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The Commitments of Academic Staff and Career in Malaysian Universities

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Abstract

This article reports the study on career commitment of the academic staff of a local public university in Malaysia. The findings indicate that the academic staff of this university has higher level of career identity, low level of career resilient, and slightly high level of career planning. In addition, the results indicate that the respondents' organizational tenure and annual salary have significant impact on their career resilience commitment. Other demographic variables showed no significant differences on career identity, career resilience, and career planning of the respondents. Implications for management and recommendations for future studies are highlighted.

Keywords: Career commitment, Career identity, Career resilience, Career planning

1. Introduction

The commitment of employees to careers is of prime importance to all organizations. Persons committed to their careers will, presumably, perform better and this will lead to better overall performance of the organization. Many studies have examined and established the importance of career commitment (for example, Blau, 1985, 1988; Colarelli and Bishop, 1990; Carson and Bedeian, 1994; Aryee, Yue, and Chew, 1994; Arnold, 1990). However, many of these studies were conducted in Western countries, namely America (a individualist culture). As such it is not clear how commitment to career relates to individual's differences in terms of cultural background in this case Malaysia (a collectivist culture).

Most earlier works on the area of career commitment were characterized by unidimensional views of the construct. Career commitment is now widely recognized as multidimensional work attitudes (see Carson and Bedeian, 1994). Career commitment as multidimensional construct would give more specific rather than generalized information on the different components of that construct. This would in turn help researchers to have an even better understanding of the

variances in career commitment of employees in different cultural environments. Hence, the purposes of the present study are to examine the career commitment of the academic staff of the university and to assess the relative importance of demographic factors on components of career commitment of the academic staff of the university.

2. Culture and career commitment

Carson and Bedeian (1994) developed and validated a three-dimensional measure of affective career commitment. Following Blau (1985), they define “career” as having the same meaning as vocation, occupation, or profession, while “commitment” was defined as one’s motivation to work in a particular vocation (Hall, 1971). The measure which they labeled Career Commitment Measure (CCM) was developed with three underlying dimensions. First, career identity which deals with an emotional attachment to the vocation (Blau, 1985). Second, career planning which considers the energizing component of career commitment (London, 1985). Finally, career resilience which taps steadfastness in the face of adversity (Lydon and Zanna, 1990). Carson and Bedeian (1994) stress that one of the benefits of their three-dimensional definition of career commitment is that it makes it possible to examine theoretically relevant relations that might otherwise be masked and, therefore, makes it a more useful tool in conducting research on career commitment. For the past several years significant attention has been devoted to career commitment. This is not only due to the importance of careers to individuals, organizations, and society (Carson and Bedeian, 1994), but also due to changing employee loyalties (Castro, 1989), higher education levels (Burris, 1983), and increases in mergers, acquisitions, and layoffs (Bremner, Rebello, Schiller, and Weber, 1991) which resulted in individuals not being able to depend on a single organization to sustain an entire career (Nussbaum, 1991). To cope with such uncertainty, better educated employees have become increasingly committed to their own careers. As Colarelli and Bishop (1990, p.159) explain, “commitment to an internally defined career has become an important source of occupational meaning as organizations become more fluid and less able to guarantee employment security”. In addition, Mueller, Wallace, and Price (1992) consider that career commitment is becoming increasingly recognized as integral to the study of all aspects of employment relationship, which they broadly define to include everything that happens between initial entry and exit.

According to Noordin et al (2002), a country’s individualism-collectivism may be associated with different levels and types of career commitment. Hofstede (1984) has categorized Malaysia as having a collectivistic culture. In collectivistic cultures, the emphasis is on belonging to an in-group. In return for their loyalty, individuals are provided with protection and security by the in-group. In individualistic cultures, everybody is supposed to take care of himself/herself. The emphasis in individualistic culture is on individual initiative and achievement. Autonomy, variety, pleasure, and individual financial security are sought in the system. Career commitment involves self-generated goals and commitment to one’s own career, which may lead to employment in several organizations. Strong career commitment will be reflected by individuals deriving their sense of identity from their careers rather than from organization relationship, by their framing personal goals in terms of career development rather than advancement within particular organizations, and by their persistence in pursuing career goals in spite of obstacles and setbacks that are encountered. This is in contrast to the emphasis in collectivistic cultures on group goals and loyalty to the in-group, and suggests that employees in individualistic cultures will have higher levels of career identity, career resilience, and career planning commitment than individuals in collectivistic cultures. Noordin’s (2002) study on the effect of individualism-collectivism on career commitment indicates that Australian managers (individualist culture) have a significantly higher level of career resilience than their Malaysian counterparts. In addition, for the Malaysian respondents, organizational tenure, annual salary, and types of job have significant impact on their career resilience, career planning, and career identity commitment, whereas for the Australian respondents, the results showed that country of education, organizational tenure, and positional tenure have significant impact on the respondents’ levels of career identity and career planning commitment.

