

**Appendix III**

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**Demographic Factors Affecting Employment in Pattani and Songkla Provinces  
of Thailand**

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## Political Islam and Democratic Change in Indonesia

Paul J. Carnegie

School of Political Science and IS

University of Queensland

St Lucia, Brisbane 4072

Australia

E-mail: p.carnegie@uq.edu.au

### Abstract

In the late 1990s Indonesia, the world's most populous Muslim nation, transitioned to democracy amidst concerns over Islamist ascendancy. Yet, a decade later and Indonesia accommodates a diversity of Islamic political expression. The following article considers the clues to this accommodation. It examines the relationship between political Islam and democratisation and its possible future trajectory in Indonesia.

**Keywords:** Democratisation, Identity, Indonesia, Political Islam

In 1998, Indonesia's transition to democracy witnessed the burgeoning of political Islam, a trend that raised the uneasy spectre of Islamism. (Note 1) Despite this unease, in the ten years since the transition, the Islamist threat has proved to be largely unfounded. It, therefore, seems appropriate to examine how Indonesia developed such a broad range of Islamic political expression. In what follows, I argue that both the material and ideational factors in play during Indonesia's democratisation provide important clues to unravelling how this diverse accommodation was possible.

### 1. Historical Islamic identification

Islam's long established historical roots in Indonesia date back to the 14th century having arrived via trading merchants from Persia and India. In amalgamation with *adat* (traditional customs), it plays a significant role in many of the archipelago's diverse cultural identities. As such, Islam is notably diverse in its manner of expression and the depth of commitment across Indonesia. For instance, on Java, there is a distinct difference, in terms of religiosity, between two major Islamic strands. Nominal Javanese Muslims, *abangan*, identify with an indigenized syncretic *Agami Jawi* whilst stricter *santri* or *muslimin* practice *Agami Islam santri*. *Santri* also adopt traditionalist or modernist outlooks, the former is viewed as a more open and tolerant form of practice whilst the latter is seen as more puritan, closer in expression to Arabian orthodoxy. Outside Java, places like Aceh in Northern Sumatra and parts of the Moluccas and central Sulawesi observe strict Islamic practice. In fact, it would be fair to say that *khittah* (cultural-religious) identification across the archipelago is a key feature of the polity's language of self-understanding. (Note 2) Nearly ninety percent of the population carry an ID card (KTP) that identifies them as Muslim. (Note 4)

### 2. Nationalism, Islam and the Indonesian Republic

Having said this, throughout the colonial and post-colonial periods, an uneasy relationship formed between the modern Indonesian state and the polity's cultural-religious identification. Consequently, there is, on the one hand, historical acknowledgement of Islam but also a concomitant state-level containment of its political appeal (Hamayotsu 2002: 353-375). To elaborate, during the struggle for independence Islam developed three major political responses to and within the emerging national project. These were the traditionalist Sunni Islamic organisation, *Nahdlatul Ulama* (NU - Awakening of Ulama), the modernist Islamic political party, *Masjumi* (Council of Muslim Organisations) and the militant Islamist movements, *Darul Islam* (DI - Abode of Islam) and *Tentara Islam Indonesia* (TII - Indonesian Islamic Army). (Note 4) Yet, the new Republic under the secular nationalism of both Sukarno and Suharto frustrated the political ambitions of these organisations by imposing major restrictions on a politicised Islam. For instance, after 1949, Sukarno re-positioned the significance of Islam in the national-political project by dropping the *Jakarta Charter* from the constitution. (Note 5) This left many stricter Muslims, particularly from outside Java, with the sense that the finalised constitution marginalised Islam and reinforced central Javanese dominance of the new republic. As if to reinforce this perception, Sukarno's subsequent quashing of the PPRI (Revolutionary Government of the Republic of Indonesia) rebellion in 1959 led to the prohibition and collapse of *Masjumi*. Following the events of 1965, Suharto's *Orde Baru* (New Order) also went on to stymie political Islam's former influence by refusing *Masjumi* any sort of return. In fact, Suharto's overhaul of the electoral system in 1971 effectively de-Islamised Indonesia's state-level political structure. This allowed the New Order's Golkar to dominate the electoral system after Suharto had forced the

major Islamic organisations to come under the banner of one political party *Partai Persatuan Pembangunan* (PPP - the United Development Party). In practical terms, PPP was the only vehicle through which NU and *Muhammadiyah* could gain political representation.

Yet, despite Suharto's attempt to subsume the polity's Islamic identification to the diktats of New Order corporatism, it remained only partially successful (Barton 2002: 1-15). In reality, this marginalisation of political Islam only precipitated greater civil society activity focusing on building a dynamic Islamic community based on education and social welfare. Rather than directly challenge for political power, reformists like Dawan Rahardjo, Djohan Effendi and Nurcholish Madjid viewed Islamic development through social organizations as their the new *raison d'être* championed the building of *Ikatan Cendekiawan Muslim Indonesia* (ICMI - Association of Muslim Intellectuals). (Note 6) This appealed to a younger generation of well-educated urban middle-class Indonesians who were enjoying increased access to strategic positions within business, government service and academia.

By the 1990s, the formation of ICMI and *Majelis Ulama Indonesia* (MUI - Council of Indonesian Ulama) facilitated the launch of Islamic news media, *Republika* and *Ummat* along with the Muslim educational foundation, *Yayasan Abdi Bangsa*. This indirectly helped to restore Islamic issues onto the political agenda. Interestingly, keen to court Islamic support as a counter to growing pro-democracy sentiment and rumbling military dissent, Suharto even began to encourage such developments. Indeed, it was politically advantageous to tolerate Islamic political activism and promote pro-Islamic officers in the army (Kadir 1999: 22-24). Major figureheads within ICMI such as Amien Rais, Sri Bintang Pamungkas, Eggy Sudjanan, Din Syamsudin and Adi Sasono symbolized this growing Islamic political influence. From Suharto's perspective, the likes of ICMI countered organizations beyond his direct control such as *Muhammadiyah* and *Nahdlatul Ulama*. Although this shored up his friable authority, the strategy would eventually backfire in the wake of the 1997 financial crisis.

### 3. Democratic transition and political Islam

By 1998, pro-Islamic figures within ICMI, like Din Syamsudin who had been instrumental in bolstering the orthodox *Dewan Dakwah Islamiyah Indonesia* (DDII - Indonesian Council for Islamic Predication) and *Komite Indonesia Untuk Solidaritas dengan Dunia Islam* (KISDI - Indonesian Committee for Solidarity of the Islamic World) began questioning Suharto's authority. (Note 7) Subsequently, with Suharto's grip on power loosening in the face of economic meltdown and pressure for reformasi, orthodox factions in the 'green' military began shifting their support to DDII and KISDI. (Note 8) Given the turbulent political climate, the DDII/KISDI/Military alliance eventually abandoned Suharto, as they saw him as a liability to the interests of Islam.

Notwithstanding this alliance, Indonesians overriding sense of tolerance and the diversity of Islamic expression made the possibility of a united orthodox Islamist front distinctly remote. In fact, key figures in the reformasi struggle, the prominent Islamic leaders, Abdurrahman Wahid and Amien Rais and the likes of the late Nurcholish Madjid were instrumental in maintaining public support for democratic change. (Note 9) All three continually emphasised the compatibility of Islam with democracy. In the turmoil of 1998, this was a crucially important stance to take as many Muslim activists were on the front line of the rallies against Suharto's regime. By doing so, they effectively prevented calls for the creation of an Islamic state gaining any sort of credence.

### 4. Islamic political parties

Even with Suharto stepping aside, Wahid continued to remain wary of NU's political return, viewing this as potentially damaging to its social mission. He preferred to stress moderation and support for *Pancasila* as the way to promote Islam in the national interest. (Note 10) Eventually, however, pressure from NU's *Kyai* (religious leaders) persuaded Wahid to reconsider and go on to form *Partai Kebangkitan Bangsa* (PKB-National Awakening Party). Likewise, tensions between Wahid and his uncle, Yusuf Hasyim and brother, Salahuddin Wahid led them to the form *Partai Kebangkitan Ummat* (PKU - Muslim Nation Awakening Party). (Note 11)

By late 1998, the prospect of a single Islamic political voice was remote with forty out of the eighty political parties to varying degrees, Islamic (Kadir 1999: 21-44). Although this number decreased by election time in 1999, twenty Islamic parties remained eligible. Most significantly, *Muhammadiyah's* Amien Rais formed the populist *Partai Amanat Rakyat* (PAN - National Mandate Party) after unsuccessfully seeking alliance with, amongst others, *Partai Persatuan Pembangunan* (PPP - Unity and Development Party). Yusril Ihza Mahendra took up the leadership of *Partai Bulan Bintang* (PBB - Crescent and Star Party). Other parties with stricter Islamic agendas included, *Partai Keadilan* (PK - Justice Party), *Partai Ummat Islam* (PUI - Muslim Believers' Party), and *Partai Masjumi Baru* (PMB - New Masjumi Party). In addition, the orthodox Islamic movements, KISDI, DDII, *Kesatuan Aksi Mahasiswa Muslim Indonesia* (KAMMI - United Action of Indonesian Muslim Students), and *the Asosiasi Partai-Partai Islam* (APPI - Association of Islamic Parties) formed strong links with PK and PBB. In fact, DDII and KISDI remained strategically supportive of BJ Habibie in an attempt to offset Muslim support for the secular-nationalist, Megawati Sukarnoputri and PDI-P. Similarly, MUI and *Kongres Umat Islam Indonesia* (KUII - Congress of the Indonesian Islamic Community) urged Muslims to vote for an Islamic party and intimated that the next Indonesian president and vice-president should be Muslim.

Evidently, expansion of the post-Suharto party-system introduced new political parties capable of appealing to major Muslim constituencies in particular PKB, PAN, PBB and PK. This re-emergence of political Islam provided much needed electoral competition for more established parties such as Golkar and PPP forcing them to adjust their electoral priorities to retain the endorsement of their pro-Islamic factions. Indeed, despite the wider popularity of Megawati Sukarnoputri's PDI-P, the election of the NU's leader Abdurrahman Wahid as the new president reflected the influence of increased Islamic politicisation. Having said this, the results of the 1999 election clearly indicated that Indonesians en masse favoured a democratic polity over an Islamic state. (Note 12)

Significantly, however, Hidayat Nur Wahid's *Partai Keadilan Sejahtera* (PKS - the Prosperous Justice Party, formerly *Partai Keadilan*) style of Islamic orthodoxy went on to secure a significant increase in its vote from 1.5 percent to 7.4 percent come the 2004 elections. (Note 13) Yet, the most realistic explanation of PKS's electoral rise lies with a younger generation of urban Muslims who perceive it as a 'clean' Islamic party. In fact, much of the PKS success rested on an anti-corruption rather than a pro-Shari'a platform with it enjoying support in Jakarta and on university campuses.

### 5. Militant Islamist groups

Of more concern is that since the collapse of Suharto's regime in 1998, Indonesia has witnessed a proliferation of paramilitary wings associated with Islamist organisations. They include *Laskar Pembela Islam* (LPI - Defenders of Islam Militia); *Laskar Jihad* (LJ - Jihad Militia); *Laskar Mujahidin Indonesia* (Indonesian Mujahidin Militia) and *Jemaah Islamiyah* (JI - Islamic Community). Many of these groups have roots in the Islamic militias of Indonesia's independence struggle but their current activities owes much to the tutelage of *hadrami* (Indonesians of Middle Eastern descent) who fought alongside the *mujahidin* in Afghanistan in the late 1980s. For instance, JI, who identify radical Muslim cleric Abu Bakar Bashir as its spiritual Omar, has pan-Islamic ambitions to create *Darul Islam Nusantara* (Bandoro 2001: 333-337). Its activities are linked to *al-Qaeda* networks operating in Southeast Asia including the 2002 bombings on Bali and Sulawesi, the 2003 Jakarta Marriott Hotel bombing and the 2004 suicide bombings at the Australian Embassy in Jakarta. By contrast, LPI and LJ both publicly deny any links with *al-Qaeda* and claim their focus is domestic issues (Hasan 2006). Suspicions persist, however, that both LPI's and LJ's involvement in internecine conflict enjoys indirect support from KISDI, DDII and sympathetic 'Green' factions in the armed forces (Roosa 2003: 10-11).

Given Indonesia's recent authoritarian past, dealing with the perceived threat from militants is a particularly difficult and sensitive political issue. There is a real danger of polarising the moderate Islamic majority or impinging on newly acquired freedoms that may resurrect the spectre of military repression. (Note 14) But despite the extreme threats posed by these groups, indications are that they will remain marginalised by mainstream society. Encouragingly, on 18 October 2002, parliament issued anti-terrorism Decree No.1 and No.2/2002 designed to give *Badan Intelijens Negara* (BIN -The National Intelligence Agency) greater capacity in identifying terrorist suspects. (Note 15) Moreover, Susilo Bambang Yudhoyono's government is now actively cooperating with Malaysia, Singapore, the Philippines and Australia to combat terrorism in Southeast Asia.

### Conclusion

Evidently, the rearticulated character of Indonesia's post-authoritarian political space is complex. Islam has reasserted an influence on the grammar of politics with the number of Islamic parties more prevalent than at any time in the past. This is something that challenges both the appeal of established political elites and what is achievable in secular terms. Yet, whilst Islamist parties do exist, the majority of Islamic involvement in electoral politics remains very far from being associated with the institution of an Islamist state. The 2004 results suggest that the majority of Muslims are more interested in a democratic nation-state. This preference has much to do with the fact that Indonesian's share a strong sense of setting differences aside and working through problems, something forged by a common history of anti-colonial struggle, a shared national language (*bahasa Indonesia*) and state sponsored education. Consequently, moderation and pluralism remain the predominant electoral norms. (Note 16) This is not to deny the challenges of the present reality but simple dichotomies appear to ill suit. As Islamic orientated political players firmly establish themselves, there is no reason to assume that Islamic and secular versions of democracy are identical. With a mass audience accustomed to viewing politics through extant symbolic lenses, this represents an important part of Indonesia's democratic evolution. It will be interesting to see how Indonesia continues to adapt.

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### Notes

Note 1. The contemporary phenomenon of political Islam, not to be confused with Islam as a religion, refers to an ideological interaction between politics and religion in the broadest sense. Islamism, on the other hand, is specifically concerned with the modern politicisation of Islamic cultural concepts and symbols in a highly orthodox manner for radical ends, i.e. the establishment of an Islamic state, or at least an Islamic polity characterised by observance of Shari 'a. Although often used inaccurately and interchangeably with Islamism, political Islam encompasses a considerably more complex plurality of expression in Indonesia

Note 2. One need only look at the size of Indonesia's two major socio-religious organizations to appreciate the influence of Islam in daily life. The traditionalist Sunni Islamic *Nahdlatul Ulama* boasts in the region of 30-35 million members whilst membership of the reformist *Muhammadiyah* (Followers of Muhammad) is approximately 29 million.

Note 3. Since 1965, not to profess a religion left you open to condemnation and persecution as a communist, therefore the majority of Indonesians profess a religious identity.

Note 4. In the immediate post-independence era, Masjumi was the prominent Islamic party in Indonesia and its leaders played major roles in the fledgling republic. Currently, Muhammadiyah most closely identifies with the Islamic legacy left by Masjumi. In contrast, *Darul Islam* and *Tentara Islam Indonesia* were revolutionary Islamic movements with similarities to the Islamic Brotherhood in Nasser's Egypt. They formed out of Islamic militias who opposed the Dutch in Java as part of the long anti-colonial struggle for independence. Between 1948 and 1963, after Sukarno banned DI and TII, they did fight for an Islamic State (NII - Negara Islam Indonesia) under the leadership of S.M. Kartosuwiryo, primarily in West Java, South Sulawesi and Aceh. Their forces peaked in 1957 with an army estimated to be 13,000 strong. In 1962, DI and TII were eventually defeated after the Indonesian armed forces captured and executed Kartosuwiryo.

Note 5. Article 29 of the pre-independence 1945 Constitution gave the state the right to control and regulate religious life in Indonesia. During the 1945 constitutional debates, Islamic groups proposed a briefly incorporated preamble known as the Jakarta Charter. The seven words of which are, 'with an obligation for Muslims to implement Islamic law'.

Note 6. Their ideas on Islamic social and educational renewal emerged in close association with *Himpunan Mahasiswa* (HMI - Association of Muslim Students). Madjid's moderate and reformist views made him one of Indonesia's foremost Muslim intellectuals. Known as *Cak Nur* (informal Javanese for brother), he headed up *Paramadina*, a prominent education and research institution focused on social justice but passed away in August 2005 after a short illness.

Note 7. Although barred by Suharto from national politics, DDII and KISDI remained major promoters of orthodox Islamic values in Indonesia. They receive substantial funding from the Middle East with Saudi Arabia and Kuwait being major donors.

Note 8. Throughout the 1980s, tensions within the military caused factional splits with 'red and white' symbolizing the secular nationalist factions and 'green' a support for Islam.

Note 9. Reformasi refers to the democratic movement against Suharto's New Order and the overall project of political reconstruction.



Note 10. The Republic of Indonesia enshrined *Pancasila* in Article 29 Section 1 of the 1945 Constitution as the official national ideology to ensure national unity post-independence. Derived from the conflation of *panca* (five) and *sila* (principle), the ideology's five pillars are monotheism, humanitarianism, nationalism, consensus democracy and social justice.

Note 11. PKU's political platform is a mix of *Pancasila* and Islam and not very different in practical terms from PKB.

Note 12. The 1999 election results: *Partai Demokrasi Indonesia - Perjuangan* (PDI-P - Indonesian Democratic Party - Struggle) 37.4%; Golkar 20.9%; PKB (National Awakening Party) 12.6%; PPP (Unity and Development Party) 10.7% and PAN (National Mandate Party) 7.13%; PBB (Crescent and Star Party) 1.8% and PK (Justice Party) 1.5%. Komisi Pemilihan Umum: <http://tnp.kpu.go.id/tabulasi>

Note 13. PKS increased its 2004 vote from 1.5 percent to 7.45 percent, Golkar 21.6%; PDI-P 18.5%; PKB 10.57%; PPP 8.15%; PD 7.45%; PKS 7.4% and PAN - 6.43%. Komisi Pemilihan Umum: <http://tnp.kpu.go.id/tabulasi>

Note 14. The notorious *UU Anti-Subversi 1963* (Anti-Subversion Laws) are still fresh in the memories of many Indonesians. The laws had no clear legal accountability and gave almost unlimited power to the Military who used them to suppress any form of dissent.

Note 15. See *Departemen Penerangan R.I.*-Department of Information Republic of Indonesia: <http://www.qtzfdm.or.id/documents/laws>.

Note 16. PKB, PPP and PAN along with the secular nationalist parties *Partai Demokrasi Indonesia - Perjuangan* (PDI-P - Indonesian Democratic Party - Struggle) and Golkar all reflect this ethos.

Prince of Songkla University  
Pattani Campus



## Negotiating Chinese Identity in the Internet Age

Ritendra Tamang, PhD

Anthropology Program

University of Northern British Columbia

3333 University Way

Prince George, BC V2N 4Z9

Canada

E-mail: tamang@unbc.ca

### Abstract

The advent of the internet has led to the globalization of cultural images of Chinese identity. Online Chinese immigrants' associations, in conjunction with Chinese-language electronic media, offer various and often competing images of Chinese ethnic and cultural identities. The multiple representations of Chinese identity in the various media formats provide options for individuals to negotiate their identity and belonging in different contexts. This paper examines the roles that the internet plays in influencing ethnic identity among Chinese immigrants in the province of British Columbia, Canada. I argue that the array of images offered by online Chinese-language media websites and virtual communities create more options for individual Chinese immigrants to negotiate and redefine their ethnic and cultural identities in relation to other Chinese and non-Chinese immigrant groups.

**Keywords:** Chinese, Ethnicity, Globalization, Hybridity, Identity, Immigrants, Internet

### 1. Introduction

Public debates on immigration in Canada increasingly focus on the influences that immigrants have on shaping Canadian ethnic and cultural diversity (P. S. Li, 2003, p. 54). Since the early 1960s, expansion of the global economy, in conjunction with changes to Canada's immigration and citizenship laws and policies, has encouraged various waves of Chinese people—especially those engaged in transnational trade and business—to immigrate to Canada from various parts of the world. Frequent movement between societies allows individuals not only to redefine their ethnic and cultural identities but also to have a sense of belonging to various locations simultaneously. In addition, the rise of electronic mass media and the establishment of online communities among Chinese immigrants around the world has given rise to new cultural images of Chinese ethnic and cultural identities among Chinese immigrants in Canada.

Within Canada, racial, ethnic, and cultural differences are important markers of distinction between immigrant groups. At the same time, these differences serve to confirm individual membership within a community. For many recently arrived Chinese immigrants in Canada, the internet is useful for accessing information about settlement, public services, and employment opportunities. Chinese immigrants also use the internet to learn and preserve their cultural traditions. In this paper, I will examine the role that the internet plays in shaping individual identity among Chinese immigrant groups in the Canadian province of British Columbia. I will argue that the globalization of Chinese images has created new and alternative spaces for individual Chinese immigrants in British Columbia to redefine their ethnic identity and cultural identity as well as to differentiate themselves from others perceived as non-Chinese in the province, across the country, and across national borders.

### 2. Internet and the Construction of Ethnicity

In recent years, the internet has received significant attention from scholars across disciplines. Researchers increasingly focus on the politics that exist in the rhetoric and representation of Chinese ethnic identity on the internet. Similar to other material cultural artifacts, the internet is socially constructed and thereby has significant socioeconomic and political implications. A popular subject of debate among scholars and researchers is whether the internet is being used to create a homogenous or a heterogenous world. While the internet has been seen as means of constructing homogeneity and social control by elite groups, it also provides possibilities for individuals and groups to challenge dominant rhetoric and representation (Nye, 2006, p. 608; Wanning, 2005, pp. 66–67). As such, the internet must be seen as a system of tools, materials, structures . . . and techniques under human control. Societies continually add and subtract items from their repertoire, and in using them they often come into conflict, as they construct diverse [individual and group] life-worlds. (Nye, 2006, p. 614)

Local populations in various parts of the world have sought to integrate certain cultural products and practices offered by the worldwide web into their own practices and beliefs, thereby creating hybrid cultures (Nye, 2006, p. 607). For this reason, the internet is an effective tool not only for preserving immigrant cultures but also for contesting and reinventing cultural identities and beliefs (p. 613).

