sky" days in 2006 would not have qualified as "blue sky" under the old methodology. The number is even less for 2007: 55 fewer days would have attained the "blue sky" standards out of 246 reported "blue sky" days. That translates into fewer "blue sky" days as a whole than in 2002 (which had 203 reported "blue sky" days), immediately after Beijing was awarded the Olympics.

The slow pace of improvement in Beijing's air quality can be mainly attributed to the extensive use of coal, the growing number of motor vehicles and the city's geographical location. Although Beijing has eliminated the use of small coal-fired boilers in downtown to reduce soot and sulphur dioxide emissions, coal is still allowed to be used in industrial facilities and large heating boilers in farther places. Neighbouring Hebei, Shandong and

Foreign athletes and tourists would have little worry about the air problem in August, because the short-term air quality in Beijing is partly controllable considering the Chinese government's strong role in intervening in domestic economic and social activities.

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China's Economy: Is there life after the Olympic Games?

Due to its large size and great diversity, China is unlikely to suffer a serious post-Olympic economic slowdown. While some industries may experience fluctuations, it is reasonable to expect the economy to continue to record a healthy growth in the next couple of years.

SARAH TONG

As the 29th Summer Olympic Game in Beijing is only months away, questions and concerns abound. One important issue is whether China's economy can avoid the post-Olympic slowdown experienced by most host countries of the Summer Olympics in the past, including recent country hosts such as South Korea (1988), Australia (2000), and Greece (2004). Therefore, it might be rather surprising that economists and market analysts within and outside China seem overwhelmingly optimistic about China's post-Olympic economy. Many consider the potential negative effect from the end of the Olympics-related stimulation to be limited. To what extent is this confidence warranted and what concerns should there be regarding China's post-Olympic economy?

First of all, China is a large and diverse country. As a result, Olympic-related economic activities have represented a relatively small share of the overall economy. Moreover, the Olympic effect is only one of many contributing factors for China's rapid growth in recent years. Currently, Beijing's share in China's GDP stands at 3.7%, compared to Shanghai's 4.9% (Figure 1). This represents a significant increase from about 2.5% in the mid-1990s. However, most of the gains in Beijing's national standing were realised before 2002 when it contributed 3.6% to China's GDP. Since 2002, Beijing's share in China's GDP has remained largely stable, at between 3.6% and 3.8%, suggesting that the city has not out-paced the rest of the country running up to the Beijing 2008 Olympics. Consequently, a possible post-Olympic economic downturn in Beijing is unlikely to have significant national impact. It is also worth noting that, besides the 2008 Beijing Olympic Games, China also has other important events such as the 2010 EXPO in Shanghai.

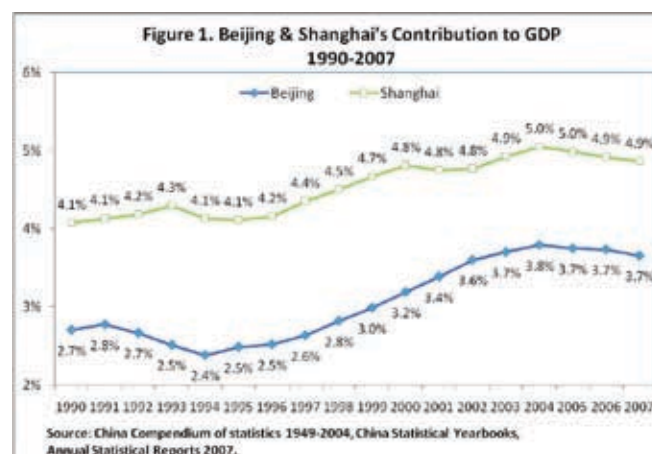
An important factor for the so-called post-Olympic Blues is the large amount of investment associated with the lead-up to the Games, particularly in non-dwelling and hotel construction, which implies some slowdown after the event. In that regard, Beijing is probably no exception in that large amount of resources have been invested to showcase itself for the Games. Nonetheless, high investment-driven growth is not unique to Beijing. In fact, the ratio of "Total Societal Fixed-asset Investment (TSFAI)" to "Gross Regional Product (GRP)" for Beijing has ranged between 41% and 44% since 2001. This is significantly lower than the ratio of TSFAI to GDP for China as a whole of around 50% in the past three years.