Evidence on the effects of demographic factors on career commitment is beginning to accumulate (Arnold, 1990). Individual characteristics (for example, age, religion, ethnic background), family characteristics (for example, marital status, number of children), and work characteristics (for example, organizational tenure, positional tenure, salary) may also contribute to the variance in the levels of career commitment of managers in different countries. Age and years of education are often cited as predictors for career commitment. Age is cited to affect career commitment because as people age, they become focused in career orientation and occupationally stable (Gottfredson, 1977), the more time and energy (and other resources) that one invested into a career, the greater the stake and the more commitment to a particular career, and as an individual ages and settles into a career, he/she tends to close off other career options because there is less time available to learn new skills and to develop the expertise that will bring commensurate financial rewards (Colarelli and Bishop, 1990). Years of education reflects socialization (Colarelli and Bishop, 1990), and therefore, are important in developing and sustaining career commitment because social experiences shape an individual’s career identity, goals, and values (Frese, 1982), and also keep one anchored to a career despite opportunities to become side-tracked.

Based on the discussion above, and to accomplish the objectives of this study, four research questions have been formulate: (1) What is the level of career identity commitment of the academic staff of the university? (2) What is the level of career resilient commitment of the academic staff of the university? (3) What are the career planning commitment of the academic staff of university? (4) Do the demographic variables have any significant differences on the three components of career commitment of the academic staff of the university?

3. The study

3.1 Subjects and data collection

All faculties, academic centers, and branch campuses of the university were invited to take part in the study. A total of ten faculties, one academic center, and ten branch campuses have consented to participate in this research project. The respondents were then chosen randomly by the participating faculties, center, and branch campuses.

Twenty sets of the questionnaires were mailed to the participating faculties, academic center, and branch campuses. A total of 360 questionnaires were distributed and 300 completed questionnaires were returned to the researchers. The final total sample size was 237 sets of completed and usable questionnaire. This gave a response rate to 79.06%.

The analysis of the demographic variables indicates that there are more female than male respondents. The majority of the respondents belong to the 31 – 44 years age group (53.2%) and also in the “Married” category. Seventy-four percent of the respondents have Master as their highest education level and majority of them (52.0%) were educated in western countries. The work demographic shows that the 50% of the respondents have worked for the university for more than 10 years and majority of them have worked for less than three organizations. Annual salary of the subjects is mostly in the “greater than RM54000” bracket.

The mail survey was administered in accordance with the principles and procedures advocated by Dillman (1977) and the administrative procedure recommended by Chan (1992).

3.2 Measurement

Career commitment was measured using the twelve-item scale developed by Carson and Bedeian (1994). The scale measures three components of career: career identity (three items), career resilience (four items) and career planning (three items). Carson and Bedeian report that the coefficient alpha reliabilities for the three dimensions ranged from 0.79 to 0.85. This measure used a 7-point disagree – agree scale. Pilot test of the questionnaire was conducted prior to the main study. The reliabilities (Cronbach’s Alpha) of the three components of career commitment (identity, resilience, and planning) in this study were .9177; .7008; and .8788 respectively.

3.3 Data analysis procedure

In seeking answers to the research questions, descriptive statistics, including means and standard deviations, of the constructs were computed. Internal consistency of the scales were tested by using the Cronbach’s alpha coefficient (Cronbach, 1951). To test the effect of demographic variables on the constructs used in the study, a series of two-tailed independent group t-tests and one-way between groups ANOVA with post-hoc comparison analyses were conducted.

4. Results and discussion

4.1 Cronbach’s Alpha (Internal Consistency Reliabilities)

Research shows that data reliability varies from country to country. This reduces the precision of estimation, which reduces the power of statistical test (Davis, Douglas, and Silk, 1981; Parameswaran and Yaprak, 1987; and Sekaran, 1983). Since the instruments were developed in the western countries, a pilot study was conducted prior to the main study to assess the internal consistency of all constructs used in this study.