The internet has increased flows of Chinese cultural images across national borders. Consequently, the majority of Chinese immigrants in Canada and other host societies around the world can access various online Chinese-language media to fulfill their particular needs (Wanning, 2005, p. 66). However, differences in educational and socioeconomic backgrounds contribute to unequal internet access among Chinese groups in Canada (Nye, 2006, p. 606). In this way, the internet has contributed to the emergence of a new global economic hierarchy among immigrant groups. Sun Wanning (2005, p. 66) and Brenda Chan (2006, p. 2) suggest that the rise of Chinese-language electronic media products (e.g., online magazines and newsgroups) in democratic countries such as Canada further contribute to the process of redefining Chinese identity among Chinese migrant groups within a transnational context. Together, the various images offered by the internet challenge and reinforce individual Chinese immigrants' perceptions and understanding of what it means to be Chinese.

Currently, three dominant versions of Chinese identity exist on the internet. The first is linked to the identification with and loyalty to the Chinese Communist Party and its political ideology of socialism. Being Chinese is also linked to the idea of belonging to the Han ethnic identity, especially for many Chinese immigrants from mainland China, Taiwan, Hong Kong, and Macau. Finally, Chinese identity is closely tied to Confucianism, which many Chinese groups around the world perceive as an essential feature of Chinese culture (Chan, 2006, p. 7). Internet users therefore have the option of accessing a range of interpretations and meanings of *Chinese* and *Chinese culture*. In addition, virtual (online) communities comprising mostly educated and professional Chinese immigrants provide various representations of Chinese identity and provide the individual with opportunities to negotiate her or his identity and belonging (Wanning, 2005, p. 67).

In Canada, Chinese immigrants arriving from various parts of the world possess their own cultures, histories, and experiences of what it means to be Chinese (Wickberg, 2007, p. 178). Local Canadian versions of Chinese identity and culture often compete with ideas that recent Chinese immigrants bring from their previous homelands (Chan, 2006, p. 3).

The term *Chinese* thus disguises multiple layers of local and national identities and social status. This article will use this term to refer to ethnicity, nationality, and citizenship.

### 3. Immigration and Ethnicity in Canada

The Canadian government divides immigrants into three categories—family class, economic class, and refugee class—for its selection and admission process (P. S. Li, 2003, p. 39). Within the dominant media and public discourse, the term *immigrants* is ambiguous and is often used to refer to those who are racially, ethnically, or culturally different from those of British and French backgrounds (p. 44). Immigration has played and continues to play significant roles in the construction of Canadian identities. Historically, Canadian immigration policy favored immigrants from Europe (mainly Britain) and the United States (p. 18). However, other European and non-European immigrant groups also chose to migrate to Canada in search of a better life and economic opportunities (p. 160).

In Canada, as in the United States, Chinese immigration has a long history. The gold rushes in the Fraser Valley in 1859 and western railroad construction from 1881 to 1885 stimulated demand for Chinese labor in British Columbia (P. Li, 2008, p. 160). Early Canadian nationalist rhetoric and dominant culture sought to portray Canada as a nation dominated by a white working-class population (P. Li, 2008, p. 128). Non-European immigrants such as the Chinese were seen as beneficial to the country's socioeconomic development and therefore permitted to enter, but in limited numbers (Wickberg, 2007, p. 186).

The idea of migration as an economic investment was widely shared by the majority of Chinese immigrants. Along with the Chinese immigrant working class, Chinese merchants also came to the province (Chu, 2006, p. 393).

Early Chinese immigrants contributed significantly to the socioeconomic development of British Columbia, especially in railroad construction (P. Li, 2008, p. 127). The construction of the Canadian Pacific Railway during the late 1800s attracted many Chinese from mainland China (Wickberg, 2007, p. 186). However, their contributions were undermined by Canada's restrictive immigration and citizenship policies. Upon the completion of the Canadian Pacific Railway in British Columbia during the 1880s, the Canadian government introduced the Chinese Immigration Act, which required individual Chinese immigrants to pay a head tax of \$50 upon entering the country (Chu, 2006, p. 397). The Act also specified that vessels arriving in Canada "could not carry more than one Chinese person for every fifty tons of tonnage" (p. 397). Those who paid the head tax were issued a certificate of entry by the government. However, Chinese immigrants were required to turn in their certificates if they left the country, even for a short period of time, or risk being barred from re-entering. Those who chose to leave could stay outside the country for up to one year; otherwise,

they were required to pay the head tax again. Unlike poor Chinese workers, Chinese clergymen, Chinese merchants and non-Chinese migrants did not have to pay a new head tax upon re-entry. Additionally, whereas wealthy Chinese merchants' wives and children were exempt from paying the head tax upon entering the country, poor immigrant workers were forced to pay a heavy price to have their families join them in Canada (p. 398). The head tax thus contributed to a gender imbalance among the early Chinese immigrant population in Vancouver and elsewhere in Canada. Differential treatments of Chinese immigrant groups meant that the chances of immigration for Chinese women and their children were contingent upon their partners' occupations and financial status.

Realizing that \$50 was not enough to discourage Chinese immigrants from entering the country, the Canadian federal government increased the head tax to \$100 in 1900 and \$500 three years later (Chu, 2006, p. 399; Goutor, 2007, p. 561; P. Li, 2008, p. 127–128). The increased head tax successfully discouraged many Chinese immigrants from immigrating to Vancouver (P. Li, 2008, p. 129). At the end of WWI, the economic crisis in British Columbia and elsewhere led to further restrictions on the number of Chinese immigrants entering the province (Chu, 2006, p. 400). By 1923, the Canadian government introduced the Chinese Immigration Act, which banned Chinese immigration altogether. Chinese immigrants who were already in Canada were denied certain rights and privileges that many white settlers took for granted, such as voting, participating in all occupations, and traveling freely (P. Li, 2008, p. 128). Chinese immigrants were often labeled by Canada dominant racial discourses as “dirty, lazy, and alien”; these racial stereotypes further reinforced the idea of Chinese people as an “inferior race” (Chu, 2006, p. 396).

Throughout the 1890s, a series of anti-Asian campaigns were organized by various union leaders against Chinese and other Asian immigrant workers in British Columbia (Goutor, 2007, p. 561). By accepting low wages, Chinese workers, according to the unions, were undermining “the standards of living of Canadian workers, or driving them out of industries altogether” (p. 554). In addition to the economic reason, race was also used by white labor leaders in British Columbia to reinforce their anti-Asian rhetoric campaign. Goutor suggests that the racist attitudes displayed by white labor leaders stemmed mainly from these individuals' “fear . . . desires, and personal characteristics they hated most. The results were jumbles of contradictory stereotypes that were attached to a racialized group” (p. 569). The Chinese were often portrayed by European dominant media as “sexual predators who sought to take advantage of white women” (p. 556). The racial sentiments displayed by white male labor leaders reflected the politics of racial purity in Vancouver and elsewhere in Canada, where the mixing of different racial or ethnic groups was discouraged. Compared to their male counterparts, Chinese women's sexuality was perceived as less threatening to the dominant white population in British Columbia (Chu, 2006, p. 394). British immigrant workers, on the other hand, were represented as “honest” and “hardworking” workers (Goutor, 2007, p. 557).

Canadian restrictive immigration policies had important consequences for individuals and communities of Chinese immigrants in British Columbia and elsewhere in Canada. The head tax, in conjunction with the anti-Asian campaigns, prevented the majority of Chinese immigrants in British Columbia from bringing their families over and discouraged many Chinese women from immigrating to the province. Many women with spouses in British Columbia remained in China to care for their children and extended families. The practice of remittances provided economic support for many of those who stayed behind (Chu 2006, p. 394).

Migration was widely understood among the Chinese as a male activity. In Canada, the preference for cheap male labor meant that Chinese women had less chance than their male counterparts to find employment from overseas (Chu, 2006, p. 393). Early Chinese women immigrants in British Columbia were mainly wives of Chinese merchants, and single women who were employed as sewers and domestic workers. The presence of these Chinese immigrant women workers contributed to the existing Chinese cheap labor force in the province (Chu, 2006, p. 399). The number of Chinese women arriving in Canada in the late nineteenth and early twentieth centuries was small, and those who did come were often labeled as prostitutes. The immigration of Chinese women was initially welcomed by European settlers in Canada, because these women were seen as ideal sexual partners for Chinese men (Chan, 2006, p. 394). The low ratio of Chinese women to men was perceived by white labor leaders as a sign that few Chinese immigrants would chose to settle in Canada (Chu, 2006, p. 396). This acceptance was soon replaced by fear of Chinese women because of their potential to increase the numbers of Chinese in the province, and this fear was used to justify restrictions on Chinese women immigrants into Canada. In contrast, women from Britain and other European countries and the United States were encouraged by the Canadian government to immigrate to Canada as potential wives and mothers of future nation builders and citizens (Chu, 2006, p. 395).

After WWII, economic development within Canada led to a labor shortage, and the Canadian federal government made a series of changes to immigration and citizenship policies aimed at attracting skilled labor (Hou & Beiser, 2006, p. 137). During the 1980s, Canada introduced the Multiculturalism Act, which portrayed the image of Canada as a mosaic society (Kymlicka, 2003, p. 377), in contrast to the United States' melting-pot immigration policy. Multiculturalism has been contested and remains controversial in Canada.

Economic changes in China, in conjunction with the changes made by the Chinese government concerning foreign travel, produced a new wave of Chinese immigrants, and since the 1980s the majority of immigrants in British Columbia have been from China (Beaujot, 1999, p. 100). Those who have left China since the 1990s are recognized by the Chinese government as the “new migrants” (Chan, 2006, p. 2). The new wave of immigrants from China to British Columbia occurred simultaneously with large numbers of Chinese immigrants from Hong Kong, Taiwan, South East Asia, America, and Australia.

While the new wave of Chinese immigrants from mainland China can be seen as an historical extension of Canada’s past, it is important to recognize differences between the newcomers and the previous Chinese immigrants. Whereas earlier waves of Chinese immigrants in British Columbia were composed mainly of semiliterate male peasants from China (Chan, 2006, p. 2), recent Chinese immigrants possess more capital and skills and come from various parts of the world (Lee, 2005, p. 238). In the late 1990s and early 2000s, international surveys voted British Columbia’s largest city, Vancouver, one of the most desirable places to live in the world. These surveys enhanced the multicultural image of the city and attracted a new influx of Chinese immigrants (Wickberg, 2006, p. 189).

#### **4. Cultural Consumption and Community Building**

It is a commonly held view among Chinese immigrants in Canada and other parts of the world that the maintenance of a collective Chinese identity outside of China is necessary and that it depends largely upon three institutions: social and business networks, Chinese-language education systems, and Chinese-language media. These institutions often exist alongside one another in communities where Chinese immigrants live (Wanning, 2005, p. 68). Historically, Chinese immigrants in Vancouver often joined voluntary associations soon after settling in the new community (Chan, 2006, p. 3). These associations not only play significant roles in providing assistance and a sense of belonging to new Chinese immigrants to the city (Nye, 2006, pp. 606–607), but they also provide those who are uprooted from their former homes and communities with the opportunity to redefine their identity and relations with others from similar ethnic and cultural backgrounds (Chan, 2006, p. 2). Such associations continue to play significant roles in the settlement process of Chinese immigrants in Vancouver (Wickberg, 2007, pp. 178–179). However, the emergence of online Chinese associations has altered social relations among Chinese immigrants and posed challenges to dominant meanings and representations of Chinese identity and community.

Online associations serve to connect Chinese immigrants in Vancouver to others across Canada and around the world. In addition to being used by some Chinese immigrants to promote group belonging and solidarity based on a common history, the internet is also used to challenge dominant narratives of the global Chinese identity and simultaneously construct ideas and representations of that identity (Chan, 2006, p. 18). The social relationships constructed by Chinese immigrants online further contribute to the formation of a global community of Chinese immigrants (Nye, 2006, p. 599). The internet is increasingly becoming a valuable learning tool for Chinese immigrants who are interested in learning, preserving, and transferring their cultural heritage to the next generation (Wickberg, 2007, p. 179). It is necessary to emphasize that Chinese online communities are closely connected to offline communities that also play important roles in shaping perceptions about Chinese identity among Chinese immigrant groups in Vancouver.

Before the advent of the internet, genealogical research was a leisure activity practiced by few Chinese people. However, the availability of online genealogies has encouraged many Chinese newcomers to learn about their families’ histories and heritage (Chan, 2006, p. 6). Individuals can now pick and choose parts of their heritage and histories that they want to preserve and transmit to their children (p. 7). The internet offers individuals the possibility of redefining their and their children’s identities in ways that represent them in a positive light to themselves, other Chinese people, and non-Chinese members of the community.

The various Chinese-language news media websites and online popular magazines—some of which originate in mainland China—have helped to shape the meanings of Chinese identity among Chinese immigrants in British Columbia (Wanning, 2005, p. 73). These media outlets offer alternative versions of Chinese identity that cater to the specific needs of individual members. Individuals are thus provided with the opportunity to redefine and negotiate their identities in relation to other Chinese immigrants with similar backgrounds. At the same time, community members have the option of not taking up the identities offered by these media sources.

#### **5. Conclusion**

As we have seen in this paper, Chinese immigration patterns in British Columbia and elsewhere in Canada are shaped by the gender, race, and national discourses of the dominant white community. The extent to which these discourses ultimately shape the meaning of Chinese identity varies among Chinese immigrants. Early restrictive immigration and citizenship policies and practices of the Canadian federal government effectively contributed to the sexual imbalance among Chinese immigrants and reinforced Canada’s racial and national rhetoric and representations. Although in recent years the Canadian federal government has made a series of attempts—including a recent official apology from the current Prime Minister, Stephen Harper—to redress the head tax imposed on early poor working-class Chinese immigrants, the legacy of the tax still affects many current residents of British Columbia.

Since the 1960s, economic and political changes in Canada, China, and other parts of world have resulted in various waves of Chinese immigrants to Canada. The recent influx of Chinese people (mainly from Hong Kong, Taiwan, mainland China, Latin America, and Southeast Asia) to Vancouver has shaped the city's ethno-landscape and given rise to new and alternative meanings of Chinese ethnic and cultural identities. Differences in experiences, geographies, histories, class, education, and cultures among Chinese immigrants in British Columbia have shaped individual perceptions of what it means to be Chinese. These differences play significant roles in reinforcing, challenging, and redefining Chinese ethnic and cultural identities among various Chinese immigrant groups in Vancouver and elsewhere in Canada.

The internet provides possibilities for the new Chinese immigrant to redefine her or his ethnic and cultural membership as well as a sense of belonging to the larger community. At the same time, the internet allows individuals or groups to challenge dominant representations of Chinese ethnic and cultural identities and to construct alternative versions of Chinese culture and ethnic identity. Together, these representations offer individual Chinese immigrants the opportunity to redefine their self-identity and negotiate their belonging in various communities within the transnational context.

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## The Modern Significance of Confucianism

Yuanxia Zhou

Graduate School of Chinese Academy of Social Science, Beijing 100102, China

E-mail: mrceik@yahoo.com.cn

### Abstract

Confucianism still has important value in the modern times; the purpose of the thesis is to expound the modern significance of Confucianism, that is, it is important to protect the natural environment; to keep harmony of the society; to improve the international relations and to cultivate the perfect personality. So the thesis concludes that Confucianism should be re-examined and developed in the equal communication, dialogues, and fusion between Chinese and western philosophical traditions in the 21st century.

**Keywords:** Confucianism, Anthropocentrism, The unity of nature and man

Confucianism has been predominant for 2000 years in the traditional Chinese culture, and it has had a great influence on the Chinese politics, economy, culture and the social psychology. In modern times, however, Marxism was established as the official ideology in China after the communist took over in 1949, and then Confucianism was totally eclipsed by Marxism. At the same time, with the industrial civilization developing quickly in the modern times, more and more ecological and social problems are emerging. While lots of the scholars pay more and more attention to Confucianism again, they argue that human can find much resourceful and valuable wisdom in Confucianism thoughts. The purpose of the thesis is to expound the significance of the Confucianism: it can provide an effective perspective to solve environmental problems; the social problems; the international relations problems and the personality cultivation problems.

### 1. Confucianism can benefit to the ecological civilization

#### 1.1 *The consequence and the cause of the environmental crisis*

Environmental pollution caused China to suffer 511.8 billion yuan (about 64 billion U.S. dollars) in economic losses in 2004, which amounted to 3.05 percent of GDP that year, according to a report, titled *China Green National Accounting Study Report 2004* (Gov.com, 2006), the environmental costs of water pollution, air pollution, and solid wastes and pollution accidents accounted for 55.9 percent, 42.9 percent, and 1.2 percent of the total costs, respectively. These figures demonstrate that the rapid economic growth that the Chinese government has been so proud of has been achieved in part at the expense of the environment and natural resources. And it warned people of realizing the seriousness of the pollution in China. We must change the existing developing pattern of economy. As Karyn Lai, a famous professor in the University of New South Wales, announces that “(a) major theme that cuts across many debates in environmental philosophy is that of anthropocentrism.” He also claimed that, “anthropocentrism, construed as the inability or unwillingness of human beings to accord moral standing or moral consideration to other species, has been held responsible for the degraded state of the natural environment and for species extinction.” (Karyn Lai, 2003, pp. 279) since the theory of the anthropocentrism is the cause of the present environmental problems, the serious situation cannot be changed unless we change the view of the anthropocentrism. Fortunately, Confucian’s vision has offered a kind of wisdom with great inspiration for us, that is, the principle of the unity of nature and man that can be used as correct ways of thinking for the solution of these problems.

#### 1.2 *The theory of ‘the unity of nature and man’ (Note 1) of Confucianism*

The theory of ‘the unity of nature and man’ stresses on harmonious development of man and nature. Although Confucianism interpreted the theory of ‘the unity of nature and man’ in many different ways including mysticism; its center value is indeed to expound a cosmology of unity of nature and man. Ancient Chinese philosophers had already recognized that “if the seasons of husbandry be not interfered with, the grain will be more than can be eaten. If close nets are not allowed to enter the pools and ponds, the fishes and turtles will be more than can be consumed. If the axes and bills enter the hills and forests only at the proper time, the wood will be more than can be used.” (Mencius, 1983, pp.203) there are a great many of the similar arguments in the ancient Chinese philosophy books.

Indeed, in ancient China, ‘the unity of nature and man’ is not merely a humanist thinking principle but also the actualization of such principle in the activities of treating nature kindly and preserving natural environment that manifested in positing the officials to preserve natural environment such as ‘yuren’ (Note 2) in antique China and

promulgating some decrees of preserving natural resources such as ‘tianlu’ (Note 3) and ‘Liji-Yueling’ (Note 4) in the Warring states period. Ancient ecological wisdom appears to be valuable and enlightening, especially in such times that human existential environment are increasingly decelerated. Naturally, these important theoretical resources concerned with human destiny and trends of civilization in Chinese philosophy are the very points for the scholars to pay attention to today.

## **2. Confucianism has the enlightening significance to solve the social problems**

Since 1978 China carried out the policy of the reform and opening, the development of economy makes people all over of the world surprised. At the same time, however, many social problems never seen before emerged continuously. Such as morality neglected, money worship, crime rate increase etc. what caused these problems is that the former value of morality is abandoned by Chinese gradually. Today, we should re-examine the value of the Confucianism to correct the present social problems.

### *2.1 Morality is first*

Confucians regard moral values as the basis of social and political order. The onus lies on each individual to assume the moral obligations inherent in his position; the cardinal virtues of benevolence or humanity embrace the moral qualities of the true man: loyalty, reciprocity, dutifulness, filial and fraternal affection, courtesy, good faith and friendship. Confucians maintain people should be guided by morals and regulated by ritual. So they assist that mediation rather than litigation is the preferred means of dispute resolution. Confucians value social harmony, and litigation is considered to be a negative social phenomenon because it exacerbates ruptures and poisons social relationships beyond the point of repair. Therefore, Confucius said, “In hearing litigations, I am like any other body. What is necessary is to cause the people to have no litigations.” (Doebelin, 1940, pp.46) Today, the society ruled by law is advocated, this view is obviously different from the times of Confucius. However, a society which depends on the law solely is not an ideal society. If the government can integrate the law with the morality, the consequence is obviously effective.

### *2.2 Family is the essential structure of the society*

The Confucian tradition is particularly known for its emphasis on human relatedness, particularly family relations. These relations are usually called Five Cardinal Virtues including parent and child; elder and younger sibling; husband and wife; person-in-charge and subordinates and friend to friend. These Five Cardinal Virtues are constituted as spheres of value as Mencius outlined, “closeness between father and son, duty between ruler and subject, distinction between husband and wife, precedence of the older over the younger, and trustworthiness between friends”. (Mencius, 1983, pp.238) These Five Cardinal Virtues should be understood dynamically rather than statically, in the context of the Confucian life-long process of learning to be human. Even though the relations themselves are described constancies, the value desiderate is not descriptions of an idealized static state, but culturally constructed remedies for difficulties particular to each of those relational spheres. The traditional Confucian Five Cardinal Virtues model recognizes the primacy of familial relations. These primordial ties provide the central orientation to the rights and responsibilities as a man.