In fact, China's rapid economic growth in the past thirty years has mostly concentrated in the Eastern Coastal regions, from the Pearl River Delta to lower Yangtze region and to the Bohai regions. There are still great potential demands for investment and growth in China's vast inland regions. Various government

initiatives such as West Region Development and Revitalization of the Industrial Base in Northeast China are targeted to spread economic successes into inland regions. Investment will also increase to upgrade China's capital stock to meet stricter energy-saving and environmental protection standards. It is reasonable to expect that the relative slowdown of investment growth in post-Olympic Beijing should not cause serious economic downturn in Beijing.

In addition, the economy of Beijing is much more diversified and sophisticated than simply focusing on large investment projects. In 2007, the contributions of the three sectors, primary, secondary (including Industry and Construction), and tertiary sectors are 1%, 28%, and 71%, respectively. While the share of all industries stands at 23%, more than a third (8% of GRP) comes from high tech industries. Furthermore, modern services, including information transmission, computer services, software, and business services, contributed nearly half (49%) of the city's gross product. These are less likely to be affected by demand fluctuations associated with the Games.

In addition, the investment made in the years leading up



to the Olympic Games may well serve China's and especially Beijing's long term economic growth. Large amount of Olympic-related investment were made to expand and improve the urban infrastructure in Beijing and surrounding regions. These investments into new subway lines, intra-city expressways, inter-city highways and railways would have been highly desirable without the Olympics. Investments in such infrastructure will continue after the Games end. These development and enhancement in China's urban infrastructure are not only crucial for a successful hosting of Beijing 2008 Olympics, but essential to facilitate the post-Olympic development of Beijing as a large and modern metropolitan city. For example, to develop

a comprehensive and efficient public transportation system is consistent with the government's efforts to reduce the city's air pollution. The city's strong tertiary industry, including business services and tourism, will also benefit greatly from good infrastructure, pleasant amenities and a clean environment.

While it is unlikely that China's overall economy will suffer a significant downturn post-Beijing Olympic, there are certainly areas of concerns. First, Beijing's economy may begin to slow down even before the Games, as the government may be forced to act aggressively to reduce pollution in and around Beijing,

including forcing factories to relocate or stop production and limit the number of cars on the road. Such measures may indeed affect the economic growth of Beijing and its surrounding regions in 2008. Moreover, the Olympics will cause volatility in some industries during and after the Games, including retailers and hoteliers. On the whole though, it is likely that China will defy the post-Olympic economic downturn and continue to achieve healthy growth in coming years. ■

Dr Sarah Tong is Research Fellow at EAI

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The Issue of Tibet and the Beijing 2008 Olympic Games

not attend the opening ceremony of the Olympic Games in Beijing this August. Some athletes also said that they would boycott Beijing's Games over the Tibet issue, even though they will be punished by IOC if they do so.

In conclusion, China's quest for international recognition and respect through the Olympic Games has been challenged by the recent Tibetan riots and their continuing influence. However, if Beijing could actively respond to the challenges and learn from the unrest in Tibet, the Games would still be a good platform for improving China's international image. ■

Sheng Sixin is Research Officer at EAI

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Olympic Games and Media Liberalisation in China

circumstances by other governments".

These measures are unlikely to assuage international concerns about Beijing's policy towards Tibet or in other areas. China's priority is to minimise the damage to its image abroad without being seen as giving in to the demands of the anti-China protestors. For the moment, Beijing will refrain from making big gestures and hope that the saliency of the Tibetan issue will dissipate over time. At a later stage, and depending on the circumstances, Beijing may consider additional measures such as releasing political prisoners or granting more concessions to Taiwan in an effort to regain the public relations initiative before the start of the Olympic Games. ■

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'Fresh Air' and 'Blue Sky' for the Olympic Games

Shanxi Provinces, and the Tianjin Municipality notorious for their coal-fired heavy industries have also a large part to play in Beijing's poor air quality.

Another major source of Beijing's smog is the fast-growing number of vehicles on the roads and the corresponding congestion problem. Over the past seven years, the number of vehicles in Beijing almost doubled from 1.58 million in 2000 to 3 million in May 2007.

Beijing has spent US\$ 15 billion battling environmental pollution, more than it promised when the city won the Olympics bid in 2001. Green measures have paid off to some extent, but if Beijing wants to guarantee dustless air during the Games, some contingency plans must be worked out in advance. Beijing is planning to remove half of the city's 3.3 million vehicles during the Games to improve air quality and ease traffic flow. Temporary traffic restrictions have been anticipated for the Olympics since last August, when Beijing conducted a four-day experiment that limited motorists to driving on alternate days, depending

on whether their licence plate ends in an odd or even number. Encouraged by the government, many civil servants in the capital may take leave to reduce commuting traffic during the Games.