All the measures showed acceptable levels of reliability (career identity = .92; career resilience = .70; and career planning = .89). Nunnally (1967) has argued that reliability estimates of .50 to .60 are sufficient for basic research.

4.2 Levels of career identity, career resilient, and career planning commitment

A 7-point Likert scale was used to measure the career identity, career resilient, and career planning commitment of the respondents. It appears that the respondents have higher level of career identity commitment (6.211) compared to both career resilient (3.773), and career planning commitment (5.426). In order to identify which of the statements in the career commitment instrument have the lowest means and individual means for each of the statements in the career identity, career resilient, and career planning commitment were conducted. Table 1 indicates that all the statements in the career identity commitment showed higher means ranging from 6.18 to 6.24

For the career resilient commitment measure, the respondents do not perceive that the costs associated with my line of work/career field sometimes seem too low (3.31). This is perhaps due to the high workload assigned and high expectations from the management of the university to the academic staff. The means for each of the statement in the

career resilient commitment measure range from 3.31 to 4.20 indicating that the respondents perception with regard to the statements are rather moderate.

(See Table 1. Means of Individual statements of the Measures)

The means for the career planning commitment measure range from 5.37 to 5.46. This indicates that the academic staff of the university perceive quite highly of the career planning commitment in the university. It appears that they have quite a good idea in terms of their career path in the university. Analysis of individual means on each of the statements in the three components of the career commitment measure will aid management in identifying the factors that may be of concern to them. This in turn can aid them in formulating new procedures, policies, etc. with regard to their employees' career commitment.

4.3 Analysis on the impact of demographic variables on career identity, career resilience, and career planning commitment

The impact of demographic variables on career identity, career resilient, and career planning commitment were analysed using Independent Groups T-test and One-Way between Groups ANOVA with Post-Hoc Comparison. To determine whether the perceived differences between means in relations to career identity, career resilient, and career planning commitment based on gender and country of education of the respondents were significant or not, two sets of t-test were conducted. There are no significant differences between career identity, career resilient, and career planning commitment in relation to gender and country of education. The findings also indicate that respondents' designations have no significant differences on all the three components of career commitment. It also appears that marital status has no significant differences on the career identity, career resilient, and career planning of the academic staff of the university. In addition, age, number of children, and level of education too, do not seem have any significant differences on the three component of career commitment of the respondents.

(See Table 2. One Way between Groups ANOVA with Post-Hoc Comparison^a (Organizational Tenure))

Blau (1985) reported that nurses who have been working as nurses longer and are not married are more career committed. Mannheim, Baruch, and Tal (1997) argue that gender is directly and negatively related to career planning, due to suggestions in the literature that women are somewhat less focused on advancement than men (Baruch, 1991; Mannheim, 1993), and therefore are less likely to plan their career. The results of their study confirmed that women in the sample planned their career less. They also argue that older people tend to plan their careers less. Cherniss (1991) reported that age was strongly correlated with career commitment, with older samples more committed than younger ones; marital status was significantly correlated with career commitment, with married professionals scoring higher career commitment than single and divorced professionals; and number of children was not correlated with career commitment. The present study does not appear to support any of these findings.

The high level of significance shown in Table 2 indicate that the respondents with more than 10 years of organisational tenure have a higher level of career resilience than those in the more than 2 -10 years group. This can perhaps be explained in terms of a career stage perspective. Most studies have used a three-stage model as being appropriate for managerial careers (for example, Morrow and McElroy, 1987; Hall and Nougaim, 1968). Morrow and McElroy (1987) categories organizational tenure and positional tenure of less than 2 years as the "establishment stage", 2-10 years as the "advancement stage", and more than 10 years as the "maintenance stage". The academic staff of the university appears to have a high level of career resilience commitment at the maintenance stage of their career. London (1985) refers to career resilience as the extent to which people resist career barriers or disruptions affecting their work. People who are high in career resilience see themselves as competent individuals able to control what happens to them. They get a sense of accomplishment from what they do. They are able to take risks and know when and how to co-operate with others and act independently. They are persistent in pursuing career goals. The dimensions of career resilience commitment - belief in oneself, need for achievement and willingness to take risks - appear to be consistent with an individualistic culture. Therefore, it comes as surprise that the respondents (since Malaysia is categorized by Hofstede (1980) as a collectivist culture) to have a higher level of career resilience commitment. But a study on individualism-collectivism conducted by Fauziah (1999) discovered that Malaysian managers (collectivist culture) appear to be significantly higher in vertical individualism than their counterparts in Australia (an individualist culture). Therefore, that would explain why the respondents in this study who are in the >10 years of organizational tenure appear to be significantly higher in their career resilient.