In modern times, society accepts the individualism and emphasizes the value of the individual, so the value of the family is neglected gradually. Therefore more and more people around us are suffering from anxiety, depression, isolation, and helplessness in life. It is said that “in established world economies and countries, we are now confronting the fact that at least one out of five people suffers from mental health problems.” (G.C.Poon, 2003, pp.108) Historical and anthropological research shows that family relations persist through a variety of economic and political systems, and that thus far no society has permanently replaced or done away with them. It seems that the basic human family system, with at least one and at best two biological parents, is the simplest and most directly efficacious arrangement for human development, particularly though not exclusively for the nurture of young children. Confucian thought has a profound future significance in improving the role of the family in the society.

## **3. Confucianism can provide a way to deal with the international conflict of civilizations**

The conflict of civilization has been a continuous problem so far, so the world is not peaceful and the people are not secure in the heart. For example, since the US government waged the war to Iraq, the people of two countries even all over the world have suffered the torture of the war. It is reported that three and a half years after major combat ended in Iraq, nearly 2,900 U.S. service men and women have been killed and a relentless insurgency has complicated a political solution and caused the deaths of thousands of Iraqis in sectarian violence. Facing the damage of the conflict of civilization, which is puzzling human beings today, Confucianism has offered some wisdom with great inspiration for us, for example:

### *3.1 Harmony but no assimilation*

Confucianism attached importance to the theory of harmony. Confucius said “the use of ritual is the harmonious.” (Confucius, 1983, pp.51) That is, harmony is the most important. So Confucius told his students: “The superior man is



harmony but no assimilation; the mean man is assimilation but no harmony.” (Confucius, 1983, pp.147) the theory had great impact on solving the relations of persons and countries. For example, in ancient times China was once one of the strongest countries in the world, but it never waged a war to invade other weak nation, although it had the economy and military strength. On the contrary, it often provided economic and technological help to the small countries around it. This action reflected the theory of harmony fully. So how to realize the harmonious relation Confucius had a series of methods to instruct the governors, that is Loyalty and Reciprocity.

### 3.2 The morality of Loyalty and Reciprocity

The principle of Loyalty and Reciprocity is the nucleus idea of the Confucius. Loyalty means doing one's utmost; Reciprocity means putting one in the others' place whatever one does. That is, “fully realizing the self is Loyalty; extending the self is called Reciprocity.” (ZhuXi, 1983, pp.72) Today the doctrine of Reciprocity is called the golden law by the scholars all over the world. When people solve the controversial issues between countries, if they all put themselves in the other's place, and the world will be more peaceful than today. Certainly, the relations of countries is much more complicated than which of persons, but Mencius, another the most famous Confucian, presented the principle of communicating between the countries in detail. That is, people are the fundamental elements when solving the problem of the relations of the two countries.

### 3.3 People are fundamental for the government

There were many small states in the ancient China, Qi is the strongest state among of them. And the people of Qi attacked Yan, a small and weak country to the north of Qi, and conquered it. The King of Qi asked Mencius if he should take possession of it for himself, Mencius replied that, “If the people of the Yan will be pleased with your taking possession of it, then do so...If the people of the Yan will not be pleased with your taking possession of it, then do not do so...” (Doebelin, 1940, pp.124) according to Mencius, people are the decisive forces that solve the countries conflicts. This argument provided some reference for the United States to settle the dispute in the anti-terrorist. The peaceful world will never come if violence is retaliated by violence and injustice is revenged by injustice. People from all over the world can't forget the catastrophe caused by the conflict of civilizations and expect eagerly the arrival of the peace.

## 4. Confucianism can help us with the personality cultivation

As we are contemplating on some of the great issues that are facing our human civilization in the 21st century, we must collectively recognize that more and more people around us are suffering from extraordinary worry and unhappiness in life. In established world economies and countries, we are now confronting the fact that at least one out of five people suffers from mental health problems. (G.C.Poon, 2003, pp.108)

Confucianism is not only a theory of governing the country, but also a training way developed to be a way of controlling oneself. For example, Confucius educated his students to control their mind-heart and make it conform to the ritual. Confucian stressed on the training personal morality by learning and introspection continuously, so that one can keep his good nature inherited from the heaven. Moreover, Confucians assist there are many attractive things, but one can only take some he ought to rather than he wants. Mencius said: “Life is my favorite, and righteousness is also my favorite, however, if I can't get both, and I will give up the life and take righteousness.”(Mencius, 1983, pp.332) If we can understand the profound significant of these words, we will have a strong faith and belief in our heart. If we have a forceful faith or a highest value in our heart, we won't have such feelings as anxiety, depression, isolation, and helplessness. In one word, Confucianism can balance our behavior; it is possible to say that Confucianism is developed to be level of practical and living philosophy.

As we have seen, human civilization in the 21st century confronts many important problems, its prospect will not be the conflict of civilizations and the disaster caused by such conflicts as some western scholars have predicted, but rather a co-existence of various civilizations which is claimed by Confucianism as 'harmony but no assimilation' and will accord to the aspiration of the peoples from all over the world. Chinese philosophy should obtain much more esteem and therefore the equal communication, dialogues, and fusion between Chinese and western philosophical traditions may be expected to enter into a new great phase.

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**Notes**

Note 1. An important term in Chinese philosophy. It means that the relation of the nature and man is harmony.

Note 2. A kind of the official that administers the mountains and forests in the state

Note 3. An official given by the Heaven on the head

Note 4. A chapter in the book that instructs the king of the state to do something or not to do something in every month

Prince of Songkla University  
Pattani Campus



## Personality and Second Language Learning

Alastair Sharp

English Department, Lingnan University, Tuen Mun, Hong Kong, China

E-mail: alastair@ln.edu.hk

### Abstract

This paper examines the relationships which exist between personality and second language learning and adds to the data available on the use of a highly respected personality indicator, the Myers Briggs Type Indicator (MBTI). Language learning and academic success are both highly correlated with intelligence, but research suggests that the importance of intelligence declines after high school age, partly because of the stronger effects of personality. This study places emphasis on the importance of personality in learning success and examines research evidence on the issue, discussing some of the inconsistent results that have been obtained. A study of 100 Hong Kong university undergraduates was carried out to add to this research base. The instruments used were the MBTI for personality traits, the Strategy Inventory for Language Learning (S.I.L.L.) for learning strategies and a standardized test for language proficiency. Significant statistical relationships were not found and the reasons for this are discussed.

**Keywords:** Personality, Second language learning, Intelligence, Hong Kong

### 1. Introduction

The relationship between personality and second language learning ability, has received some research interest in the last few decades. The results that are available however, have sometimes been inconsistent, often because of methodological and conceptual differences in the way the studies were performed. This article will consider some of the research evidence which has examined these relationships and details a recent study of undergraduate students in Hong Kong which aimed to determine not only the connections between personality, language learning and learning strategies, but also to add to the available data on the personality profiles of Chinese students.

The study will first briefly clarify what might be meant by the terms intelligence, learning strategies and personality, before presenting details of the Hong Kong data collection.

### 2. Theoretical Perspectives

According to Chamorro-Premuzic and Furnham, (2005, p. 40) researchers in cognitive psychology agree on a definition of intelligence which states that it.....

“...is a very general mental capacity that, among other things, involves the ability to reason, plan, solve problems, think abstractly, comprehend complex ideas, learn quickly and learn from experience.... it reflects a broader and deeper capability for comprehending our surroundings- ‘catching on’ ‘making sense’ of things, or ‘figuring out’ what to do....”

Many of the elements in the definition of intelligence given above have also been described as indications of the ‘good language learner’ and have been tabulated in lists of learning strategies that such learners use (Oxford, 1995). Learning a second language successfully requires using reasoning and problem solving abilities and it requires the ability to use and apply strategies which try to make sense of the structure and use of a new language, a clear overlap with definitions of intelligence. Strong elements of successful language learning have been the use of what are called *cognitive strategies* (the direct processing of language, e.g. memorizing, inferring meaning, solving problems, identifying or making sense of relationships) and *metacognitive strategies* (thinking about those processes). Both of these have been identified as of crucial importance in strategy research. (O’Malley, et al. 1985a). Attempts have been made to teach strategies for language learning, but these have not met with much success (Hassall, 1984, O’Malley, et al. 1985b). Among the reasons for this may be the fact that the ability to use strategies is related to general intelligence and thus subject to the same developmental, social and genetic influences which limit the effects of direct teaching.

Research has provided evidence of the power of general intelligence in predicting academic performance, including second language learning success (academic performance being estimated by written or oral examinations, continuous assessment, group work, essays or dissertations). (Gagne & St Pere, 2001, Neisser, et al. 1996, Sternberg & Kaufman, 1996). However, there is also evidence that general intelligence (as measured by IQ tests) is often not highly correlated with academic performance. (Singh, & Varma, 1995). Ackerman (1994) and Jensen (1980) report a

declining correlation as subjects moved from elementary to university education. If intellectual ability, as measured by psychometric tests, has a declining predictive power in adults, the question arises as to what accounts for the difference? It may well be that personality plays a strong role. In other words, general intelligence may be able to predict what a person *can do* whereas personality type may predict what a person *is likely to do*. There may well be a strong argument for a greater role to be given to the concept of personality in learning, over the effects of general intelligence.

The next section will look at how we might define personality and what research evidence currently exists to demonstrate its influence on learning in general, and language learning in particular.

### 3. Personality

Personality theory assumes that everyone is different and that individuals are characterized by a unique and basically unchanging pattern of traits, dispositions or temperaments. Personality has however, been studied in a variety of different ways. It has been viewed as pertaining to different forms of information processing styles or learning styles (Messick, 1994). Marton & Saljo (1976), identified two learning styles: *surface-level*, characterized by students who memorize and rote learn, as opposed to those who learn at a *deeper level*. Biggs (1987), in Hong Kong, noted three styles, labeling them as *utilizing*, *achieving* and *internalizing*. There has been also been a view that personality consists of a multitude of specific *traits* and it is therefore impossible to offer an accurate profile. Examples of traits or dispositions have been: anxiety, locus of control, achievement orientation, intrinsic motivation, self esteem, social competence etc. Multi-trait models have been developed using factor analysis to reduce the wide list of traits to a smaller number of fundamental constructs of personality and which *are* able to offer more accurate profiles. Multi-trait models have been widely accepted as providing the core features of personality and extensive investigation has demonstrated high levels of reliability and validity. The three best known are the *Eysenck Personality Questionnaire*, (EPQ) (Eysenck, 1975), the *Myers Briggs Type Indicator*, MBTI (Briggs Myers, et al., 1998) and the *Five Factor Model*, (FFM) (Costa and McCrae, 1992). (Appendix 1 summarizes the main features of MBTI with related FFM traits. For reasons of space EPQ is not summarized here.)

#### 3.1 Multi-trait models and learning

The research detailed below relates particularly to the personality traits found in the multi-trait models. Such research is cited as evidence that many studies have found a relationship between personality and learning, although not always a consistent one.

Neuroticism (an EPQ trait) has been found to have a clear relationship with general language learning aptitude (Robinson, et al, 1994) and has often been negatively correlated with academic performance (Lathey, 199; Weiss, 1998). It is not surprising that stress and anxiety may affect success in exams, or that Neuroticism may cause a more general effect in terms of attendance, poor health, worry and poor study habits (Woodrow, 2006). Language learning has often been observed as stressful and so such effects would clearly be in evidence. Eysenck & Cookson, (1969) found that the correlation between Extroversion and achievement changed from a positive to a negative correlation around the ages of 13-14. It is now generally accepted that Introverts (EPQ, FFM and MBTI traits) have an advantage in learning and are more likely to have better study habits (Goh & Moore, 1987; Sanchez-Marin, et al. 2001), although contradictions remain. In reviewing nine studies connected with second language learning, Kiany (1998) found that two detected a positive relationship with Extroversion and L2 success, three found a positive relationship with Introversion and L2 success, and three found no link. Others point to evidence that Extroverted students learn foreign languages better because of their willingness to interact with others and because of their reduced inhibitions (Ehrman & Oxford, 1990).

It has also been reported that Psychoticism (an EPQ trait) is negatively related to academic performance. As Psychoticism relates to insensitivity, solitariness and an uncaring attitude, and as such a trait is more likely to be negatively associated with educational settings, this result is unsurprising. Conscientiousness (a FFM trait) is positively related to achievement (not surprisingly) (Goh & Moore, 1987; Busato, et al. 2000; Blicke, 1996 & Costa & McCrae, 1992). Openness/Intuition (FFM and MBTI traits) have been positively associated with academic performance. (Blicke, 1996; Geisler-Brenstein & Schmeck, 1996). Ackerman (1999) found that a wide vocabulary was associated with Openness/ Intuition. Blicke (1996) suggested that Openness/Intuition were correlated with the desire to use wider learning strategies and learning techniques.

Some relationships have also been found between language teaching methodological issues and personality preferences. (The following evidence refers to MBTI data). Those with a Thinking preference, rather than a Feeling preference were found to prefer more analysis of language data and have a greater ability to see details rather than the global picture. Those with a Feeling preference saw things more globally and sought holistic strategies such as guessing, predicting and paraphrasing, with avoidance of grammatical analysis. Judgers needed more direction and clear grammar rules. Intuitive students were more likely to use abstract principles of language in a more divergent way and feel relaxed with guessing, predicting and other "compensation" strategies. (Sharp, 2005).

An interesting connection can be made here with discussions on *investment theory* (Cattell, 1987). This theory posits that certain personality traits related to curiosity, imagination, creativity, intuition and achievement motivation are likely to drive an individual to *invest* in the development of skills and knowledge. Openness/ Intuition, as aspects of personality, might drive individuals to *invest* in improved reasoning, problem solving skills, skills in comprehending complex ideas etc, which are clear features of intelligence. This again suggests that certain personality features are related to learning success and to intelligence.

#### 4. The Hong Kong Study

A study was carried out with 100 undergraduates at a university in Hong Kong. The purpose of the study was to investigate personality differences (using the MBTI) and strategy use (using the Strategy Inventory for Language Learning, SILL) to see if there were any identifiable relationships between these variables and the students' language proficiency (assessed with a standardized English language test). The study also aimed to present data to add to that already available concerning personality typing in Chinese settings.

Participants:

N=100

84 female          16 male

Mean age = 24.4yrs.

All subjects were ethnic Chinese undergraduates, studying for a degree in English language and literature.

##### 4.1 The selection of MBTI as a research tool

The Myers Briggs Type Indicator (MBTI) was selected as a research tool for a number of reasons:

- a) More than 2 million assessments are done each year using this inventory
- b) The MBTI has been researched for 40 years, with reliability and validity studies supporting it in a variety of cultures (see Briggs Myers, et al. 1998).
- c) The MBTI has a clear and direct relevance to learning. Unlike the EPQ none of the preferences indicated in MBTI have negative connotations (for example EPQ's use of *Psychoticism* as a trait suggests a tendency towards instability, *Neuroticism* has similar negative connotations. MBTI traits offer more neutral trait descriptions).

MBTI is made up 4 bipolar scales as shown in appendix 1. Each of the four dimensions is independent of the other three, so the bi-polar scales can be combined to yield 16 possible combinations, ISTJ, ESTJ, ISFJ, ESFJ etc. These 16 combinations are used when presenting the results of MBTI assessments.

##### 4.2 Learning Strategies

The Strategy Inventory for Language Learning (SILL) was selected for this study because it has been used frequently around the world in recent years (Oxford, 1995) and therefore allows easy comparison with other studies. It is designed specifically for second language English learners and was therefore appropriate for the subjects in this study.

Strategy use was assessed using a 68 item self-report questionnaire. A Likert scale is used, with sections categorized as follows:

- Section A Remembering effectively (memory)
- Section B Using mental processes (cognitive)
- Section C Compensating for missing knowledge (compensation)
- Section D Organizing and evaluating (metacognitive)
- Section E Managing emotions (affective)
- Section F Learning with others (social)

##### 4.3 Administration of MBTI and SILL

The MBTI data collection took 2 hours, attendance was voluntary and great care was taken to explain that the MBTI was not a test and that there were no right or wrong answers. MBTI form G was used.

The SILL questionnaire was administered in a later session with the students. Both MBTI and SILL results were discussed with the students and it was pointed out how an understanding of personality type and strategy use could be beneficial for students' development and learning.

##### 4.4 Proficiency Testing

All students were given a standardized English language proficiency test with multiple choice format, cloze design and open-ended questions to test grammar and reading comprehension. A composite score for both grammar and reading

is given as a percentage in the next section. It was unfortunately not possible to broaden the type of assessment given to include speaking and listening skills because of time constraints related to student availability at the university where the data collection took place.

## 5. Results of Study

The MBTI results are given below in table 1 and 2. Types are presented as separate traits (table 2) and as 16 alternative combinations (table 1). Tables 3 shows the proficiency results and table 4 the SILL results. Table 5 shows the relationship between MBTI and second language proficiency.

### MBTI : key

E – Extroversion	T - Thinking	I - Introversion	F - Feeling
S – Sensing	J – Judging	N - Intuition	P – Perceiving

Insert Table 1 and Table 2 here:

Table 1 and 2 show a wide distribution of personality types in the group assessed, as would be expected. The most pronounced are ISTJ, ISFJ and ISFP (table 1). There is a strong preference for Sensing (S) over Intuition (N), Introversion (I) over Extroversion (E), and for Feeling (F) over Thinking (T) (table 2).

Insert table 3 here

Mean score is 70.2. SD 10.3

Table 3 show the composite, percentage scores for grammar and reading comprehension.

Insert table 4 here

### 5.1 Analysis

Some preliminary analysis to investigate the relationships between the variables of personality, strategy use and proficiency is given below.

MBTI and Strategy Use (measured by SILL), with MBTI as the dependent variable, strategy use as the independent variable.

No significant relationships were found, except as given below:

Introversion negatively related to use of SILL social category:  $p < = 0.011$

Introversion positively related to metacognitive strategy use:  $p < = 0.057$

### SILL and Proficiency

No significant relationship was found between SILL categories and proficiency.

Insert table 5 here:

These results indicate no significant relationship between personality and proficiency scores, although there is a slightly higher score related to Introverted students.

## 6. Discussion

This study failed to find any simple direct relationship between personality, learning strategies and second language proficiency. Some studies have found difference in language learning success related to personality (as noted in section 3 above) and teachers continue to regard personality as of considerable importance in learning (e.g. Bleese, 1986; Griffith, 1991). However, there have been other studies which have also failed to find relationships. Carrell, et al. (1996), Ehrman and Oxford, (1995) and Carrell & Anderson (1994) for example, failed to find any direct, simple relationships in their research on the issue. Why then, does the current study, like some others, have such difficulty in establishing relationships between these variables? One reason may be that personality preferences, as set out in the MBTI, give no indication of student maturity, motivation, or of situational factors (a point also noted by Carrell, et al., 1996). MBTI, as mentioned earlier, has very high reliability and validity ratings (Briggs Myers, et al. 1998), but there have been detractors: Zemke (1993) found that MBTI reliability only reached 61% and Wiggins (1989) put reliability at no more than 50%. A further confounding factor in the present study may be that there was only limited variability in proficiency scores or strategy use. Low variation will obviously result in low correlations. Although a standardized university language test was used, it related only to grammar and reading comprehension. A more comprehensive measure covering listening and speaking skills may have revealed stronger relationships, but as noted earlier this had not been possible in the present study.

Although it has not been possible in this study to demonstrate any clear relationships between SILL, MBTI and proficiency, other studies have sometimes found that successful language learners are more likely to use certain learning strategies (McDonough, 1986; Skehan, 199; Harris & Grenfell, 2004; Li Qin, 2006). The results of this study show that

the Hong Kong undergraduates surveyed are in the medium range of strategy usage, according to Oxford (1995). This is also similar to other studies using Chinese subjects (Klassen, 1994; Yang, 1994). The rank order of SILL means is similar to that of the Brenner (1999) study in Hong Kong (which also used Chinese undergraduates) and to the ranking found by Goh & Foong (1997) with Chinese students in Singapore. The reasons why there might be this consistency in strategy use amongst Chinese students is certainly worth further investigation in future research on this issue.

### 6.1 MBTI in Chinese Contexts

The results presented in this study only offer a very small sample of MBTI personality preferences in Chinese contexts. Indeed, studies using MBTI in Chinese cultures generally have so far been small in number. Those that are available are referred to below to enable comparison with the current study. Huang & Huang (1992) assessed university students (n=280), Yao (1993) looked at school administrators (n=293) and Broer & McCarly (1999) management students (n=119). More recently Li & Qin (2003) assessed non-English sophomores in two Chinese universities (n=187). All four studies found that a large percentage of Chinese subjects preferred Sensing. This result is replicated in this study for Hong Kong Chinese students. Sensing may be preferred because it relates to the strategy of memorizing facts and details (a strength of sensing). These are required for success in school exams and university entrance and are seen by some as a dominant feature of education in Chinese contexts (Watkins & Biggs, 1996). Information gathered through the senses therefore, is likely to predominate rather than the use of imagination and intuition.

There was also a dominance of Introversion over Extroversion in all four studies and in the current study. Huang & Huang (1992) quote a variety of sources which indicate a Chinese predilection for Introversion. They suggest that Introversion was not only a trait of Chinese living in Taiwan (where their study took place), but also of Chinese living in other parts of the world.

Given that the total number of subjects in the studies being considered above is small (total n=991) and that there are vocational and educational biases in the samples, it would not be advisable to make generalizations about the Chinese population. However, it is interesting to note that there are very high percentages supporting both Introversion and Sensing. Further work needs to be done with larger samples to see if consistent patterns become evident.