Special measures by the government may also include the shutdowns of factories in the outskirts of Beijing and neighbouring provinces in northern China during the Games to reduce spillover effect of air pollution. Many of Beijing's biggest polluting factories have been moved out of the capital, including China's leading steel manufacturer Shougang Group. Artificial rain before the start of the Games is on the agenda to clean up air and ensure a sunny Olympics.

These contingency measures definitely will have some effect on mitigating Beijing's air pollution during the Games. Foreign athletes and tourists would have little worry about the air problem in August, because the short-term air quality in Beijing is partly controllable considering the Chinese government's strong role in intervening domestic economic and social activities. In the long run, the government's GDP-first mindset would have to be fundamentally changed because continuous double-digit economic growth poses great threat to the ecological systems. ■

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What can the West Gain from Politicising the Olympics?

However, these people have forgotten to answer a key question: What can the West gain from politicising the Olympics?

Rationally speaking, it is not hard to see that even in the political sphere, those attempting to politicise the Olympics would only lose much without being able to obtain the desired political outcome.

CHINA IS SEEKING A PRAGMATIC ROUTE OF DIPLOMACY

Not only does the West hope to see China's political reform, China itself is also seeking a political change. The distinction lies in that China's political reform is not, and will not be, based on the model and direction desired by some people in the West.

As the Chinese economy and society develop and open up, the driving forces of political reform are increasing. This is precisely why China is beginning to look at democracy squarely as it seeks a feasible path of democratisation based on actual conditions in China.

Without the domestic driving forces, any external pressure will not be sufficient to spur political reforms in a country as huge as China. China is facing changes politically. This is not a result of pressure from the West or others, but of social and economic changes within China.

Should the Olympics manage to spur political changes in China, they would only be a result of demands for political reform resulting from the certain level of economic development achieved by China.

In terms of foreign relations, the West might end up becoming the loser if it continues to politicise the Olympics. The West is currently keeping a close watch on Myanmar and the Darfur issue in Sudan. It is constantly asking China to exert pressure on these countries, hoping that China would gather the "courage" of the West in dealing with these countries.

In other words, the West would definitely concur if China were to adopt Western-styled arbitrary use of economic sanctions or even military threats. The West has always hoped to change China according to western values. However, these people have committed an error that might become an endless source of regret in future.

China does not wish to replicate the use of economic sanctions and military intervention adopted by the West when dealing with Third World countries, particularly those that are hostile towards the West. History proves that these interventionist measures have been exhausted. Furthermore, China had itself been a victim of these western measures.

For this reason, along with the rapid rise of China, the Chinese Government has been working on a new and feasible route of diplomacy. It has been carrying out a policy of "non intervention". However, "non intervention" does not mean that China is not planning to use a more effective method to influence the other party.

The error of the West lies in its arbitrary use of economic

sanctions or military intervention, which ultimately isolates those countries targeted. Once a substantial relationship no longer exists between the West and these countries, an effective means of influence is lost. In this way, the West and these countries fall into a vicious cycle.

China stands out in contrast. The Chinese talk of "guanxi", or connections, and this applies to foreign relations as well. "Guanxi" refers to the establishment of all forms of contact with other countries. In academic terms, it is to create interdependency. China has been able to influence these countries through these different contact points. With regard to North Korea, Myanmar and Darfur, China has been striving to exert its own influence in these countries.

China's efforts have produced apparent results, particularly with respect to North Korea and Myanmar, a point that Western insiders have no choice but to acknowledge. China has been able to exercise its influence in these cases because these countries saw and felt China's consideration of their interests, which did not stem from selfishness.

DEVELOPING COUNTRIES RE-EVALUATING WESTERN DEMOCRACY

At a deeper level, China's way of handling its domestic affairs and foreign relations is increasingly known as the "China model". Even though this model is still in the process of formation, it has already generated a huge impact on an increasing number of developing countries.

Most of the political elites in Asian, African and Latin American developing countries after World War II were educated in the west. Despite struggling for independence, they concur with western political values. Consequently, they have tried to establish free and democratic political entities based on the western model.

On the other hand, the West has endeavoured to promote western-style democracy in these countries after the Second World War. However, more than half a century has passed, what has become of these countries? Democratic politics has frequently been accompanied by social turmoil and low levels of economic development, on top of endless racial conflicts in many countries.