## 7. Conclusion

This article has argued in support of clear relationships between personality, second language learning and strategy use and has presented a variety of research evidence supporting such a relationship. The data collected in Hong Kong however, has demonstrated the difficulty in providing direct, statistical evidence with small sample data collection. In terms of conceptual difficulties, regarding the terminology and definition of personality and learning strategies, more needs to be done to refine precisely what is being identified when these terms are used and more recognition given to the overlap in the skills, abilities and predispositions they denote. Research of this sort presents considerable problems in separating the many variables which influence successful language learning attainment. These variables may relate to self-concept and self-confidence (Clement, et al. 1994), gender (Tannen, 1991), and attitude and motivation (Dornyei, 2003). Clearly separating out these factors presents considerable difficulty in data collection and analysis. Future research requires larger samples and more comprehensive measures of personality and learners strategy use (perhaps using more than one of the standard multi-trait models assessments with same students), so that precise statistical evidence can be found that will shed light on the intuitive belief held by teachers and educators of the importance of these issues in learning.

## Appendix 1

### The Myers Briggs Type Indicator (MBTI)

A summary of the MBTI is given below. Costa & McCrae (1989) report on strong correlations between MBTI and the FFM – these are indicated below each preference description.

**Extroversion (E) –Introversion (I).** An Extrovert is said to receive energy from outside sources, whereas an Introvert is more concerned with the inner world of ideas and is more likely to be involved with solitary activities. This trait does not just describe whether a person is outgoing or shy, but considers whether a person prefers working alone or feels energized and at home working in a team. (Introversion and Extroversion are identical under FFM).

**Sensing (S) – Intuition (N).** A Sensing preference relies on gathering information through the five senses, attending to concrete, practical facts. Sensors are less likely to see the ‘bigger picture’ and more likely to follow a step by step approach. An Intuitive thinker is more likely to be drawn by abstract possibilities, meanings and relationships and will be drawn by the innovative and theoretical. (FFM terminology describes Sensing as Closed and Intuition as Open)

**Thinking (T)- Feeling (F).** A Thinking person is more likely to prefer decisions made in an impersonal, logical, objective manner. A Feeling person will make decisions based more on personal values, relationships and the feelings of others. Women are more likely to be Feelers. (FFM terminology describes Feeling as Agreeable and Thinking as not prioritizing Agreeableness )

**Judging (J) – Perceiving (P).** This personality preference describes how a person deals with the outside world. The Judger is more likely to look for a planned and controlled life, seeking closure, preferring planning and regulation. The Perceiver deals with the outside world through sensing or intuition, but prefers spontaneity, flexibility, freedom and autonomy and ‘playing it by ear’. (FFM terminology describes Judging as high Conscientiousness, and Perceiving as Low Conscientiousness)

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Table 1. MBTI results (combined traits)

<u>ISTJ</u>	<u>ISFJ</u>	<u>INFJ</u>	<u>INTJ</u>
N=14	N=12	N=0	N=3
<u>ISTP</u>	<u>ISFP</u>	<u>INFP</u>	<u>INTP</u>
N=6	N=12	N=7	N=2
<u>ESTP</u>	<u>ESFP</u>	<u>ENFP</u>	<u>ENTP</u>
N=4	N=6	N=8	N=3
<u>ESTJ</u>	<u>ESFJ</u>	<u>ENFJ</u>	<u>ENTJ</u>
N=7	N=4	N=8	N=4

Table 2. MBTI (individual traits)

E 44%	S 65%
I 56%	N 35%
T 43%	J 52%
F 57%	P 48%

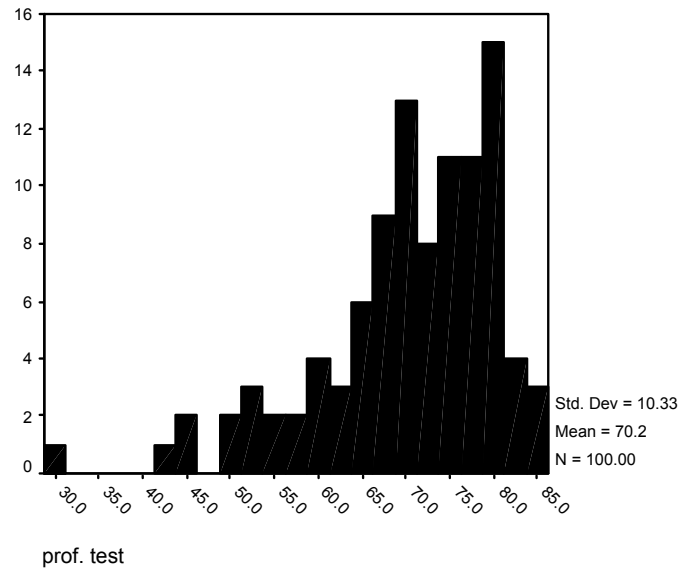


Table 3. Language Proficiency Test Results

Table 4. Ranked SILL Results:

	<u>Mean</u>	<u>SD</u>
Compensation	3.4	0.5
Metacognitive	3.3	0.5
Cognitive	3.3	0.6
Social	3.1	0.8
Affective	2.9	0.6
Memory	2.7	0.6

Table 5. MBTI and Proficiency

I(71.50)	E(68.90)p=.156
S(70.22)	N(70.65)p=.844
F(70.16)	T(70.64)p=.711
P (70.38)	J (70.37) p=.866

(Bracketed number is the proficiency score as a percentage)



## Evading Tactics of Psychological Contract Violations

Huiyuan Mao, Xin Liu & Hua Ge

Shenyang University, Shenyang 110044, China

### Abstract

Nowadays, the theory of psychological contract is the focus of human resources research at home and abroad. With the transformation of economic pattern and globalization of world economy, the psychological contract in employment relationship has changed extremely, even has been broken and to be perceived as psychological contract violations. The present article analyzed psychological contract and psychological contract violations, putted forward some evading tactics.

**Keywords:** Psychological contract, Psychological contract violations, Evading tactics

In 1980s, with the development of global economic integration and transformation of economic pattern, enterprises have to materially adjust their management tactic and operation pattern. After a series of innovations such as merger and acquisition, reshuffle, reduction of staff and expenditure, as well as new management methods, etc, the relation between employees and organizations has changed greatly. The employees' former mental balance is broken. In the past, if the employees could work hard and be loyal to their organization, with no doubt, they could permanently work for the organization and develop their career stably there. But now the job guarantee and career stabilization do not exist any more. Caused by the innovation in enterprises, it appeared some issues among employees, such as the playing-down employees' loyalty and satisfaction, the descending work performance, the increasing dissatisfactory and hostile behavior, the rising brain drain rate, and so on. All these problems restrict the development of enterprises. The weight of economic contract in enterprise is descending here, but the weight of psychological contract is going up. The study on psychological contract is widely paid attention to by scholars and enterprises, meanwhile it also has become a hot topic in management field domestically and overseas at present. With the transformation of economic pattern and globalization of world economy, the psychological contract in employment relationship has changed extremely, even has been broken and to be perceived as psychological contract violations. The present article analyzed psychological contract and psychological contract violations, putted forward some evading tactics.

### 1. History Root and Development of Psychological Contract

Argyris was the first person who used the term of psychological contract to depict the interactive relation between the employees and their foremen in 1960s. In 1962, Levinson deemed the psychological contract as an unwritten contract and a summation of expectations from organization and employees. Psychological contract here emphasized on the inherent, recessive, never expressive expectations, which existed before forming the relation of employers and employees. Of the expectations, some were specific, and some were inexplicit. In 1965, Schein defined Psychological Contract as "...in organizations, there exists a set of inexplicit expectations among each member, different supervisor as well as the others". And he also pointed out that psychological contract had two administrative levels. They were individual psychological contract and organization psychological contract. In 1973, Kotter considered that psychological contract was an inner agreement between individuals and organizations. It concretized the cost paid out by one side and redound received by the other side. In the late 1980s, the understanding about the concept deepened more. American scholar Rousseau believed that psychological contract was an understanding or a faith on employees' and employers' compulsoriness. On the basis of promises, trust and perception, psychological contract formed with the background of employment relationship. In 1994, Robinson, Kraatz and Rousseau pointed out again that psychological contract substantially was parties' subjective faith and a process constructed in practice, that is, "employees' promises, understanding and apperceive on exchange relation of external & internal contribution (effort, loyalty, etc) as well as organization inducement (reward, promotion, etc)". In 1997, Herriot and Pemberton thought psychological contract was a perception about various responsibilities that employers and employees should provide for one another in employment relation. This perception came from apperceive towards the formal agreement or kept in different expectations.

As has been said above, there is not a monolithic definition of psychological contract yet. But there is one point of common understanding, that is, psychological contract is a recessive contract for coordinating the relation between employees and organizations. It is the basis of harmonious employment relation. Based on the promises, the essential characteristic of this concept is the subjective apperceive for the obligation and compulsory of one another.

## 2. Characteristics of Psychological Contract

### 2.1 Subjectivity

The contents of psychological contract is employees' cognizance or subjective perceive in terms of their own obligation and organization's obligation, but not the obligation itself. Due to the employees' unique experiences and opinions on the relation between themselves and organization, psychological contract maybe differ from the economic contract as well as the understanding and explanation of the others or the third side (organization agent). Different employees identify and breach psychological contract in different ways. It presents subjectivity.

### 2.2 Dynamics

The formal economic contract is stable. With the variance of work notion, the growth of the organization, and the development of employees' needs, psychological contract is in a changing and emendatory state. Any changes on organization operation mode could influence the production of psychological contract. No matter the change is physical or social. The longer employees work in the organizations, the wider their psychological contract contains, the more latent content on expectations and responsibilities in the relation of employees and their organization has. (Baud·Machin, 2000)

### 2.3 Informality and Implicitness

In economic life, apart from the formal, open and dominant economic contract with obvious legal and regulative effects, there is another kind of important contract. It does not form by letters and written expression, but by various tacit and complicated agreements between employees and their organizations. Psychological contract has no definite promises as economic contract, but it influences people's economic behavior deeply.

### 2.4 Bi-directionality and Non-equivalence

Psychological contract is bidirectional. But the expectations and promises between employees and organizations in psychological contract do not correspond one by one. The confidence and loyalty that the employees have toward their enterprises can not be weighed. Organizations' promises and employees' expectations and contributions are also incapable to be corresponded.

### 2.5 Incentive Function

Schein (1980) has ever pointed out, "Psychological contract is powerful determinant of behavior in organizations, though it is with no clear written statement". If psychological contract was breached, employees would reappraise and reconstruct more contracts in organizations.

### 2.6 Adaptability

Psychological contract has no fixed pattern and uniform standard. Just as the fact that effective incentive methods and countermeasures could not take effect in any circumstances in organizations, content of psychological contract is adjusting and changing along with organizations' development in different periods and employees' extending apperceive on psychological contract. There is no unchangeable psychological contract.

## 3. Psychological Contract Violation

Modern society is characterized by diversification. The change, destruction and violation of psychological contract are unavoidable. If employees thought that they had fulfilled enterprises' demands but enterprises had not undertaken their responsibilities as employees expected, psychological contract violation would appear. Many research scholars find that employees usually do not consider what they get less than enterprises promise them as psychological contract violation. To illustrate the definition of psychological contract violation, Morrison and Robinson (1997) defined it as a subjective experience, that is to say, when enterprises met employees' psychological contract except one or several demands, employees would subjectively perceive psychological contract violation.

Western scholars have done some investigations on the extent of psychological contract violation. Robinson and Rousseau (1994) found that about 55 per cent of MBA students had experienced psychological contract violation in the first two years of their working life. Otherwise when psychological contract was destructed, employees might think over the exchange relation with enterprises, and the employment relationship might change. However, Turnley and Feldman (1999) discovered that only 25% of employees had experienced psychological contract violation. The difference was caused by different formation of psychological contract and measurement. Strictly speaking, most of employees has experienced psychological contract violation. In an investigation on over 800 administrators, Turnley (1996) found 81 per cent of respondents had thought enterprises did not meet at least one of what they promised them. Nevertheless, only 24 per cent of respondents believed what they got was less than what enterprises promised them. Examining the fulfillment extent of psychological contract mainly depends on measurement of psychological contract violation.

#### 4. Evading tactics of Psychological Contract Violation

##### 4.1 Evading "ideology misunderstanding", enterprises should construct human-oriented enterprise culture.

Enterprise culture is the microcosmic foundation formed by employees' collective psychological characteristics, mental outlook and administrative mode. In the process of development, enterprises' administrators usually only pay attention to the tangible economic contract, but ignore the intangible psychological contract. They even seldom consider employees' feeling and expectation. This necessarily will lead to employees' psychological contract violation and it will undoubtedly reduce enterprises' benefits. Enterprises should construct human-oriented enterprise culture, putting talents to full use and efficient use. They should effectively develop employees' ability and potentiality. In order to figure a powerful spiritual support for their employees, enterprises should also create an atmosphere and a spirit which are strenuous, enterprising, harmonious, equal and just. This will assuredly create a good environment and space for reaching and maintaining psychological contract. And it could arouse employees' enthusiasm for putting their shoulders to the wheel, and adhere to "promises" which has been accepted by enterprises and employees in the "contract". Accordingly it will form a harmonious employment relationship and realize the enterprises' strategic target.

##### 4.2 Evading "perception misunderstanding", enterprises should set up a good communication mechanism.

The psychological contract between enterprises and employees possesses dynamic character. It is continuously changing and modifying. If merely depending on perceptive promises to each other, the two sides will produce mutual dissatisfaction and inconsistent pace. Finally it will lead to psychological contract violation and break the steady employment relationship established between enterprises and employees. Only if the two parts set up an all-round dynamic communication and intercommunication channel can they understand demands and desires of each other. Enterprises should periodically and irregularly communicate with their employees, regard the growth of employees, assist employees to design their perfect future profession, and create opportunities for employees to exert their independent innovation consciousness and independent participation consciousness.

##### 4.3 Evading "growth misunderstanding", enterprises should build effective training and promotion mechanism.

Nowadays, in labor market supply exceeds demand. Under the circumstance, employees are in quite passive position. At this time, if employees perceive psychological contract violation and that enterprises are reluctant to or do not take any compensation measures, the effect of negative behavior caused by employees will be obvious, and even could affect the image and the benefit of enterprises. By providing with effective training, advanced study and promotion mechanism, enterprises can not only lessen employees' psychological contract violation, but also increase their satisfaction. The fact that enterprises give opportunities of training and advanced study to their employees means what employees have done is recognized or appreciated by enterprises. They have potentialities to be promoted. Promotion will bring some active changes such as work contents, management right, and salary. The most important is to enhance employees' sense of identity and belonging.

##### 4.4 Evading "obligation misunderstanding", enterprises should pay attention to promote employees' work satisfactions.

If employees thought that they had fulfilled enterprises' demands but enterprises had not undertaken their responsibilities as employees expected, psychological contract violation would appear. Thus enterprises must pay attention to promote employees' work satisfactions to lessen or eliminate the psychological contract violation. Employees' satisfactions are determined by how their demands have been met. When working in enterprises, employees usually have some demands. For instance, they hope that they could obtain suited reward, do a challenging job, win recognition, and opportunities of advanced study and promotion. They also want to work in a harmonious atmosphere and a comfortable environment, and expect a bright future.

##### 4.5 Evading "participation misunderstanding", enterprises and employees should strengthen mutual trust.

Trust is the core of psychological contract. It directly influences the behaviors of enterprises and employees. The employees' trust in enterprises plays an important role in subjective experiences of psychological contract violation. It affects employees' acknowledgement and explanation on psychological contract violation, as well as the resulted behaviors (Robinson, 1996). When employees perceive that enterprises destroy psychological contract, psychological contract violation will appear. Employees will spontaneously believe that enterprises' words and deeds are inconsistent. If they consider that their present work will not obtain affirmative return, their work motivation will decrease (Robinson, 1996). Enterprises should break employees' former executive or obedient role, and increase employees' participation. They should make employees know enterprises' goal very well, and give employees voice right in the process of decision-making and implement. And thereby enterprises could enhance employees' sense of achievement and pride. Enterprises should respect suggestions from employees and try to foster employees' identity sense. This may relieve employees' uncertainty on the future of enterprises. This may also form an open and straight-out atmosphere so that to buildup trust between enterprises and employees. The mutual trust is the important link of forming and maintaining a good psychological contract.

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Prince of Songkla University  
Pattani Campus



## Exchange Rates and Export Growth in Asian Economies

Saadiah Mohamad

Faculty of Business Management

Universiti Teknologi MARA, Shah Alam, Selangor, Malaysia

E-mail: saadiah228@uitm.edu.my

Hj. Kamaruzaman Jusoff (Corresponding author)

Yale University

CEO-Environmental Science Centre, 21 Sachem St

New Haven, CT 06511, USA

E-mail: jusoff.kamaruzaman@yale.edu

### Abstract

This paper discusses the impact of exchange rates on the export performance of selected Southeast Asian economies, namely, Indonesia, Malaysia, Singapore and Thailand. We construct an empirical model to account for the role of the real exchange rate and other economic fundamentals such as macroeconomic stability, terms of trade, capital goods investment, external demand and human capital. The study makes use of a *panel data* and estimates an export equation using a *fixed effect* model. The findings in this study strongly corroborate results from the theoretical framework that exchange rate misalignment and exchange rate variability have significant impacts on export performance. The study also finds evidence that the export growth path of these selected economies are dependent on global demand conditions, especially demand from OECD countries.

**Keywords:** Real exchange rates, Exchange rate misalignment, Panel data, Fixed effect model

### 1. Introduction

This paper analyses the impact of real exchange rate (RER) competitiveness and other economic fundamentals such as investment in capital goods, term of trade, human capital, and external demand on export performance in the selected Southeast Asian economies of Indonesia, Malaysia, Singapore and Thailand. A panel data is formed by combining the time series data of these four countries.

This work extends the work of Elbadawi (1998) and several others like Sekkat and Varoudakis (2000). It unifies two theoretical models of Rodrik (1994) and Paredes (1989). Rodrik's model, motivated by the export experiences of Taiwan and Korea explains rapid export growth as being driven by a sustained boom in capital investment. Paredes' model, influenced by the Latin American experiences predicts a significant role for RER competitiveness and RER stability in the determination of export supply.

### 2. Previous empirical research

There are several empirical models to examine the impact of exchange rate policies on exports of goods and services. Balassa (1990) studies the responsiveness of exports of goods and services to RER-related price incentives. This study was conducted for a panel of 16 Sub-Saharan African (SSA) countries. Sapir and Sekkat (1995) showed that the impact of RER, RER volatility and misalignment vary across different sectoral levels and exchange rate regimes.

Sekkat and Varoudakis (2000) extended the work of the above-mentioned studies by incorporating two more exchange rate policy indicators, namely RER volatility and RER misalignment. The study was conducted for selected SSA countries. The study postulated the following relationship between export volume and exchange rate variables:

$$\log(X_i) = \alpha_0 + \alpha_1 \log(MNF_i) + \alpha_2 \log(E_i) + \alpha_3 \log(V_i) + \alpha_4 \log(mis_i) + \varepsilon_i, \quad (1)$$

Where,

$X_i$  is the ratio of export of sector  $i$  over  $GDP$ ,  $MNF$  is the ratio of total manufactured value added to  $GDP$ ,  $E$  is the effective exchange rate (RER),  $V$  is the volatility of the RER,  $mis$  is a measure of misalignment and  $\varepsilon$  is the error term.



Paredes (1989) found no significant link between export supply and exchange rate uncertainty for Chile and Peru. Grobar (1993) conducted a study to assess the impact of exchange rate volatility on export for ten developing countries (Argentina, Brazil, Colombo, Greece, Malaysia, Mexico, Philippines, South Africa, Thailand and Yugoslavia). The study lent support to the hypothesis that exchange rate volatility negatively affects exports. The study however found that misalignment did not have a significant impact on exports for the ten countries.

Rodrik (1994) showed that the sustained export growth in Korea and Taiwan was not achieved due to currency depreciation. The upward trend in export and trade in these countries are attributed to the increased investment in capital goods, research & development and human capital development. These investments have enhanced the productivity and competitiveness of the goods and services produced in these two Asian 'tiger economies'.

Elbadawi (1998) conducted a study on more than sixty countries analyzing the role of real exchange rate in the non-traditional exports of Africa, and comparing it with the more successful non-African countries. Elbadawi's specification for the export demand function incorporated features from both Rodrik's and Paredes' models. Elbadawi's formulation of the export demand function is as follows:

$$\begin{aligned} \log(XNTY_t) = & \beta_0 + \beta_1 RERMIS_t + \beta_2 RERVAR_t + \beta_3 \log(MM_t) \\ & + \beta_4 \log(TOT_t) + \beta_5 TOTVAR_t + \beta_6 SCH_t + \beta_7 OECYB_t \\ & + \gamma_1 DSSA_t + \gamma_2 DEA_t + \gamma_3 DLAC_t + \varepsilon_t, \end{aligned} \quad (2)$$

Where,  $XNTY$  is the ratio of non-traditional exports to  $GDP$  (both in current dollars);  $RERMIS$  is the real exchange rate misalignment;  $RERVAR$  real exchange rate variability in logs;  $MM$  is imports of machinery over  $GDP$ ;  $TOTVAR$  is variability in the terms of trade;  $SCH$  is an index of schooling (the average of the primary and secondary enrolment ratios).  $OECYB$  is OECD countries' GDP per worker (in constant dollars); and  $DSSA$ ,  $DEA$  and  $DLAC$  are dummies for Sub-Saharan Africa, East Asia and Latin America (proxing for differing supply conditions), respectively.

Elbadawi's study indicated that RER misalignment, RER volatility, investments in machinery and schooling have significant impact on export performance. RER variability was found to have a negative impact on export performance.

The next section proposes a model similar to that presented in Elbadawi (1998) and Sekkat and Varoukadakis (1999) to assess the impact of exchange rate and human capital on the export path for the selected economies.

### 3. The model data

This study makes use of a *panel data* which is formed by *pooling* the time series, cross-section data of Indonesia, Malaysia, Singapore and Thailand. The use of panel data is believed to be appropriate here because of the limited number of observations for each country.

Panel data sets are typically wide but short i.e. with wide cross sectional units but short number of years as in the study of Elbadawi (1998). In this study however because the cross sectional units are only four- since we focus on only four countries, the panel data formed is not the typical wide and short panel. However, the advantage here is we reduce the large averaging effect that occurs in wide panel data sets. Thus, the estimation obtained in this study would better reflect the situation in these four countries.

There are three models that can be used for analysing panel data. The first model is to simply combine or pool all the time-series and cross section data and then estimate the underlying model using ordinary least squares (this is referred to as pooled least squares). The intercept is assumed to be common.

The second model involves the recognition that omitted variables may lead to changes in the cross section and time-series intercepts. This model is referred to as the *fixed-effects* model, which allow for intercepts to be different for the different cross-sections.

The third model allows for the variation in the cross-sections and also the periods. This method is called the *random-effects*. The method is essentially a variation of the generalized least squares estimation.

Consider the following model for the export function for the selected ASEAN economies:

$$y_{it} = \alpha_{it} + \beta' x_{it} + \varepsilon_{it}, \quad (3)$$

where,  $i$  ( $i=1, \dots, n$ ) is the cross-section units (countries) and  $t$  ( $t = 1, \dots, T$ ) is the periods. The dependent variable  $y$  measures the export function. The vector  $\beta$  is the parameter of interest. The residual is denoted as  $\varepsilon$  residual. The design matrix ( $x$ ) for the model is

$$x = [RER, RERMIS, RERVAR, \log(MM), \log(TOT), ILLITERATE, OECD]$$

$RER$  is the real exchange rates defined such that an increase in RER represents an appreciation (data from IMF International Financial Statistics, 2000).  $RERMIS$  is real exchange rate misalignment, obtained from subtracting ERER from RER and expressed as a percentage of ERER. (for theoretical and empirical work on the equilibrium exchange rate

ERER see Mohamad and Nair (2007). A positive figure represents an overvaluation. All RER, ERER, and RERVAR are expressed in logs, while RERMIS is expressed in percentages.

The equilibrium RER level (ERER) is also used to find out which of the ER variables most significantly affect exports. All RER, ERER, and RERVAR are expressed in logs, while RERMIS is expressed in percentages. This model extends Paredes' model by explicitly linking export supply to the actual level of RER, level of the equilibrium RER and to the degree of RER disequilibrium. These different measures of RER can also proxy ER policy and therefore the model can assess the impact of ER policies on export.

RERVAR is RER variability measured from the monthly standard deviation of the real effective exchange rates (data from IMF World Economic Outlook WEO 2000 database), This measure is used to proxy macroeconomic stability relevant for export performance.

MM is machinery imports as a percentage of GDP. TOT is terms of trade (data was obtained from IMF WEO 2000).

ILLITERATE is the illiteracy rate for adult (percentage of people 15 and above, data from World Bank, World Development Indicator WDI, 2000). This measure was used to replace schooling as the data is more complete. Illiteracy rate also proxies the initial stock of human capital in the different countries.

OECD is average GNP per capita of OECD countries in constant 1995 USD (the individual GNP per capita data for 23 OECD countries were obtained from World Bank WDI 2000) and is used to control for the level of world demand.

As mentioned earlier, there are three possible models that can be derived from the (3). They are the pooled, fixed and random models. The pooled model assumes the intercepts for the countries are identical, that is,

$$\alpha_{it} = \alpha$$

The difficulty with pooled least squares is its assumption of constant intercept and slope are unreasonable.

The fixed effects for the model in (3) is estimated to allow for different intercepts for different cross-section units, thus:

$$\alpha_{it} = \alpha_i, \text{ where } E(\alpha_i \varepsilon_{it}) \neq 0$$

The random effects model on the other hand treats intercepts as random variable across pool members so that:

$$\alpha_{it} = \alpha + u_i, \text{ where } E(u_i \varepsilon_{it}) = 0$$

For our problem we could not estimate random effects model as it requires the number of cross-sections to be greater than the number of regressors. In our case, the number of cross-sections (countries) is four, while the number of regressors in the model is seven.

In order to test which model is better between the pooled least squares regression model and the fixed effects model, we conduct the following F-test, where the null and the alternative hypothesis are as follows:

$$H_0 : \alpha_{it} = \alpha$$

$$H_A : \alpha_{it} = \alpha_i$$

The *F*-test statistic is given as follows (Greene 2000: 562):

$$F = \frac{(R_{fe}^2 - R_p^2)(nT - n - k)}{(1 - R_{fe}^2)(n - 1)} : F_{n-1, nT-n-k} \quad (4)$$

The test statistics in (4) follows an *F*-distribution with  $(n-1)$  and  $(nT-n-k)$  degrees of freedom.

The model in (3) was estimated using a sample of pooled cross section and time series data. Two different measures of exports were used as dependent variables, and these were estimated separately. These are total exports of goods and services (log X), total export of manufactured goods (logXmanf)

The model in (3) was first estimated using pooled least squares technique with assumption of a common intercept and then using fixed effects model that allow for different intercepts representing each country. The coefficients of all the regressors are assumed common across the cross section units (the four countries). The use of country dummies to obtain the different intercepts can capture to some extent the initial differences that exist among these countries. The fixed-effect model was estimated using the generalised least square (GLS) method.

#### 4. Results and discussion

Initial results of regressions show DW statistics having values close to zero, suggesting existence of autocorrelation. To correct for this an AR(1) term is introduced which significantly improves the model. We also estimated the models using the White Heteroskedasticity estimator (to correct for the existence of heteroskedasticity) and the generalized least squares method with cross sections weights. Regressions using RER were found not to be significant, and so the tables report regressions that exclude this variable.

Tables 1 and 2 report the results for the 2 export functions. Each table contains three fixed effects regressions. Equation 1 incorporates the full set of variables, while regression 2 excludes imports of machines (MM) and regression 3 excludes RERMIS. Equation 2 and 3 are designed indirectly to test Rodrik's conclusion that capital goods are important determinants for export growth.

The estimated regressions for the export functions appear to fit the data very well with more than 95% of the variation in exports explained by the model.

Generally, the parameters in the models have the expected signs and most are significant at 1% level. For Table 1, in equation 1 RERMIS is not significant but RERMIS becomes significant in equation 2, when the variable imported machinery (log MM) is excluded. The negative significant impact of RERMIS means that an overvaluation of the RER relative to its equilibrium level will tend to decrease exports, while an undervaluation will increase it. The magnitude however is rather small.

Unlike the findings in Elbadawi (1998), the variable ERER in our study was found to be highly significant in all regressions. This implies that not only does exchange rate misalignment matter, the position of the equilibrium rate also is important, with higher ERER leading to reduce amount of exports.

RER variability was found to be damaging to exports as revealed by the significant and negative coefficient of RERVAR. The magnitude however is much less compared to the damaging effect of an appreciating ERER but bigger than the effect of RERMIS. The results for the coefficient of imports of machinery (MM) are highly significant with the expected positive signs in all the regressions. The findings lend further support to the hypothesis that this factor is an important catalyst enhancing the export growth in these East Asian countries.

The estimated coefficients for ILLITERATE confirm the importance of human capital is an important factor for the export from these countries. A reduction in the illiteracy rate boost total export of goods and services produced in these countries.

For the OECD variable, only equation 2 show weak significance (at 10 %). the result lends some support to the importance of external demand in these countries.

Finally all country constants (intercepts) have positive values and are highly significant. The fixed effects values reported in the tables indicate that the fixed effects model with different country intercepts are more efficient than the model which assumes constant intercept. From the empirical results, Malaysia seems to have the highest initial advantages in the production of total export of goods and services compared to the other three countries.

## 5. Conclusion

This work has policy implications concerning the importance of various exchange rate measures that affect exports. The RER misalignment measure, RERMIS, is found to be negatively and significantly associated with export. This means that an undervaluation of RER can be used to promote export, while an overvaluation will tend to reduce export. However, the results also suggest that, variability may be a more important variable to consider than the level of misalignment. This finding can contribute towards a policy choice when policy makers are faced, for example, with the trade-off between stability of the exchange rates and the possibility of serious misalignment caused by pegging.

This study also gives strong support for the contribution of imported investment in capital towards export growth. The results for OECD countries average GNP per capita (OECD), terms of trade (TOT) and illiteracy rate ILLITERATE were mixed, but are generally consistent with predictions.

Empirical findings from this study not only corroborate the view that imports of investment in capital goods, basic capabilities, and perhaps some strategic interventions to resolve market failures are important for successful export-orientation; but also give evidence for the contributions of competitive and stable exchange rates.

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Table 1. Estimation of Equation 5 Using Dependent Variable Total Export of Goods and Services (log X)

Dependent Variable LOG(X)	Equation 1		Equation 2		Equation 3	
	Coeff	T-stat	Coeff	T-stat	Coeff	T-stat
RERMIS	-0.0011	-0.933	-0.0015***	-1.424	-	-
LOG(ERER)	-0.6349*	-3.545	-0.6465*	-3.249	-0.5366*	-3.939
LOG(RERVAR)	-0.0125***	-1.588	-0.0219*	-2.751	-0.0088	-1.243
LOG(TOT)	0.1749	1.127	0.3829*	3.141	0.1447	0.971
LOG(MM)	0.2699*	4.022	-	-	0.2849*	4.036
ILLITERATE	-0.1893**	-2.661	-0.2141*	-2.898	-0.2045*	-3.317
OECD	1.20E-5	0.738	5.25E-05*	2.446	1.15E-05	0.736
IND_C	5.8538*	2.557	2.0868***	0.967	5.6893*	2.608
MAL_C	7.3029*	5.184	3.6533*	2.286	7.0147*	5.339
SINGA_C	7.0734*	5.031	4.2069*	2.761	6.7198*	5.318
THAI_C	6.4092*	5.100	3.2586*	2.339	6.1123*	5.3973
AR(1)	0.9534*	100.34	0.9662*	203.193	0.9544*	114.17
R <sup>2</sup>	0.9994		0.9982		0.9995	
ADJUSTED R <sup>2</sup>	0.9994		0.9981		0.9994	
NO. OF OBSERVATIONS	80		111		80	
SAMPLE PERIOD	1976-1998		1970-1998		1976-19998	
FIXED EFFECTS	200.1817*					

Table 2. Estimation of Equation 5 Using Dependent Variable Export of Manufactured Goods (log Xmanf)

Dependent Variable LOG(Xmanf)	Equation 1		Equation 2		Equation 3	
	Coeff	T-stat	Coeff	T-stat	Coeff	T-stat
RERMIS	-0.0041*	-2.453	-0.0050*	-2.170	-	-
LOG(ERER)	-1.2439*	-4.672	-1.3955*	-4.338	-0.9774*	-3.654
LOG(RERVAR)	-0.0222*	-2.396	-0.0406*	-2.643	-0.0098	-1.138
LOG(TOT)	0.4632***	-1.613	0.0199	-0.072	-0.5477**	-2.089
LOG(MM)	0.5922*	8.812	-	-	0.6126*	8.240
ILLITERATE	-0.0376*	-1.665	-0.0696*	-2.167	-0.0592*	-2.498
OECD	2.9E-05***	2.954	6.6E-05**	2.376	1.40E-05	0.653
IND_C	11.7719*	8.625	8.4350*	5.306	11.8293*	8.435
MAL_C	12.3073*	8.848	9.956*	6.507	12.238*	8.578
SINGA_C	12.5010*	9.106	10.3020*	6.988	12.2399*	8.738
THAI_C	11.6662*	8.445	8.3747*	5.813	11.4172*	8.229
AR(1)	0.7*	5.673	0.7433*	6.718	0.6752*	7.310
R <sup>2</sup>	0.9995		0.9977		0.9994	
ADJUSTED R <sup>2</sup>	0.9994		0.9973		0.9993	
NO. OF OBSERVATIONS	70		70		70	
SAMPLE PERIOD	1980-1998		1980-1998		1980-1998	
FIXED EFFECTS	244.5770*					

**Notes for all tables**

RERMIS: Real Exchange Rate Misalignment =  $(RER-ERER)/ERER * 100$

ERER: Equilibrium Real Exchange Rate

RERVAR: Real Exchange Rate Variability

TOT: Terms of Trade measured in index

MM: Import of Machines

ILLITERATE: Illiteracy Rate (%) of adults 15 years and above.

OECD: Average OECD countries GNP per capita (in constant 1995 USD)

IND\_C, MAL\_C, SINGA\_C, THAI\_C are cross section (country) constants

AR(1) : Autoregressive variable of lag one.

FIXED EFFECTS give F statistics of the test of the non-existence of a fixed effects

\* , \*\* , \*\*\* significant at 1%, 5%, and 10% levels respectively

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## Thirty Years' Financial Support for Chinese Industry

### Reform of National Defense Science

Zhaozhen Fan

Institute of National Defense Economy and Management

Central University of Finance and Economics

Beijing 100081, China

E-mail: fanzhaozhen@163.com

#### Abstract

The year of 2008 is the 30th anniversary of Chinese reform and opening-up. In thirty years, the defense science industry of China has achieved great accomplishments, and the practice and experience of defense science industry reform deserve retrospection. Financial support is one of necessary conditions for the reform and development of national defense science industry. In this article, we will review 30 years' financial support of defense science industry from three stages including the probe and reform, i.e. the adjustment and transition, and the reform, i.e. the defense science industry in the new century, and the reform and the development, i.e. the road and objective of the advance, and put forward the future development direction of the defense science industry.

**Keywords:** Defense industry, Reform and development, Adjustment and transition, Financial support

Since the Third Plenary Session of the Eleventh Central Committee in 1978, the reform and development of national defense science industry have experienced thirty years' journey. In thirty years, through some difficult roads, the defense science industry has achieved great accomplishments and greatly strengthened the defense strength, science strength, comprehensive national strength and national cohesion of China. Through thirty years' history, every accomplishment acquired in the national defense science industry was related with the exact leads of Party Central Committee and State Council and the supports from various aspects.

#### 1. The probe and reform: the adjustment and transition

After the Third Plenary Session of the Eleventh Central Committee in 1978, the international environment of China became loose, and new cognition and judgment for the international environment came into being in the decision layer. So the new strategic directional idea of national defense construction, i.e. from the state of readiness to the construction in the peaceful term was put forward, and it established the base for the national defense science industry to comprehensively implement strategic transformation. To adapt the requirement of the social development, China established the national strategic objective focusing on the central task of economic construction. Obeying and serving for the national strategy, the national defense science industry should implement the development guideline combining army with civilian from single serving for national defense construction to serving for four modernizations. Especially in the transition process from the planned economy system to the socialism market economy system, the Central Military Commission put forward the guideline of "shortening the battle line, emphasizing the focus, stressing the creation of scientific research and accelerating the renewal", and reduced the production ability of the national defense science industry and centralized advantages to do scientific research well.

At the late of 1970s and the beginning of 1980s, according to gradually assuasive international situation, Deng Xiaoping put forward that the domestic works should be retransferred to economic construction, and the development of Chinese national defense science industry also entered into a new stage. In January of 1982, after Deng Xiaoping summarized development experiences of domestic and foreign national defense science industries, he put forward the guideline of "combining army and civilian, combining peace and war, giving priority to military products, letting the civilian support the army". The military industry was required not only to accomplish the stated scientific research and production task of weapon equipment, but also to develop scientific research and production of civilian product in full sail, and new breakthrough occurred in the cognition for the combination of army and civilian. In July of 1986, the adjustment of military industry corporation which combined the former Ministry of Nuclear Industry, Ministry of Aviation Industry of PRC, Ministry of Space Industry of PRC, and Ministry of Ordnance Industry of PRC to the army directly lead by the State Council created good conditions for conquering the abuse of separation between military and civil. What the military industry enterprises faced are not the highly concentrated system and relatively closed circumstance, but an opener system and a daedal exterior world. Since the reform and opening-up, especially the Third Plenary Session of the

Fourteenth Central Committee, the military industry corporation accelerated the course joining with national economy and the socialism market economic system, and made sizable changes about product mix, industrial structure, organization structure and the run mechanism of military products studying and producing. The military industry corporation of China has changed the single structure and made great achievements. The volume of trade for national defense science fruit increased more than 60 percent by degrees annually and created almost one million economic benefit and tremendous social benefit. It not only supported the construction of national economy, but also boosted up the national defense strength and comprehensive national strength of China.

According to the Marx's capital theory about "the first driving force" and "the continual driving force", finance and science are also the first driving force of economic development. The combination of finance and science released gigantic energy. Through the course of the variance of the financing system of China and the economic gain, we can see that each reform of the financing system dredged the channel which social saving turned into social investment, improved the capacity of social capital shaping, and effectively supported the economic growth from capital. In 1979, China has carried out the reform of economic system which taken "laying down right and yielding benefit" as the main line. This reform resulted in the crashing changes of the background of financing system of China and formed banks dominating corporation which fit with the changes. The finances funds style of the corporation financing structure has been replaced by the capital within national budget, bank loan, foreign capital utilizing, self-financing and other multiple styles, such as stocks, bonds, note and so on. The forming channel and mechanism of national defense funds are multiform, it is not limited the channel of the reallocation of national income and the planned mechanism. The primary allocation of national income was also the important channel of the national defense funds forming. The essential of this change is to transfer part rights of national defense investment to enterprises in order to fully exert the function of market mechanism and better enhance the benefit of national defense investment. Many aspects such as the continual development of Chinese economic system reform, the national investment to the military industry, universal strengthening of the viability for the military industry and the strong increase of the macro economy further enhance the reform endurance of the whole industry, and the national defense science industry strengthened the research and production for the weapon and equipment with high technology to further develop the research and production of the weapon equipment and the national defense science, which made the economic situation of the military industry straighten up.

## **2. The reform: the defense science industry in the new century**

In 1997, under the condition that China had actualized the first objective and the socialism market economy system frame had been established primarily, the 15th National Congress of CPC put forward taking Deng Xiaoping Theory as the guidance idea, establishing many important strategies such as invigorating the country through science, technology and education, the sustainable development, and strengthening the army through science and technology, taking the national defense science industry as the national strategic industry to promote the further development in the new century. In this stage, the military industry of China had comprehensively carried through the strategic idea that "national defense construction and economic construction are both important and they are coordinated to develop together", and entered into the new development phase which taken establishing the new system and new mechanism of national defense science industry to adapt the requirement of the socialism market economy system and the demand of equipment modernization construction as the objective. Since 1980s, to strengthen the centralized and uniform management, introduce the competition mechanism and actualize the separation of political power and enterprise, the management system of the military industry had been reformed. Through the adjustments, the industrial organization adjustment made important progress. The relationship of equipment order and organized production and the relationship of demand and supply were established between the military equipment use department managed by the Chief Ministry of Equipment and the research production department managed by the Technology and Industry for National Defense. According to the principle of "labor division, taking advantage, emphasizing particularly on different fields, and orderly competition" confirmed by the country, the Military industry Group adjusted and recomposed various military industry production enterprises to develop the national defense science industry together. According to the total deployment for the science research production ability adjustment of the national military products and the reforms of enterprise and scientific research academies, the military industry enterprises are implemented adjustment and recombination according to three types including "keeping important military enterprises, opening up and enlivening the economy, and closure and bankruptcy", and various research academies begun to implement adjustment and reform with different forms, and some academies entered into the corporate group to become the scientific development center, and some academies were transformed into scientific enterprises, and some academies were transformed into non-profitable institutions. The adjustment to the military industry enterprises would make some enterprises become the backbone enterprises, and make some enterprises implement closure and bankruptcy, and make some enterprises adopt various forms to open up and enliven the economy based on the total number of present enterprise. Accordingly, for the economic structure of national science industry, especially for the ownership structure, except that some backbone enterprises were continually solely funded by the state, other enterprises would realize the diversification of investment main bodies possibly. The military industry corporation should strive for the direction to establishing the modern enterprise institution and accomplish the goal that they could coordinate with national economy and enter into the



virtuous cycle. Since the 1920s, with the development of capital market, the financing styles of China's enterprises has been multiform. Many enterprises began to utilize the direct financing to get the fund what they needed, and the direct financing has become one of the principal styles by which the China's enterprises got the long-term fund which they needed. The financing system has changed from bank-dominated to modern market-dominated, and the multiform financing styles has been the main character of the marketable financing, and the rate of the securities financing raised constantly in the permanent assets of social permanent assets.

The securities financing was propitious to the property reform of military enterprises. China's military enterprises adopted the single state-owned property style chronically, which resulted in no distinction between the duties of the governments and that of the enterprises and the administration monopoly extremely. The securities financing could change the property structure of military enterprises, and create the favorable condition to eliminate the no distinction between the duties of the governments and that of the enterprises and the administration monopoly. Up to May of 2005, there has been 43 military enterprises which been listed in Hong Kong, especially up to 2006, every military group and military enterprises taken some measures, such as the joint stock system rebuilding, recombination and coming into the market, to accelerate the development of deep reform obviously. In 2007, there are 18 enterprises which applied for additional stock issue and 10 enterprises which applied for the first public coming into the market and the total of the planned raising fund has exceeded the sum of past years.

The reconstruction and marketing of military industry enterprises in 2007 had several obvious characters. First, the assets involved had large size and excellent quality and the quantity of raising fund was large. For example, the Shipbuilding Industry Corporation utilized the increasing issuance of Hudong Heavy Machinery Co., Ltd, the recombination of Wai Gao Qiao New Shipyard, Chengxi Shipyard and Mamao Shipyard to infuse net assets of about nine billion Yuan, and many IPO items such as China Shipbuilding Industry Corporation and China South Industries Motor respectively achieved seven billion Yuan and five billion Yuan. Second, the marketing assets gradually transformed from the former civilian products to the combination of the army and civilian and paying equal attention to the army and civilian. The raising funds were mainly used to enhance the research and development ability for the dual purpose products such as the dual purpose plane, the dual purpose engine, the dual purpose ship equipment, the dual purpose micro-motor, and the dual purpose socket connector, and when they enhanced the profitable ability of the listed companies, they also promoted the form of the positive interaction between the army and the civilian. Third, the capital was taken as the means to drive the primary formation of the professional recombination through the operation of the marketization. For example, the rocket industry was recombined into seven enterprises, and the spaceflight electric appliance was recombined into four civilian micro-motor enterprises, which changed the former administrative recombination mode of "the shotgun marriage". All above aspects indicated that the cognition that group corporation and military industry enterprises quickened the sharing reconstruction, recombination and marketing had been fully enhanced.