Amid a re-evaluation of western-style democracy by these political elites, the West displayed an extreme form of "hypocrisy" in its relationship with these developing countries. During the Cold War, western countries were able to provide huge amounts of economic aid to developing countries in their competition with the former Soviet Union. When the Cold War ended however, such forms of aid lost their legitimacy within those western countries.

The tie-up of western "software values" with economic aid is precisely the subject of re-evaluation. Under such conditions, the "China model" seems to hold a seemingly larger attraction.

This applies as well to foreign relations. The "going global" of the Chinese economy in recent years cannot be explained by the concept of Chinese demand in economics. Without the "guanxi" between China and those countries cultivated in previous decades,

China's "going global" would not have come about so rapidly and smoothly. With the "China model" finding favour among many developing countries, China's way of dealing with the outside world has also been increasingly accepted.

Objectively speaking, the Cold War-type of thinking adopted by some people in the West with respect to the Olympics issue can only motivate further and closer interaction between developing countries and China.

Since the rule of former leader Deng Xiaoping, China has adopted a policy of "hiding one's capacities and biding one's time". Regardless of its steady efforts to build good relations with all countries, China has been constantly mindful of Deng's instruction to "never be the first".

China does not wish to take advantage of its substantial friendly relations to oppose the West. However, if the whole of the West starts to set itself up against China, or when China start

to perceive the West as hostile, the situation may change. By then, what can the West do?

With respect to certain interest groups in the West which are seeking to politicise the Olympics, it is not difficult for China to respond with silence. China naturally should heed the benevolent criticisms of anyone, including the West, and to strive to make the event a success. Malicious talk, or even behaviour, cannot be avoided, though it will not become the key of the Olympics. Under the dark clouds of politicisation, making a success of the Olympics will even enhance the soft power of China in the international community. ■

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Olympic Games and the New Image of China

become one of the Olympic mottos. Across the city, erratic English translations on public signboards and restaurant menus have been being removed or corrected. Hotlines have been set up for the public to report any English language-related mistakes on a public sign. Eradication of Chinglish is well underway to replace signs such as "Fall into Water Carefully" (小心落水) into "Beware of the Water". "Olympic English" classes have sprung up in every neighbourhood, and many senior citizens attend English classes every weekend armed with an official textbook titled "Don't be shy, just try".

Will Beijing's large-scale transformation of physical landscape and social-cultural environment change the global perception of China? To a large extent this depends as much on who the viewers are as on what Beijing has accomplished. For those who are looking for the political transformation of the authoritarian regime, Beijing has never done enough and the Beijing Olympics can only get more controversial exactly because of this. But for those who are politically neutral, the Beijing Olympics has brought about exciting changes and has made Beijing a different city in many ways. ■

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Olympic Games and Cross-Strait Relations

as chairman of the DPP. His reputation sank, and he became a lame-duck president.

In the meantime, Chinese President Hu Jintao reached out

to presidential candidates from both the KMT and the DPP. In his speech on 4 March 2008, Hu Jintao pronounced a new and more conciliatory policy towards Taiwan. On the basis of one-China principle, according to Hu, both sides of the Strait should promote peaceful development of cross-strait relations and aim to seek benefits for people on both sides of the Strait through exchange and cooperation. "We are ready to have exchange, dialogue, consultation, and negotiation with any political parties in Taiwan," Hu said, "as long as they recognise that both sides of the Taiwan Strait belong to one China." The negotiation will be conducted on an equal footing, and Beijing is willing to end the state of hostility across the Strait and reach a peace agreement with Taipei.

Subsequently, in the March 2008 presidential election, Ma Ying-jeou (the KMT's candidate) defeated Frank Hsieh (the DPP's candidate) by a large margin of 2.2 million votes. Unlike his predecessor who attempted to advance his political gains by provoking mainland China, President-elect Ma is likely to practise a more pragmatic policy towards Beijing. He would move away from Chen's pro-independence policies and make efforts to establish closer economic ties with the Mainland.

As a result, tensions across the Taiwan Strait would likely be eased and the bilateral relations would be improved.