### **3. The reform and development: the road and objective of the advance**

The first aspect is to persist in the scientific development view and push the transformation and update of national defense science industry. The strategic core problem of high technology development for one country is the selection of development emphasis. Exact selection of development emphasize can fully utilize limited resources, manpower and financial force to promote the development in the most important domains. That requires the military industry construction must "strengthen the use and management of the outlay, really make scientific decision and comprehensive arrangement, calculate carefully and budget strictly, and guarantee for major sites" under the national macro-guidance, and establish the guidance idea to exert largest benefits for the construction of military industry. First, the advanced equipment manufacturing technology should been developed more quickly. Second, the high technology should be kept to reconstruct traditional national defense science industry. Third, the proportion of national defense scientific research outlay and the weapon stock outlay should be increased to greatly promote the structure adjustment of scientific research and production ability for military products.

The second aspect is to persist in the system innovation and ensure the transition and update of national defense science industry. At present, the system innovation has become into the essential requirement to deepen the reform. Therefore, first, according to the requirements of "economic adjustment, market supervision, social management and public service", the governmental function should be further transformed. For the development of national economy and society, the governmental functions of the macro-control advantage and the market mechanism should be exerted, and the enter and exit mechanism of national defense science industry should be established and perfected more quickly according to the principle of "extracting and condensing the main body of the military industry". Second, the investment and financing system of the military industry should be reformed. Combining with national investment and financing system reform, taking the diversification of investment body as the breakthrough, we should fully promote the system reform of enterprise property right, optimize the recombination of assets, explore the effective implementation form of public military industry enterprises, establish modern military industry enterprise system, establish the micro-bodies of the military industry, and actualize the transformation from quasi-administration to real economy entity for the military industry enterprises. Third, the stock right financing market with multiple poles should be formed. There

are four approaches to push the sharing reform of the military industry enterprise. The first approach is to take the system innovation as the guidance. We should actively encourage and lead enterprises to finance through the issuance of stock, and gradually break the limits of department, industry, army and civilian, and ownership, and reform and optimize the property right structure of the military industry through the ligament of the capital market. According to the actual situation of China, except for few enterprises about national strategic security and core secret, other military industry enterprises can adjust and optimize the property right structure, implement sharing reform through many approaches such as standardizing market, sharing each other, merger and purchase to make most military industry enterprises finance in the capital market, and the assets of reorganization and marketing for the military industry enterprises are not only limited in civilian products after the separation of main and assistant and the separation and military product and civilian product, but encourage the assets and operation combined army and civilian to enter into the capital market, and encourage the total marketing, and enhance the profitable ability and solve the problem that the military assets are in the system "solitary island" for a long term. We should really actualize that the military industry enterprises become into the market competition main body with clear property right, definite responsibility and scientific management. The second approach is the form of innovation reorganization. According as the influencing degrees of enterprise to national security, the reorganization should be implemented through four types including wholly stated fund, stated absolute controlling share, stated relative controlling share and stated sharing. Except that the wholly stated funded enterprises implement the reorganization of the corporation system, other military industry enterprises should implement sharing reorganization. And through the sharing reorganization, the military industry economy gradually develops to the mixed ownership economy which gives priority to the public ownership and many economic forms develop together, and we should actualize the transformation from quasi-administrative type to the real economic entity for the military industry enterprises. The third approach is to encourage the private economy to participate. We should actively encourage and attract multiple economic components to participate in the national defense construction in order to promote the diversification of investment main body and fully exert the functions of various resources in the whole society, push the quick development of the integration system of army and civilian and establish the big national defense. The fourth approach is to implement effective supervision. Because the reorganization of military industry enterprise is relative to national security and it is different to the reorganization of common enterprises, we require the controlling stoker and actual controller of reorganized enterprises should timely and periodically report important items about military products to the Technology and Industry for National Defense, and the organized enterprises still should establish special articles in the constitution of the company to ensure the accomplishment of national task and the security of national secrete.

The third aspect is to persist in technical innovation and promote the transition and update of national defense science industry.

The fourth aspect is to persist in people-orientation and lead the transition and update of national defense science industry.

#### 4. Conclusions

For the development of future national defense science industry, Hu Jintao definitely put forward "adjusting and reforming the system of national defense science industry and the stock system of weapon equipment, and enhancing the independent innovation ability and quality benefit for the research of weapon equipment" in report of the 17th National Congress. Surrounding the core idea, the national defense science industry must develop and reform as a whole, and more emphasize strengthening the military industry group and push the mechanism innovation of the military industry system, and form a new national defense science industry system adapting the new situation, and push the system and mechanism to actualize the transition. The year of 2007 was the year that important change occurred in Chinese military industry policies, and China issued seven documents early or late, and actively push the step of the marketization reform of the national defense military industry, and three routes such as the sharing reorganization, the introduction of private economy and the development of civilian products are basically confirmed. We believe future several years would be the period that the important reform occurs in Chinese national defense military industry which would meet the big reform time with sharing reorganization and assets securitization.

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## Theoretical Consideration on Designing the Index System for Evaluation on Good and Fast Development of Jiangsu's Economy and Society

Wenjun Chen, Yi Yang, Yu zhang, Shouyang Xu & Yehua Yue  
Nanjing Normal University, Nanjing 210036, China

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### Abstract

Evaluation on good and fast development of Jiangsu's economy and society is one of the most important problems in the research area of Jiangsu's sustainable development. This paper having researched the function of the indexes for evaluation on good and fast development of Jiangsu's economy and society, designs the integrated indexes and index system for evaluation on good and fast development of Jiangsu's economy and society, on the basis of the comparison and analysis on various evaluation indexes.

**Keywords:** Good and fast development of Jiangsu's economy and society, Index system, Design

Jiangsu has achieved great success in the process of developing economy and society, but never got rid of extensive growth mode that is high input, high consumption, high emission, disharmony, hard circulation and low efficiency. Such grim situation of resources requires people in Jiangsu to establish and carry out scientific concept of development when they design the town planning. People should give full consideration to environmental sustainability rather than only focus on the GDP growth, and firmly regard resource conservation and energy reduction as a rule, to propel the economic and social development of Jiangsu.

### 1. The indexes for evaluation on good and fast development of Jiangsu's economy and society and their functions

Indexes can generally be divided into two categories. One is descriptive indexes, and another is normative ones. The former mainly reflects the reality, such as resource or environment situation, while the latter is used to measure the gap between the real and reference situation, or compare the real with the reference situation.

The indexes for evaluation on good and fast development of Jiangsu's economy and society comprehensively show the information about the development of Jiangsu's society-economy-and-nature compound ecosystem in a concise way. Through this information, people can clearly understand the situation and process of good and fast development of Jiangsu's economy and society, exchange opinions with each other and take measures to solve problems in the purpose of making Jiangsu's economy and society not deviate from the track of good and fast development.

Jiangsu's society-economy-and-nature compound ecosystem is a rather complicated system. Therefore, it is difficult to evaluate the compound ecosystem by one or several indexes, as the evaluation process involves many aspects like ecology, environment, economy and society. Under this circumstance, the index system for evaluation is born. It follows the principle of sustainable development and shows the quality and level of the compound ecosystem development.

### 2. The integrated indexes and index system for evaluation on good and fast development of Jiangsu's economy and society

The index system for evaluation on good and fast development of Jiangsu's economy and society is an index collection which meets some principles, including purpose and scientific principles (the index system should reflex scientific connotation of sustainable development, and the index choice, index weight factor determination, data selection, calculation and synthesis should be based on the generally accepted science theory, statistics theory as well as the administration and decision theory. Besides, people should comprehensively consider such various aspects as population, resource, environment, economy, society and the coordination between them, making the index system not only meet the demand of sustainable development, but also avoid the overlap among the indexes), convenience and

feasibility principles (the indexes should have features that can be measured and compared, and their calculation method should not be too complex. Moreover, the data involved in the index system can be found or calculated in the Chinese statistics system, so it is easy for people to operate), independence and objectivity principles (the indexes should remain independent to keep the index system concise. Besides, the data for designing indexes should be based on the reality), completeness and importance principles (the index system is a whole to reflex the main feature of the compound ecosystem), simplicity and correlation principles (the indexes should be as simple as possible on the basis of completeness to make the index system easier for people to understand and use), character of level and comparability principles (the index system should have more reasonable and clear level and structure. In addition, the consistent access should be applied in the selection and calculation of the index data for the convenience of comparison with similar regions), acceptance and innovation principles (the indexes should be understood and accepted by majorities).

For the sake of convenience, according to the framework of the research system of the construction of good and fast development of Jiangsu's economy and society and the general research methods of science, ecology, economy and sociology, with the operational features of Jiangsu's society, economy and industrial parks, the index system can be divided into three subsystems, that is society index subsystems, economy index subsystems and nature index subsystems. Supposing  $n$  items index in this system, we consider they are made up of macroeconomics evaluation indexes and conservation-of-resource economy indexes. The conservation-of-resource economy indexes mainly consist output indexes, resource consumption indexes, comprehension utilization of resources indexes, reuse of renewable resources indexes and waste disposal reduction indexes. Among them, output indexes mainly refer to gross product produced by resources consumption, the ratio of which is the higher the better, because it means that the efficiency of resource utilization is high.

The indexes reflex "3R" principles in the recycling process of production from resource exploitation and utilization to waste emission. Waste disposal reduction indexes are used to describe the extent of the reduction of the ultimate emission of industrial solid waste and wastewater. The indexes help to reduce resource consumption and waste production from the source, aiming at reducing the ultimate emission of waste and alleviating the environmental pollution.

The indexes reflex the situation of the emission and disposal of main wastes in the process of consumption. Resource consumption indexes indicate the amount of resources consumed due to producing per product or GDP.

The indexes reflex the situation of the utilization of main energy and raw materials and the waste emission, showing the situation of recycling six traditional wastes. Resource productivity, recovery of resource, and the rate of circular utilization, adoption of clean production technology, ultimate disposal of wastes, environmental protection as well as the index for evaluation on the ecological detection system meet the demand of conservation and circular utilization of resources.

The indexes reflex the quality of resource and environment development, which mainly reveal the extent of transferring such wastes as industrial solid waste, industrial wastewater, municipal solid waste and agricultural straw to resources. The index of social resource utilization, the rate of green coverage, wastewater disposal, safe disposal of solid waste and the air quality rating belong to this kind of indexes.

All these indexes above are designed for the construction of good and fast development of Jiangsu's economy and society, which are comprehensive, concise and easy to be operated. What's more, when these indexes are applied in the regions with different features and functions in Jiangsu, people can added some other indexes according to their demands.

### 3. Closing remarks

Building good and fast development of Jiangsu's economy and society, and developing circular economy become the ideal goal of development and environmental administration. While many questions are raised, one of which is how to evaluate sustainable development. Good and fast development of Jiangsu's economy and society has much connection with every people and area. However, people with different backgrounds often have different understandings about it. Therefore, it is difficult and complex to design integrated evaluation indexes and an index system accepted by most people. Obviously it needs a long time, but it is badly needed in the practice. Consequently, people have to balance or compromise between scientific criteria and the demand of social and economic practice, in order to design and improve the index system for evaluation on good and fast development of Jiangsu's economy and society. The existing indexes still can't meet the demand of practice, though the research area of designing the index system for evaluation on good and fast development of Jiangsu's economy and society has achieved great success. So it will be an important research task in a quite long time of the future. The index system for evaluation on good and fast development of Jiangsu's economy and society should be based on the province situation of Jiangsu, reflecting whether the economy and society achieve coordinated development, resources are utilized efficiently and the problems appeared in the economic construction of Jiangsu. During the process of designing the index system, people should build and improve the

operational and monitoring mechanism of good and fast development of Jiangsu's economy and society, meanwhile making a good plan and balance of the process of good and fast development of Jiangsu's economy and society, to serve the implementation of the eleventh five year plan and the policies of Jiangsu's social and economic development.

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## Sanitising and Satanising Malaysia's Cityscapes: Cultural Power from Malay Decolonialism to Islamic Occidentalism and beyond

Kim-Hui Lim

Institute of Occidental Studies (IKON)  
Universiti Kebangsaan Malaysia (UKM)  
43600 UKM Bangi, Selangor, Malaysia  
E-mail: limkimhui@yahoo.com

Wai-Mun Har

Faculty of Accountancy and Management  
Universiti Tunku Abdul Rahman  
Bandar Sungai Long, 43000 Selangor, Malaysia  
E-mail: harwm@mail.utar.edu.my

### Abstract

When difference is seen as conflict, battle for cultural superiority emerged. Agenda of *Ketuanan Melayu-Islam* (Malay-Islam Supremacy) in Malaysia did not allow pluralism parity or even the existence of it but solitary cultural power. As the cities in Malaysia are the focal point of Western colonial's capitalism and potpourri of multiculturalism, they resemble the colonisation identities and pluralism, therefore the focus of de-colonisation and "cleansing" un-Islamic elements. The processes of cleansing un-Islamic elements in the city so as to transform colonial Occidental cities to Islamic cities involve sanitisation of Hinduism (and also Chinese) elements and satanisation of Occidental identities. Sanitisation can be categorised into few aspects, namely destroying temples or deities in places of worship, renaming streets or places names, imposing unfair Malay and Islam dominance, and controlling religion freedom. Meanwhile, Western elements are labeled as "Satan". Specific targeted satanic Western elements ingrained in the city are "money capitalism", "Western modernity" and "godlessness civilisation".

**Keywords:** Cultural power, Malaysia, Islamic Occidentalism, Malay decolonialism, Sanitisation, Satanisation

### 1. Introduction

In contemporary globalisation era, physical colonisation may have been history but identity colonisation is a new concern. Discourses regarding identity colonisation like "Westernisation", "Americanisation" and "Western hegemony" are ample, be it in Western countries or the Eastern world. Western physical colonisation is the results of Mercantilist School of Thought that flourished from 1500 to 1776 and gave greater emphasis on trade and capitalism interest. This thought, couple with the successful navigation around the world by Ferdinand Magellan between 1519 and 1521 established early connections of the West with the entire world. As a result, confrontation of cultures emerged, in which the Western colonial masters triumph over the helpless indigenous colonies. The colonies were ruled and shaped by the Western masters' systems, culture and ideologies. The effects can be seen until today, years after de-colonisation. The city, as the focal point of Western colonial's capitalism, is therefore the best site to resemble the colonisation identities. For the same reason, the city is also the focus of de-colonisation of Western's identities imperialism. Independent nation-states are eager to "clean" their city of any foreign influences, to be replaced with indigenous identities that stamped their cultural power. Cities with Western's influences including planning, architecture and city's name that relates to Western colonisation, cultural and religion identities are branded as "Occidental city", a term popularised by Ian Buruma and Avishai Margalit in their book, *Occidentalism: The West in the Eyes of Its Enemies* (2004; published by The Penguin Press). They defined "Occidentalism" as "the dehumanizing picture of the West painted by its enemies" (2004: 5) and occidental city is one of the elements of Occidentalism.

*USA Today* (October 26, 2006) reported the phenomena of India changing their cities' name to some more localised flavors. "Bangalore" is to be changed to "Bengaluru", the city's name in Kannada, the local language. Other cities that have changed their name include "Bombay" to "Mumbai" in 1995, "Madras" to "Chennai" in 1996, "Calcutta" to "Kolkata" in 2001 and various smaller cities. Tejaswini Niranjana, director of the Center for the Study of Culture and Society in Bangalore claimed that changing city's name in India is part of a general trend in post-independence India (Note 1). In Malaysia, similar trend can be observed, for examples "Port Swettenham" was changed to "Port Klang", "Teluk Anson" to "Teluk Intan", "Victoria Town" to "Labuan" and "Jesselton" to "Kota Kinabalu". Both "Swettenham" and "Anson" are the name of British officers governing the respective cities.

The sentiments to imposed cultural power against Occidental city are also embedded with dire consequences. The attack on World Trade Center (WTC) twin towers in New York City on September 11, 2001 was the deadliest consequences happened thus far. The attack, dubbed "911 Tragedy" not only woke up the whole world, but also arouses the perception that the city itself is a potent cultural symbol. In that case, New York City is connected to the idea of the city of Babylon, the sinful "City of Man". Thus, we enter the debate of the "City of Man" that is built on human ego and material-based society that deem not Islamic versus the "City of God" that is built on moral and cultural-based civilisation. In the Malay World (including Malaysia), a "City of God" is synonymous with an "Islamic City", which in turn embeds the concept of "Malay City" because in the Malay archipelagos, especially in countries like Malaysia and Brunei, and also a large majority of Indonesians, Malays are also Muslims. Hence, a Malay city may also be synonymous with Islamic city and share common Islamic characteristics. In contrast, the "City of Man" is synonymous with colonial Occidental city that is based on non-Islamic elements like secular laws and flourished in un-Islamic capitalism.

Despite Islam is the national religion, Malaysia is a multicultural country. Its urbanisation ethos is shaped by the composite of Hinduism, Buddhism, Islam, Christianity religions, as well as Eastern and Western cultures. Multiculturalism is seen as un-Islamic, thus it needs cleansing. Furthermore, Farish A. Noor (2007b) warned that the most worrying things of all is the evident intolerance that has become so dangerously normalised in this country: The Youth Wing of UMNO (Note 2) have no worries about putting up banners warning others 'Not to try our patience'. Malaysians have been told not to keep dogs as pets, not to play music too loud, not to serve pork in public restaurants, not to dress provocatively, not to question or demand – by those whose comfort zone is inviolable and for whom the agenda of *Ketuanan Melayu-Islam* is sacrosanct. The processes of cleansing un-Islamic elements in the city so as to transform colonial Occidental cities that also embedded multiculturalism to Islamic cities involves sanitisation of Hinduism and Chinese elements and satanisation of Occidental and pluralism identities.

## 2. Sanitisation of the City from Hinduism and Buddhism Elements

Hundreds years of colonisation, especially by the British and the exposure of the wave of global modernisation have left cultural vestiges to Malaysian cities. Perhaps, the euphoria of golden jubilee Independence Day celebration has triggered the long embedded urge to sanitise un-Islamic elements, which were deemed as unwanted colonisation vestiges and forbidden cultural pluralism. In Malaysia, communities of different cultural, social and religion do mix in social aspects like in sports, education and even cultural activities and celebration. On one hand, Malays view this pluralism as "*muhibah* (Note 3) group" which promotes unity and harmony. On the other hand, pluralism is not encouraged and viewed as un-Islamic. The later view may result in mutually exclusive situation between Islam and non-Islam, hence battle for cultural power where non-Islamic elements, especially the Hinduism and Buddhism (Note 4), should be sanitised from Islam domain. Nevertheless, applying power to control mass media by the government through the ownership of media entities, rule and regulation (include publishing licensing), media censor and threat of Internal Security Act (which enable immediate detention without juridical process) appear to be successfully suppressed sanitisation cases from appearing on the major mass media. Reports, if any, in "official" mass media, like newspapers and television news could have been toned down. Therefore, sources from the Internet, particularly through blogs and personal websites, and foreign media reporting seemed to be the only exception. Sanitisation of the city from Hinduism and Buddhism elements can be categorised into few aspects, namely destroying temples or deities in places of worship, renaming streets or places names, imposing unfair Malay and Islam dominance, and controlling religion freedom.

An example of the first aspect of sanitisation, destroying temples of worship is on Amerdeep's blog. Amerdeep highlighted the temple cleansing in Malaysia and Pakistan mostly based on Sharanya Manivannan's (Note 5) open letter to Indian Prime Minister. According to Amerdeep (2006), Sharanya claimed Malaysian authorities have demolished a number of Hindu temples in different parts of the country, stating that they were built without a proper permit. However, local Hindus have complained that they had applied for permits, sometimes waiting as long as 30 years for a response. Sharanya further claimed that churches and other religious structures have also been demolished along the same lines and those demolitions are clearly part of an organised campaign in a country (Malaysia) that is growing increasingly intolerant of religious minorities. Besides, in May 2006, BBC News (2006) wrote on Islamisation issue in Malaysia, quoting Fong Po Kuan, a Member of Parliament from an opposition party claiming a creeping Islamicisation (sic) in

Malaysia society. She felt that such a move isn't appropriate because Malaysia is a multi-religious, multi-racial country. The BBC News's also reported a crowd of Muslims interrupting a meeting that called for defending the rights of religious minorities and stopping the demolishing of a 107-year-old Hindu temple. Three other cases were also highlighted by BBC News. One of them is the demolition of another 19<sup>th</sup>-century temple, located just few kilometers away from Kuala Lumpur, in April 2006. The other two precedents are the demolition of the Sky Kingdom's compound, where the cultists are put on trial and the leveling a newly completed church of an indigenous community near Skudai in Johor state, where the demolition was closely monitored by Islamic department officials (Note 6) and the police. Illegally built structures was the reason given by the Muslim-dominated authorities but BBC News explained that many such buildings are deemed to be illegal because those buildings pre-dated land records. In some cases, worshippers build them after local authorities reluctant to grant permission for temples and churches. In contrast, the issue of illegally built mosques rarely arises because many local governments are generous with both land and money for their construction (BBC News 2006). On 18 December 2006, P. Uthayakumar, a lawyer claimed to be representing the non-governmental organisation of Hindu Right Action Force (Hindraf) filed notice at the High Court based on Article 11 Federal Constitution to obtain court order to prevent all the respondents (state governments and local authorities) from destroying or giving instruction to destroy Hindu temples or breaking deities in any Hindu temples (Utusan Malaysia Online 2006) (Note 7).