CROSS-STRAIT RELATIONS: THE BEIJING 2008 OLYMPIC GAMES AND BEYOND

Under these circumstances, it is conceivable that the Beijing Olympic Games would not be disrupted because of tensions across the Taiwan Strait. Furthermore, the cooperation between two sides of the Taiwan Strait over the Beijing 2008 Olympic Games may bode well for the development of cross-strait relations in the future. ■

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北京奥运后的中国股市会大跌吗？

杨沐

数月前，有些人在一再预言，北京奥运后，中国股市的泡沫将破。他们的依据是1988年的汉城奥运后，韩国股市曾出现过明显的下跌调整期，认为中国也很难走出这历史的怪圈。

中国北京奥运直接投资170亿美元，间接投资181亿美元，合计351亿美元，约2,500亿人民币（在数年内完成）。毫无疑问这些投资对中国，特别是北京的经济的发展曾起了很大的推动作用。奥运结束，投资完成，这种推动作用就不再有了。这听起来似乎会对中国经济影响很大。但是中国近几年每年的固定资产投资都在十几万亿人民币，年均增长都在25%左右。如建设全国的高速铁路网，地方机场，大城市的地铁和城郊铁路，一批新上的核电站项目，南水北调，太湖，淮河等流域的水治理，等等，一大批重大投资项目，使今后几年中国的投资增长仍将继续保持在20-25%之间。奥运项目完成对总投资规模减小的影响，和对中国经济发展的负面影响，几乎是微不足道。

股市中的奥运概念股，在奥运前受追捧，很容易形成估值过高的泡沫，以至于在奥运后进行调整，这也是难以避免的。但中国股市中奥运概念股中的一些较大的企业，主要是基础设施建设，如北京城建，路桥建设；通讯，如大唐电信，中国联通，中信国安；航空，如国航，东航等。这些企业的市场不仅是奥运市场，其销售和盈利，在奥运前后的变化，都不会太激烈。相比之下，影响较大的，有可能是一些较小的，直接为奥运的旅游和销售服务的企业，如首旅股份，中青旅，北京旅游，王府井，西单商场，全聚德；和传媒企业，如中视传媒，歌华有线等。但在中国1500家左右的上市公司中，奥运概念股，特别是奥运股中这些较小的旅游，销售，传媒股对整个股市的影响可以说也是非常有限的。从更大的世界范围看，近

年举办过奥运会的多数国家，如西班牙，美国，澳大利亚，希腊等，在奥运后，股市都没有出现像韩国这样的明显下跌。奥运会后的股市下跌，并不是一个普遍现象。

近几个月来，中国股市已经从6000多点跌到3800多点，跌幅达37%。原先大家一致认为是股市泡沫性标志，市盈率已经从60多倍，降到不到40。现在中国市场上的主要担心，已不是奥运后是不是会大跌，而是能否走出低迷，重建股市信心。

这一波的股市下跌是世界性的，是由美国的次贷危机，及引起的信用危机，金融危机，和可能出现的美国经济的全面萧条引起的。但诡谲的是在这一波世界性的下跌中，经济基本面最好的，流动性过剩最大的中国股市，不仅跌幅最大，而且回升的势头最小。同样是金砖四国，巴西的股市继续上升，印度的股市跌幅只有20%。

究其原因，一方面是中国股市正面临大幅的供给增长。2008年预计，因解冻带来的新增流通市值总量约31,000亿元，相当于2007年底A股全部流通市值87,000亿元的35%。另外，一大批企业等着上市和增发，如最近平安保险计划增发融资1600亿元。（但事实上，中国股市的需求也是巨大的，仅居民存款就17万亿。主要是需求对股市有没有信心的问题。）另一方面，更重要的是市场上强烈的政策预期：依赖政府救市，期望政府降低印花税，甚至下注赌政府救市。

可以说，中国股市不仅是一个经济基本面好的长期牛市，而且仍然还是一个难以进行中期调整的有巨大风险的政策市。如果不能把市场上的政策预期的幻想彻底打破，反而屈服于市场压力，回到用政策来救市，这样又会使市场回到无所顾忌的狂热（因为最后有政策作保险）。这样的狂热的没有风险意识的股市是可能出现大跌的。

杨沐是东亚研究所中国项目协调员

Some Highlights at EAI



EAI Director, Prof Yang Dali (left), gave a lecture on "Taming the Unruly Market in China: The Regulatory Change" at the Bukit Timah Campus Public Lecture Series. The lecture was chaired by EAI's Senior Research Fellow, Dr Lam Peng Er.



Panelists of the international conference on "China and India: Economic and Social Development" from 17-18 March 2008. The conference was held jointly by the Centre for Policy Research, New Delhi, EAI, ISAS and South Asia Studies, John Hopkins University.



EAI Research Director, Prof John Wong (inset), gave a lecture on "China's Economy Riding on a Tiger: Problems of a Runaway Growth" at the Bukit Timah Campus Public Lecture Series chaired by EAI's Senior Research Fellow, Dr Bo Zhiyue.

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