Farish A. Noor (2006) highlighted the case of attempt to level the Sri Mariamman Muniswaran temple, located near Seremban town (in the state of Negeri Sembilan) for road expansion development reasons. Historical records indicate that the temple was between 110 to 130 years old. The Human Rights Commission (Suhakam) commissioner claimed that in between 2003 and 2006, Suhakam received 11 complaints pertaining to the demolition of places of worship – Hindu temples (6), Mosques (3), Church (1) and a Buddhist temple (Malaysiakini 2007). Hindraf chairperson P. Waytha Moorthy in a media statement however challenged the figures that only six Hindu temples and three mosques have been demolished by the authorities. According to him, it should be eighty six temples as of January 2006 and not only six as mentioned. With the mosques, he said, they "have been demolished but even so those mosques were relocated to suitable land with government funds" (Palaniappan 2007).

Besides temples, sanitisation processes are also targeted at pigs (Note 8) and dogs. Generally, rearing, consuming and even touching those animals are prohibited by Islam. In this case, two recent happenings worth mentioned. Firstly, in early September 2007, the Melaka state government ordered destruction of pig livestock in the state from 100,000 to 48,000 despite various protests. Official reasons given are the problems of environmental pollution and bad smell from the pig rearing farms. Yet, according to a blogger by the name "KTEMOC", unofficial "perceptions" included "the stench of pigs and their waste is utterly outrageous to Muslims", and "maybe the Malays are jealous about the Chinese economic capability". KTEMOC believed that if only the government could invest in the modern pig farming, the problems against pig farming would disappear. But aiding pig farmers with government grants and training in animal husbandry may be just too impossible for the UMNO-led government to do (KTEMOC 2007). Secondly, in mid September 2007, the Selayang (Note 9) Municipal Council (MPS) called off its controversial (stray) dog-catching competition that was launched on September 3, 2007. The competition offered prize money up to RM15,000. Animal rights organisations submitted a memorandum to MPS president on September 11. The memorandum was signed by Society for the Prevention of Cruelty to Animals (SPCA) chairman, Malaysian Animal Rights and Welfare Association president, Petpositive president, and Malaysian Association for Responsible Pet Ownership president. Prior to the cancellation of this competition, the Chief Minister of Selangor was quoted saying the state government has no objection to the competition but want the prize money to be reduced (*The Star*, 15 September 2007: N16).

The second aspect, replacing the name of roads or places is another common sanitisation process in Malaysia. For example, Zulkifli Abdul Rahman in December 2001 wrote to Utusan Malaysia newspaper expressing his disappointment regarding the change of a street name, *Jalan* (Note 10) *Koo Chong Kong* to *Jalan Tabung Haji* by the Ipoh City Council. Using the value of historical event and appreciation, he stressed that Koo Chong Kong was the most sought high rank police officer by the communist due to his ability, courage and successfulness in fighting against the communists in Sarawak before taking up the Chief Police post in Perak state with full commitment. Therefore, Zulkifli questioned the Ipoh City Council's knowledge (and insensitivity) on Koo Chong Kong background and his role in national security history and claimed that changing the mentioned street name could cause racial prejudice, as the Ipoh City Council's reason for that action is unknown (Zulkifli Abdul Rahman 2001). Another example of Islamisation of road names is seen in the state of Selangor. On June 2001, Utusan Malaysia Online (2001) reported that the state government exempted the annual advertisement tax on notice board that use *jawi* writing as an effort to enhance the prestige of *jawi* writing.

On unfairly imposing Malays and Islam dominance, the Hindu American Foundation's (HAF) claimed that minorities in Malaysia struggle to maintain and practice their religions. The right to religious freedom has been eroding. Ethnic Malays are required to be Muslims, as they are born into Islam and do not have the freedom to convert. The Hindu population faces increased discrimination and intimidation, including the destruction of their temples and places of



worship. The government continues to treat pre-independence era Hindu temples differently than mosques from the same era, and gives preference to mosques in the allocation of public funds and lands (Note 11). Several disturbing cases have come to light over Hindus not being allowed to be cremated after their death in accordance with Hindu custom, and instead being forced to have an Islamic burial despite family members insisting that the individual was a Hindu (HAF 2006). In another BBC write-up, their Islamic affairs analyst, Roger Hardy questioned the fairness of the twin guiding principles (goals) of Malaysia's modernisation. The first is giving Islam a new pre-eminence in public life, which meant stressing Muslim values and identity, building up Islamic institutions and forging new links with the wider Muslim world. Second, Malaysia "affirmative action" policies that begins in the 1970s, which gave the ethnic Malays privileged position in government, education and bureaucracy. Hence, Hardy (2005) added, "Where do these twin goals leave the Chinese, Indians and others who form the non-Muslim minority? Can a society based on these two principles also be genuinely democratic?" Besides Hardy, Farish A. Noor (2007a) also questioned, "Who, one might ask, is running Malaysia? Is it the office of the Prime Minister, the religious authorities or worse still, the increasing vocal and demanding hard-right conservative religious lobby?" Farish (2007a) cited the banning of books on Islam by authors like Karen Armstrong and the last minute called off of an international conference on Building Bridges between Muslim and Christians. Meanwhile, Dhume (2007) observed that Malaysia boasts of a robust commercial infrastructure, replete with the now-familiar symbols and markers of capital-driven modernity and development but yet at the same time, inter-religious relations in Malaysia have plummeted to an all-time low. Therefore, based on these situations, one might think that while European nations have developed when they went away from religion (the Church) ruled to capitalistic secularism, Malaysia may go the other way, backward from capitalistic secularism to religion domination in economic, social and political life.

Regarding control of religious freedom in Malaysia, Dhume (2007) cited three cases to be pondered. The first case involves Revathi Masoosai, a 29-year-old ethnic Indian woman born to Muslim parents but raised by a Hindu grandmother. In April 2007, Malaysian religious authorities forcibly separated Revathi from her Hindu husband and handed their 15-month-old daughter to Revathi's mother. Dhume highlighted that under Malaysian law, anyone who born to Muslim parents is automatically considered Muslim, and converting to another religion is illegal. No such injunction bars non-Muslims from embracing Islam. Since Muslims come under the purview of *sharia*, non-Muslims cannot seek redress from secular courts (for case on Islam religion). Noor Azam Shairi (2006) mentioned that Prime Minister of Malaysia, Abdullah Badawi giving order to four states, namely Federal Territories, Penang, Sabah and Sarawak to quickly take steps to use the power given by Article 11(4) Federal Constitution to legislate laws to control and block the spread of non-Islam religions among the Muslim. Also highlighted is that Article 11(4) clearly shows that the right of religion freedom under Article 11(1) is not absolute, thus implying that the "freedom" (in Malaysia) is still subjected to other factors including the Article 11(4). The second case mentioned by Dhume happened in year 2005 where Islamic authorities deemed that M. Moorthy, a celebrated mountaineer and a devoted Hindu, had secretly converted to Islam before his death. Over his wife's protests, Moorthy's body was taken from his family and given a Muslim burial. The third case cited is that Lina Joy, a computer saleswoman in her 40s, has spent nearly 10 years unsuccessfully seeking official recognition of her conversion from Islam to Christianity.

### 3. Satanisation of the City from the Western Elements

Both Malay and Islamic worldview did not go against City itself, but the Western elements and cultural pluralism ingrained in the city. Malays construct Western elements behind some phenomena in City that deem negative and un-Islamic, which include radically mixed cosmopolitan society, clubbing, gambling, computer gaming, alcoholic drinking, illegal racing, "one-night-stand" sex and loitering culture (popularly known as *lepak* in Malay language). Thus, Western elements are labeled as "Satan" while various measures were implemented to curb those Western satanic elements, including "moral policing" and purposeful community segregation with the intention to consecrate the satanic City of Man to become the holy City of God. In the eye of the Malays, "Satanisation" involves identifying "money capitalism", "modernity" and "godlessness civilisation" as "Satan". Money capitalism is contrasted with "holy capitalism" while modernity is seen as violating the "Islamic identity". Godlessness civilisation is condemned and compared against the "God-centric civilisation".

#### 3.1 Money capitalism as Satan

This paper refers "money capitalism" to the capitalism that thrives on the power of money. In the eye of the Malays, modern capitalism involves money capitalism and thus it is evil, while Islamic way of capitalism, which is based on the mandate of God, is considered "holy capitalism". The prime targets are power of money and capitalism system. In Occidental City, money is the most powerful object, not God. Commerce and everyday life activities are subjected to the power of money. Simply, with money in the city, everything can be bought. Therefore, the Malays see money as the devilish root of all sinful activities and moral degradation, thus it needs to be combated at all cost. Hence, sinful activities in the city are getting (overly) serious attention from the religion authorities in Malaysia. Farish A. Noor (2007a) highlighted that Malaysia's state-appointed religious authorities have begun to behave like a law unto

themselves, raiding the homes of Malaysians at night in the name of ‘moral policing’, splitting up Malaysian families in cases where the spouses are not of the same religion and taking children away from their parents. Meanwhile, Meo (2007) reported that every state in Malaysia has a religious department with Saudi-style moral enforcers that targeted unmarried (Muslim) couples sharing hotel rooms and couples sitting too close together on park benches.

Besides money, the Malays’ world is believed to be colonised by Western-engineered capitalism system that flourishes in secular platform. This colonisation process is accelerated through globalisation and the fall of competing economics system like socialist system. Perhaps due to strong urge for economic growth, cultural power suppression on this aspect is not wide-spread and limited to prohibition of selling liquor and gambling. Indeed, Mustafa Akyol (2006) claimed that the Koran “looks with favor upon commercial activity, confining itself to condemning fraudulent practices and requiring abstention from trade during certain religious festivals.” Observation on the city of Kota Bharu in the state of Kelantan reflects that view. Kota Bharu was declared as Islamic City on 1 October 2005 (Wikipedia 2007a). Thereafter, the selling of liquor and gambling are prohibited but other social and business activities that do not contradict with the Islamic norm are allowed. Even though government offices and many stores are closed on Fridays and Saturdays, the vibrant markets remain open except for Islamic prayer times. Kelantan also has commercial shopping destinations, for examples the Pasar Siti Khadijah (Kota Bharu Central Market), Kota Bharu Trade Center, KB Mall, Pelangi Mall and Kota Seri Mutiara. However, these shopping destinations are not as grandeur as those in Kuala Lumpur city.

### 3.2 Western Modernity as Satan

Modernity manifests itself physically and ideologically. Empire buildings, sexy attires and Western merchandises are physical representation of un-Islamic Occidental modernity, thus becomes the main physical targets for satanisation process. Empire building symbolism is reflected in skyscrapers or big majestic structures, but in wider context, it could also refer to modern infrastructures and architectures. A popular example of Islamic city in Malaysia is Putrajaya, the new administrative center for the federal government of Malaysia, replacing the Occidental city of Kuala Lumpur. Writing by Astora Jabat in the *Utusan Malaysia* newspaper highlighted the Islamic architecture characteristics of Putrajaya, which came from a combination of characteristics of Madinah city (Note 12), other Islamic city and the concept of heaven as spelt out in the Koran. The city is built with river flowing through it, reflecting the concept of heaven while the first building is a mosque (named Masjid Putra) is deemed similar to the way Prophet Muhammad build the Madinah city fourteen century ago. The surrounding environment of Masjid Putra is similar with Abu-Lughod’s description of Islamic city. There is a market that is claimed to be similar to those in West Asia cities. Astora Jabat also claimed that the other construction planning concepts in Putrajaya, including architecture philosophy and environment reflecting the (Islamic) cities in West Asia like Kaherah, Istanbul, Mrakesh and Isfahan (Astora Jabat 2003).

Sexy attire, the second representation of Occidental city, is ever a hot debate topic in Malaysia. The Malay social critic Za’ba, writing in 1936, identified the birth of the modern, the usage of the new word *moden* in Malay from the 1920s, as a sarcastic reaction to ‘Malay girl guides and brownies going about with exposed legs’ (Harper 1997: 510 – 511). Sexy attires deemed inappropriate and blamed for the satanic inclination behind sex crimes. Such attires are seen as Western, rarely pose problem in Occidental cities but not tolerable in Islamic cities. Therefore, revealing and tight fitting clothes (body hugging outfits, blouses that show navel, see-through blouses, miniskirts and tight pants) are prohibited by law to Muslim and non-Muslim women in Islamic cities such as Kota Bahru (Note 13) in the Kelantan state. Offenders of such acts will be fined five hundred Ringgit Malaysia. Kota Bahru Municipal Council spokesman, Mohammed Azman Daham was quoted claiming those outfits smears the reputation of Kota Bahru and affects its status as an Islamic City. He also cited justification for the ruling as response to “mounting complaints from the public” (International Herald Tribune 2006). Besides that, Muslim women are also bound by law to wear ankle-length dress and cover their hair and forehead. This modernity aspect of fashion wear is heavily criticised in PAS’s newspaper, *Harakah*. Some examples from the online version include blaming artist in sexy attires as the cause of moral breakdown. For example, Gwen Stefani, who held concert in Malaysia on 21<sup>st</sup> August 2007, is branded as “American sex symbol” due to her usually sexy dressing and concerts by artists such as her are associated with increasing sex related crimes (Nasruddin Hassan Tantawi 2007). Nevertheless, the satanisation of sexy attires is not totally championed by all Malaysian. Some Muslims and non-Muslims are against the use of Islamic laws to clean Occidental elements as they are concerned on the spread of such law throughout the country. The non-Muslims may see such Islamic law as impinging on their human right and freedom. Some Muslims are concerned that such laws may polarise Malaysian Muslim between those who believe Islam should regulate all societal life, and those who believe that practice of their religion should remain in as private matter (Note 14).

Western merchandises are satanised through the claim of culture colonisation. Western merchandises embedded in Occidental culture and un-Islamic are perceived to erode or pollute the purity of Malays culture. Perhaps Occidentalism may be an influential force for identifying fast food, mostly dominated by Western franchises, as one of the major factor for Malaysian obesity. Western merchandises are satanised by juxtaposing them with *halal* products. *Halal*, in a

narrower context is used to describe Moslem dietary laws, where it identifies items and methods permissible to eat or consume under Islamic law. Countering Western merchandizing, various *halal* products are introduced in Malaysian market, branded in either Malay or Islamic name and certified by religion authority. Indirectly, the Western merchandises are not *halal*, hence it is a sin for the Muslims to sell, consume or use them.

Besides the physical aspect of commodities, modernity is also seen as an idea, thus satanisation targets three main Occidental ideologies, which are individualism, democracy and plural society. At the Just World Conference in Kuala Lumpur, 6 December 1999, Dr. Mahathir Mohamad, then Prime Minister of Malaysia lamented the West. He criticised the West as a scarred landscape of drugs, single mothers, AIDS and incest. Western history is an experience of industrialisation that led to social evil, moral weakness and rampant individualism (Harper 1997: 509). Besides, a renown Malay poet, Baha Zain's critical tone on ideological imperialism can be found in his poem entitled *Dari Sarajevo ke jalan lain ke neraka* (From Sarajevo to other road to hell). He wrote: humanity is not a universal right anymore but the right of America, English, French and Russia (Baha Zain 1994: 39).

On individualism, this ideology is the results of economic liberalism and Western value system, which both are the characteristics of urban modernity. Economic liberalism increases competition or rivalry between individuals, thus enriching individualism thinking in the "survival of the fittest" environment. In contrast to Malay *kampung* lifestyle, cooperation is essential in agricultural activities like planting and harvesting while the *gotong-royong* (volunteer cooperation) spirit is strongly cherished in other communal activities like organizing a *kenduri* (Note 15) and cleaning the *kampung*. On democracy, the Malaysian government appears not to subscribe to "Western democracy", viewing it as evil effort to re-colonise the country. Mahathir Mohamad had accused the West of "ramming an arbitrary version of democracy" down Malaysian's throat (Thompson 2000: 664). Anti-Western value of democracy, free trade, human rights and globalisation are seen as anti satanic influences of United States of America and its Western partners. Therefore, the call for open politics, full freedom of speech and scrapping of the Internal Security Act that allowed immediate detention without trial are seen as evil intentions influenced by Western thought. Instead, a hybrid form of democracy is preferred, which this paper has coined as "developmentalism democracy". There may be other referential terms, for example, Thompson's (2000: 660) notion of "semi-democratic" or 'quasi-authoritarian', claiming Malaysian regime has obvious authoritarian features alongside formally democratic institutions. Democratic elements (such as free elections, limited rule of law, and the toleration of opposition parties) were undermined by authoritarian ones (such as open-ended security "laws" that allowed anyone who said to endanger national interests is to be arrested, intimidation of individual oppositionists, a cowed judiciary, and press censorship). However, developmentalism democracy is distinguished by its characteristic feature of focusing on economic development as the justification of imposing soft authoritarianism for the sake of economic growth and political stability. Hence, any form of democracy that may obstruct Malaysian economic development and political stability are seen as evil while any suppression of freedom for the sake of economic development deems as holy scarification.

Another satanic feature of Western modernity is a radically mixed plural society, which is deemed un-Islamic and the evil root to social problem like prostitution. Islamic religious groups and the PAS-led state government embarked on moral policing in the city as mentioned earlier. Sentiment against radically mixed society also resulted in the incident of Prime Minister Abdullah Ahmad Badawi's friendly greeting with Michelle Yeoh (Note 16) and "touching" her shoulder was criticised as being against the Islamic *fatwa* (Nasruddin Hassan Tantawi 2007). Another hot bed for criticism was targeted at the "Sure Heboh Carnival", an annual carnival organised by TV3, a leading television company in Malaysia. The Council of Muftis has declared it as *haram* (forbidden by Islam). The reasons cited are that both sexes who are not related (non-*muhrim*) could mix freely, exposing their *aurat* (including performers not wearing veil and scantily dressed) and neglecting prayers. Countering that antagonism and criticisms, the Sure Heboh Carnival was given a "religious touchup" that included a Jejak Rasul (tracing the Prophet) exhibition, live telecast of Kuliah program, recorded Hidayah program, motivation program, preparing prayer facilities and intermittent pauses for all entertainment programs during prayer times (Astora Jabat 2005). Thus, this supposing a city-style carnival has been fine tuned into a *perkampungan hadhari* (literally means moderate Islamic village) to appease the ultra religious-sensitive groups. Other outright direct solution for this radically mixed societal issue is by way of societal segregation, where activities between sexes or between Islam with non-Islam groups are segregated. In Malaysia, selling of non-*halal* products is isolated from mass public view. Therefore, wet market that sells non-*halal* items are displaced or has segregated entrance. Malays hardly dine at Chinese eateries, regardless that these eateries only sell vegetarian or other *halal* foods. Hotels in Malaysia are erasure of pork.

### 3.3 Godlessness civilisation as Satan

Western urbanisation is synonyms with godlessness civilisation. Administration, law and regulation are not religion based while daily activities in urban context are soulless. God and religion are relegated, secondary to secularism. In the Malay context, Ahmad Razali (1994: 17) in his poem entitled "A flower on fire," highlighted the decline of faith as: "indecent souls resurrect, without prophet, without god ... within independence iron-clad, dogmas, god doesn't exist

anymore in this yellow morning for faith has left and you who talk about harmony, bourgeoisie will fall into fire and burn my whole world.” In another of his poem entitled “Distant”, he wrote: “the mosque was left at the foot of the hill, the preacher is preaching about parliamentary sessions” (Ahmad Razali 1994: 21). Two elements distinguish these godlessness civilisation features. They are features of idolatory and soulless of city life.

The first element, idolisation is prohibited by Islam. This includes worshiping of deity (usually associated with Hinduism and Taoism in Malaysian context), paying respect to any statue or symbol and idolisation of human (usually popular artist). Talent search programs like the popular *Akademi Fantasia* and *Malaysian Idol* are seen as excess of idolisation on human. Ustaz (Note 17) Ahmad Awang, the Deputy President of PAS claimed that putting flowers at the National Monument by the Prime Minister, Abdullah Badawi and his Deputy during the *Hari Pahlawan* (Warrior Day) on 31 July 2007 was deemed Western’s secular practice and against Islamic religion ruling (*fatwa*). Putting flowers, giving respect by observing 20 seconds silence in front of the Monument was also deemed as praying to *berhala*, a Satanic practice, therefore un-Islamic (Azamin Amin 2007). They also support their claim by quoting the subsection 39(6) Islamic Laws Administration Enactment 1991 and the *Surah al Maidah* verse-90. PAS also placed controversial strict restrictions or outright bans on the traditional performance of syncretic Malay theatrical forms, such as *Wayang Kulit*, *Makyong*, *Dikir Barat*, and *Main Puteri*. New fangled versions without the traditional references to Hindu *dewa-dewi* and traditional Malay *hantu* (spirits or ghosts) are tolerated in certain cases. Aside from Quranic recitals, public performances by women are completely banned if men are present in the audience (Wikipedia 2007b). Besides, in conjunction with Malaysia golden jubilee independent celebration, godlessness patriotism is being criticised. For example, LanH (2007) (Note 18) claimed that everyone is not patriotic and live in vain except those who hold to the teaching of Allah. This implies that Malaysia’s Western-type civilisation stance is not worth celebrating unless god is placed at the center its development and urbanisation discourse.

#### 4. Conclusion

The Malays share some Occidentalism view regarding the West and cultural pluralism. Perhaps, the combination of the “911 Tragedy”, debates and issues of Malaysia as an Islamic state and the political battles between PAS and UMNO may have triggered this view. Subsequently, cultural power through Islamisation of the City resulted in sanitisation and satanisation of the un-Islamic Occidental cities in Malaysia. So, what lies ahead and beyond this nation-state of the so-called “Malaysia Truly Asia” in the future? The overzealousness of sanitizing the cityscape from the Hindu elements and the Satanizing of the West under the rubric of decolonialism are gearing towards a worrying stage that needs to be pondered so that the heritage can be preserved and the multiculturalism and plurality will remain as an asset and not a burden.

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## Notes

Note 1. India gained independence from Britain in 1947.

Note 2. United Malays National Organisation (UMNO) is the leading political party of the *Barisan Nasional* (National Front) coalition that rules Malaysia since its independence.

Note 3. *Muhibah* literally means goodwill or friendly feeling. In Malaysian context, it is commonly referred to friendly mixed society comprising of various ethnics, especially the Malay, Chinese and Indian.

Note 4. There are four major religions in Malaysia (particularly referred to Peninsular Malaysia), which are Islam, Christianity, Hinduism and Buddhism. In Malaysian context, almost all Malays are Muslim, thus, popular (mis)conception tend to equal Islam with Malay, Islamic practices with Malay culture, or Islamic city with Malay city.

Note 5. Sharanya Manivannan is an Indian citizen staying in Malaysia. She claimed in her returned comment to Amardeep that she does not have other citizenship or permanent resident ties but feel strongly about the issues of temple demolition in India and Malaysia, and issues regarding Indian Malaysians.

Note 6. One may wonder why demolition of illegal building needs to be monitored by Islamic department officials? What is their role in this situation?

Note 7. is the online version of a local newspaper, *Utusan Malaysia*.

Note 8. Pig in Malay language is called “babi” or “khinzir”. However, the former word is very sensitive to the Malay, thus “khinzir” is deemed to be a “more appropriate” replacement.

Note 9. Selayang is a district in the state of Selangor.

Note 10. Malay word of *Jalan* means “Road” in English while *Tabung Haji* means “Pilgrimage Fund”.

Note 11. These findings have lead to the HAF (2006) recommended that the United States, United Nations, the international community, and human rights groups should pressure the Malaysian government to protect Hindu temples from desecration and destruction. Hindu places of worship that existed prior to independence should be designated as temple property and title to the land should be handed to the respective temple trustees/committees as has been done for pre-independence era mosques.

Note 12. Madinah city is the first Islamic capital city, established by Prophet Muhammad.

Note 13. Kota Bahru is the capital city for the state of Kelantan.

Note 14. For example, referred to blog like [http://www.theswanker.com/macammacam/2006/12/kota\\_baru\\_no\\_mi.html](http://www.theswanker.com/macammacam/2006/12/kota_baru_no_mi.html).

Note 15. *Kenduri* means feast (usually religious and preceded by prayers).

Note 16. Michelle Yeoh is a Malaysian born international actress.

Note 17. *Ustaz* means religious teacher.

Note 18. “LanH” is most likely a pen name.



## Difficulties in Pressing Forward Advance Pricing Agreement (APA) in China

Xinkui Fan

Faculty of Finance and Taxation, ZhongNan University of Economics and Law, Wuhan 430071, China

E-mail: xkfan258@znufe.edu.cn

### Abstract

With the promulgation of the new Corporation Income Tax (CIT), the APA concept has been enacted into the tax laws. The detailed implementation rules to the CIT supports this APA framework and the proposed transfer pricing requirements to be released soon likely will exempt taxpayers with APAS from certain transfer pricing documentation requirements. But there are still some difficulties which hold back APA from pressing forward in China. This paper analyzes the difficulties and brings forward some measures to solve the difficulties.

**Keywords:** Advance Pricing Agreement, Critical Assumption, Tracing Management

### Background

Transfer pricing has been a significant concern for multinational companies in China. In recent years, the Chinese tax authorities have increasingly strengthened their transfer pricing enforcement efforts, as evidenced by more frequent transfer pricing audits and enquiries, and larger amounts of transfer pricing adjustments. A number of alternatives are potentially available for multinational companies to manage their transfer pricing risks and to deal with transfer pricing disputes with the Chinese tax authorities. These include the preparation and maintenance of transfer pricing documentation and defense files, defense or negotiation with the in-charge tax bureaus to settle transfer pricing audits, domestic appeals, competent authority assistance, and unilateral or bilateral / multilateral advance pricing agreements (APAS).

An APA provides the taxpayer with an opportunity to achieve certainty on its transfer pricing before controversies arise with one (in a unilateral APA) or more (in a bilateral or multilateral APA) tax authorities. An APA is also an alternative to the traditional dispute resolution process involving transfer pricing audits and tax audit defense. An APA may take the form of unilateral, bilateral or multilateral. A unilateral APA involves only agreement between the taxpayer and the Chinese tax authority. A bilateral or multilateral APA involves an APA between the taxpayer and the Chinese tax authorities that is concurred by a mutual agreement between China and one or more relevant foreign competent authorities. Managed properly, the APA can be an invaluable tool for taxpayers to manage their transfer pricing issues in China.

### 1. Implementation of advance pricing agreement in China

In China, an APA is an arrangement that determines in advance, an appropriate set of criteria to ascertain the transfer prices of specified related parties transactions over a fixed period of time. The concept of an APA was first introduced into the Chinese transfer pricing regulations in 1998. In 2004, the State Administration of taxation (SAT) issued detailed rules on the application, evaluation, examination, negotiation and conclusion of APAS. Under the Chinese APA rules, a taxpayer must first apply for and obtain approval from the tax authorities before it can submit an APA application. The term of an APA may range from two to four years starting from the year in which the application is submitted, and may be extended backward to cover the application year. Rollback to years prior to the application year, however, is not permitted under the current APA rules. So far, there have been more than 180 APAS concluded in China, most of which are unilateral. In addition to the new bilateral APA with Korea in November, 2007, China has concluded two other bilateral APAS with Japan and the US respectively. (Spencer Chong, 2008) Many APA applications are currently being processed, including a number of bilateral APA ones.

The implementation of the new Corporate Income Tax ("CIT") in 2008 Law is expected to result in wider use of the APA by taxpayers. The CIT Law contains a provision on APAS which enhances the legal status of APA. Therefore, the taxpayer may find it more attractive to use an APA due to the increased certainty resulting from this. (Mike Godfrey, 2007) On the other hand, under the CIT Law and its proposed detailed implementation rules, where a taxpayer intends to implement a cost sharing arrangement ("CSA") in China, the SAT may require the taxpayer to apply for an APA to cover the CSA, or to go through an APA type of application procedure in order for the CSA to be recognized by the

Chinese tax authorities. However, the wider use of the APA in China is restricted by some factors.

## 2. Difficulties in pressing forward the APA in China

SAT has asked all levels of state and local tax authorities to press forward APA, but the effect is not very obvious on account of some difficulties. They can be illustrated as follows.

### 2.1 High cost of obtaining an APA leads to a narrow application

#### 2.1.1 The process of APA negotiation is very complicated and springy

The six major phases in the APA process are: profiling conference; formal application; evaluation; negotiating and drafting; signing of the APA; and execution. Firstly, the taxpayer must evaluate their own situations and weigh the pros and cons before applying for the APA. To substantiate the APA case, taxpayers must adequately build up their business case, background, and commercial and economic analysis of the APA. Secondly, they submit the memorandum of pre-application including all methods of transfer pricing to the involved tax authority. Thirdly, checked and approved by the tax authority, taxpayers submit the application. The following procedures needs taxpayers and tax authorities to sit together to evaluate and negotiate; (During the course of negotiating the APA, taxpayers must ensure good communication with all levels of state and local tax authorities, taking a collaborative approach to quickly and accurately respond to and clarify any queries raised); then comes the signing. It needs huge manpower and material resources and financial resources.

The length of the process creates inefficiencies and substantially increases the cost of obtaining an APA. It presently takes approximately three to four years to resolve an APA case, so APA can not be applied in all cases. What's more, the APA can't be achieved sometimes. We can take America as an example. According to American APA procedure, every taxpayer signing an APA costs 20 thousand dollars. If the cap of operational fee is 4%, then the transaction amount between connected enterprises must be at least 5 billion dollars. Otherwise, the taxpayer will sustain losses from cost-efficiency perspective. For this reason, the American APA is mainly applied to the connected enterprises whose annual trading volumes are over 500 billion dollars. As for china, only large-sized multinational corporations have the desire and the ability to sign an APA.

#### 2.1.2 Short period of validity

Both the taxpayer and tax authority sign the APA in accordance with the economic environment at that moment and mutually acceptable critical assumptions. But the economic environment may change greatly within a short period (three years or so) or the assumptions will not be tenable any longer. Then it's difficult for APA to carry out. That means the APA is not available for the new economic environment. The both sides of the taxpayer and tax collectors need to renegotiate and APA needs to renewal. Renewal APA will take the same amount of time to complete as a new APA takes.

### 2.2 Only bilateral or multilateral APA can really achieve the goal of signing an APA

The goal of signing an APA is to resolve the potential double taxation disputes and solve the problems that occur during the investigation of transfer pricing. But only bilateral or multilateral APA can really achieve the goal. To minimize taxpayer and governmental uncertainty and administrative cost, bilateral or multilateral APAS generally are preferable to unilateral APAS when competent authority procedures are available with respect to the foreign country or countries involved. (Donald L. Korb, 2005) Because an unilateral APA can provide only a partial resolution of cross-border transfer pricing issues because, although it confirms the tax treatment in China, it does not determine how the issues are to be resolved in the other country involved. Consequently, it does not eliminate the risk of double taxation in relation to the transfer pricing issues it addresses.

As introduced above, most of the APAS in China are unilateral ones. Up to now, there are only three bilateral APAS. Only a few countries adopt APA in their transfer pricing tax systems, and bilateral APAS take a substantially longer time to process than unilateral APAS, so it is difficult to sign more bilateral APAS. The unilateral APA remains a valuable, important component of Chinese APA system.

### 2.3 Limitations in implementing and administering APA

#### 2.3.1 Great difficulties in figuring out critical assumptions and normal transaction price to get the ultimate profit ratio

In order to get the ultimate profit ratio of the taxpayer, critical assumptions which are accepted by both taxpayers and tax authorities must be figured out. These critical assumptions must be expressed in forms of objective business and economic standards. They can be expressed as a situation or results of taxpayers or an industry. In OECD's transfer pricing rules, there are seven critical assumptions which must be taken into consideration when signing an APA. They are: internal tax law and treaty clauses; custom duty, import limitation and rules made by government; taxpayers' economic situation, market share, market condition, ultimate sales price and sales amount; transaction risks for enterprises; exchange rate, interest rate and capital structure; categories of income and expenditure; enterprises'



organization form. It's difficult to decide which ones can be chosen to sign an APA among these factors.

On the other hand, during the evaluation period, it's difficult to figure out a uniform standard for methods of transfer pricing. The standard for the department in charge to evaluate the APA is also not easy to figure out, especially the transaction price in practice. If the principle of arm's length is still adopted in judging the connected enterprises' transactions, the APA will still have the fundamental defect of the traditional methodology which is used to adjust transfer pricing. What's more, because the quality of the goods, the produce and business time, the place and condition, environment of the normal transactions are different, the prices are different too; it is very hard to figure out a normal transaction price accepted by both taxpayers and different tax authorities.

All of these increase the difficulties for the APA to press forward in china, and make the pace of promoting APA very slowly.

### 2.3.2 Limitation in administering the APA

It is of great difficulty in administering APA system that APA is not sure to be effective. The efficiency of any system depends on its implementation and administration. As for the APA, tax authority must supervise and inspect the taxpayer in order to know if taxpayer obey the rules and keep the agreement after the sign of APA. Thus, it needs high levels of administrative methods and standards of the tax authority. Most of the countries in the world—especially those developing countries--can't meet these needs. In china, the administrative standards also need to improve greatly.

As to the establishment of organization and structure, the structure and the staff and their functions which administer the transfer pricing must be classified very clearly according to the international convention. (Yi Zhou, 2005) The tax officials who deal with transfer pricing and those who go in for APA fulfill their function separately. That means full-time tax officials are engaged in APA. Compared with the developed countries, there's no effective organization for tax administering on transfer pricing in china. Whatever in SAT, or in tax bureaus at basic level, fewer tax officials are engaged in tax administering on transfer pricing than those in developed countries. Let alone to disposing a rational separate distribution of tax staffs who deal with transfer pricing and APA. With the development of economy, mutual consulting and the bilateral APA negotiation will be on the rise. The limited structure and professional tax official will greatly hamper the promotion of APA in China. This problem will be more protruding in those developed regions where many foreign-funded enterprises lay their administrative organs.

On the other hand, a great number of professionals are needed to be competent at working on APA on account of the complexity and unknown risk during the whole process APA. For example, in America, a coordinative group consisting of professionals from different fields is responsible for examining and approving the APA. The members of the groups include: (1) A leader who is in charge of negotiating with the enterprises, coordinating the different governments, and make draft of APA; (2) Full-time legal adviser who resolves the legal issues during the negotiation;(3) Acting manager and program manage who check up the issues of transfer pricing; (4) Experts on economics who foresee the economic development and analyze the financial situation; (5) A specialist who is proficient in analyzing the clauses of common tax treaties. This shows that in order to ensure the science and authority of the analysis and expectation, the countries which press forward the APA earlier attach great importance to sharing out the work and help one another among the experts from different fields. But we Chinese do research on APA later than other countries. And the qualified professionals on taxation, accounting and negotiation are so rare in China now. So the dispose of involved structure and staff which deal with APA plays a vital role in pressing APA forward smoothly.

### 2.4 Information disclosure

As part of the APA process, the taxpayer must apply prior year's data and future year's projections, including projected tax impact, and economic analyses of the transactions to be covered the APA. Taxpayers are, in effect, laying their cards on the table. That's to say, they have voluntarily disclosed extensive (and sensitive) information about their operations and methods, to educate the SAT about their businesses. Once those data are given away, the taxpayers will suffer an irreparable loss. Although the tax authority has the responsibility to keep the information from giving away, the expansion of sphere of information disclosure increases the probability of being revealed especially when the APA isn't signed. In addition, the court also asks the taxpayers to disclose their sensitive information if there is a conflict between taxpayers and tax authorities. Thus, the risk that confidential and sensitive information might be given away will hamper taxpayers from signing a APA.

## 3. Countermoves and suggestions to overcome the difficulties

### 3.1 Simplify the procedure of APA.

First shorten the time period of signing an APA. By doing so, the flexibility and the successful rate of APA can be improved and the taxpayer's predictive revenue can be increased as well. At the same time, we can reduce the cost of obtaining an APA. Secondly, we should make up different procedure in accordance with different situations of different enterprises so that the labor and material resources can be deposited reasonably and then the working efficiency can be promoted.

### 3.2 Perfect the critical assumption

When the economic environment and the taxpayers' business activity changes greatly and the critical assumption doesn't change with that, the APA will be modified or even be concealed. Thus we must attach much importance to set up flexible critical assumption. Four aspects should be paid more attention to

#### 3.2.1 Make the assumptions objective as possible as we can

Condition permitting, we must make the assumptions objective as possible as we can in case dispute between the two parties happens in the future. In practice, we can adopt the approach of deducing progressively. First make a lap presume on the factors which exert great influences on profit rate, then deduce the profit rate progressively. If there are some important factors or not successive factors, multi-scheme assumptions can be adopted. For example, when we presume the profit rate of an enterprise, first we can forecast its sale income by the status of its products in the international markets, the market share of its products, and its purchase orders. On account of the changes of the assumption conditions, the sale income may be high, medium and low. Then we can forecast its fixed cost and variable cost of product. Put the forecast results together, we can deduce the lap of gross profit rate of the given year. (He Jun) An APA with this kind of critical assumptions is very flexible so as to avoid accidents when it is carried out

#### 3.2.2 The assumption must be distinguished from the applicable scope

The type of new products which the enterprise will produce must not be included in the applicable scope of APA, but belongs to the assumptions. In other words, when the professionals design the assumptions, they must take account of the new products.

#### 3.2.3 The assumption must be distinguished from the taxpayer's obligation

The obligations that taxpayers must fulfill should be prescribed in APA. If a taxpayer doesn't execute according to the requirement, he violates the regulations of the APA, then the involved tax authority can ask him to fulfill his obligations in accordance with APA or conceal the APA. But they are only the obligations which the taxpayer must fulfill according to the clause of APA. They are not the assumptions, so they mustn't be prescribed in assumptions. Generally speaking, the assumptions can be designed in two sides. One is macro side, including economic environment, legal environment, etc; the other is micro side, including enterprises' business situation, accounting methods and so on. When we design the assumption, we must take a comprehensive account of taxpayers' specific circumstances, given operating environment, operating strategy and the concerned transactions.

### 3.3 Tighten up the administration on APA

#### 3.3.1 Establish a simple and easy method of APA

In order to improve the management efficiency and successful rate of APA, we can adopt simple and easy method of APA at present and then transit to formal and normal APA. What matters is that this suit of simple and easy APA method must be scientific and reasonable determined by the nature of anti-tax avoidance. To establish a simple and easy method of APA, we should press forward the method of "tracing management" at first. Tracing management means that tax authorities should report the pricing strategies and business situations of those enterprises in the following years whose transfer pricing have been investigated and adjusted and supervise their behaviors. In order to let the enterprises keep the profit level, tax authorities should also present an interrogation over the enterprises' transfer pricing and the changes of enterprises' business situation regularly and on time. The local tax authorities in Shen Zhen city are the earliest tax authorities who have explored actively and carried out tracing management boldly. And then they attempted to adopt the advanced profit rate in tracing management which resulted in good efficiency. So now we should press forward it. But there is one thing we should pay attention to. Use the APA and the existed method for adjustment together. After adjusting the enterprises' transfer pricings which happened in the previous years, tax authorities must ask the enterprises to present their future development trend and market expectation and then decide the gross lap of profit rate for the following three years. On the basis of that, tax authorities and taxpayer can agree to sign a simplified APA. During the following three years, tax authorities must tighten up the tracing management in order to supervise the implement the APA.

#### 3.3.2 Establish a concentration management mode of APA

Under the concentration management mode, SAT organize a special group to manage the affairs of advance pricing agreement in all overall manners, and set up structures which are posted in a number of chosen cities. The main task of the special group includes negotiating and signing APA, coordinating, supervising and releasing reports. Negotiating and signing means checking the date of APA, negotiating with the tax payers and other tax authorities from different countries and then signing APAS. Coordination includes transmitting the tax information which is exchange mutually between the concerned countries, transmitting the domestic information of APA and connecting concerned information with the aid of tax collection bureaus on the local level as well. Supervising includes inspecting the implementation of APAS and traced managing the taxpayers' implementation of APAS together with the local authorities. Releasing

reports includes explaining the development of that year's APA and transmitting the new trend of APA abroad. SAT makes a unified management on all-China APA on the basis of grass rooted tax authorities' territorial management.

This mode has some advantages. First, it helps to carry out the APA policy throughout the country and avoid the tax loss when local governments pursue their local interest. Thus, the efficiency of APA administration can be improved. Secondly, at present, not many tax officials are competent at managing affairs of APA in China. Under such circumstances, we can make full and concentration use of professional labor source to ensure the successive of APA by establishing a concentration management mode of APA. Thirdly, it helps to push forward the bilateral or multilateral APA. Bilateral or multilateral APAS involve the tax interest of concerned countries where the connected transactions take place, so they are the agreements between nations in the first place. They involve international harmonization inevitably. Such kinds of issues can only be solved by consulting between the general tax authorities of different countries.

### 3.3.2 Add the responsibility of taxpayers' producing evidence

When tax authorities and taxpayers have different opinions on the foundation of transfer pricing adjustment and the adjustment amount, which will have the responsibility to produce evidence? In practice, our tax authorities gain little resources about the international corporations' business situation. What makes the things worse is that there is no regulation to force the taxpayers to present the concerned data. Thus, tax authorities have no sufficient accordance to negotiate and adjust. The signed APA is only the result of testing the psychologies and negotiating technique of both sides. Under such kind of APA tax authorities' resources can be saved, but the government's tax revenue can't be protected from being eroded. Neither can the tax authorities in china get the data of the taxpayer' business activities abroad nor can go abroad to make an on-the-spot investigation. What's more, there are some obstacles in information exchange between countries. Now it's necessary to let the taxpayer take the responsibility to produce evidence which helps tax authorities supervise taxpayer's trend. A clear regulation should be made in the implementation rules that taxpayers have the obligation to present their management information abroad. If they can't produce reverse evidence to tax authorities' handling opinion, they must carry out the tax authorities' resolution; if they don't present the relevant management information in accordance with the law, they will be punished legally. By doing this, we can strengthen the tax control on international corporations.

### 3.3.3 Add a procedure of resolving controversy

It is inevitable that the controversy happens between tax authorities and taxpayer when tax authorities carry out the APA. Now there is no regulation on the ways of resolving the controversy in implementation rule. Some enterprises are afraid that their own rights and benefits may not be protected when the controversy happens, and then have misgivings on applying APA. We must dispel their misgivings and make them apply APA actively. Then a procedure of resolving controversy must be added in implementation rules. When the two sides have different opinions on the regulations in the agreement, they must discuss with each other first; if they can't agree with each other, then they can resolve the problem by administrative and judicial pronounce. This additional regulation can not only be favorable to tax connection and administration normally and defend the tax law from being violated, but also be favorable to protect the taxpayers' benefits.

### 3.4 Respect the taxpayers' desire and protect their business secrets

APA must be gained on a voluntary basis of taxpayers. If a taxpayer doesn't apply for an APA, the tax authority mustn't force the enterprise to sign APA. And when an enterprise quit during the course of negotiation of the APA for some reasons, the tax authority must respect the enterprise's desire. Only by doing this can we guarantee an APA 'S reasonable rule and simplified procedure to sign.

On the other hand, tax authorities have the obligation to protect taxpayer's business secrets. In the *implementation rules*, both the tax authorities and taxpayers are required to protect all the information which is collected during the whole course of the APA. But what kind of legal responsibilities should the tax authorities hold when they violate the obligation and make loss to the taxpayers? It is not clearly regulated in *implementation rules*. Then it is necessary to specifically regulate the tax authorities' obligations to protect the taxpayers' business secrets which are explored to them in the five phases of the APA and regulate the legal responsibilities of tax authorities when they violate this obligation.

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