(See Table 3. One Way between Groups ANOVA with Post-Hoc Comparison^a (Salary))

There are no significant differences detected in positional tenure, number of organization worked, and place of work in relation to career identity, career resilient, and career planning commitment of the academic staff of the university. Post-Hoc comparison (Table 3) shows that the academic staff of the university with annual salary of more than \$53,000 perceived a higher level of career resilient commitment than those in the other categories of annual salary. The respondents may be committed to their career resilience due to met expectancy between their careers and remuneration.

They may experience a felt positive equity between remuneration and their inputs (time, ability, energy and expertise) in their careers and believe that they do not have to depend on the organization for their job security.

Several limitations exist in the present study which warrants review. First, the results of this study must be qualified in terms of the samples that were used. Extensive sampling was beyond the resources of this researcher. However, studies such as the present one may be valuable in establishing both the theory and the measures that may be useful for extensive testing with probability samples in survey research. Second, since only the academic staff of the university was used as samples in this study, this raises the issue of generalisability of findings. Therefore, more research is needed before firm generalisable implications for academic staff of institutions of higher learning can be drawn. Generalisability of the results of these analyses for employees in the non-academic position remains an open empirical question. Additional replication using a more careful comparison by types of employees and types of occupation would be useful. Finally, a possible limitation of the study is some method bias resulting from the use of a common instrument (questionnaire). However, this is unlikely to be a serious problem because Spector (1987) has shown that method bias is generally not a problem with well-developed instruments. The high alpha levels are evidence of the soundness of the instruments in the present study. Future research should combine the use of questionnaire method with observation and field experimentation. In addition, longitudinal investigation could be conducted to determine whether variable effects change over time and, if they do, whether they change differentially across organizations / countries. Since little research has been done in this area, the results of this study should be interpreted cautiously. The overall findings of this study are encouraging. However, by no means are the present results conclusive. Rather, interpretation and specification of the influence of demographic variables on career identity, resilience, and planning commitment that are empirically examined in the present study must be regarded as tentative. Although the present research examined the influence of demographic variables on career identity, resilience, and planning commitment from an Malaysian culture approach, the measures that were used in order to assess the constructs were developed by investigators from North America. It is possible that aspects of career identity, resilience, and planning commitment that are unique to the collectivistic culture (like Malaysia) were not included. Future research needs to employ measures that are developed in each of the cultures of concern. Then the measures will assess the constructs in the way that each particular culture conceptualizes them.

5. Conclusion

This study seeks to determine the levels of career identity, career resilience, and career planning of the academic staff of the university. The results reveal that the academic staff of the university appear to have highest level of career identity (6.211), high level of career planning (5.426), and moderate level of career resilience (3.773). London (1985) describes career identity as the extent to which people define themselves by their work. People who are high in career identity are involved in their jobs, their careers and their profession, and are likely to feel loyal to their employers. Career identity reflects the direction of career goals, whether a person wants to advance in the company, to be in position of leadership, to have high status, to make money, and to accomplish these goals as soon as possible. Career planning is closely related to career identity in that it describes one's developmental needs and setting career goals (London, 1985). It is possible that the academic staff of the university view both career identity and career planning commitment as being psychologically involved with an organisation and committed to maintaining membership so as to realize their own goals. In other words, career commitment is not as independent as the career identity and career planning dimensions, for this sample as the theory suggests. London (1985) refers to career resilience as the extent to which people resist career barriers or disruptions affecting their work. People who are high in career resilience see themselves as competent individuals able to control what happens to them. They get a sense of accomplishment from what they do. They are able to take risks and know when and how to co-operate with others and act independently. They are persistent in pursuing career goals. The dimensions of career resilience commitment - belief in oneself, need for achievement and willingness to take risks - appear to be consistent with an individualistic culture. Based on London's (1985) description of high career resilience, it may be deduced that the academic staff of the university are apparently risk-adverse, externals in nature, and do not fit in the dimension of career resilience commitment.

There were some significant findings on the influence of demographic variables on the study variables. These demographic variables appear to represent antecedent conditions of the components of career commitment. It should be noted that only two of the demographic variables appear to have different influences on the study variables for the academic staff of the university. These are organisational tenure and salary. It appears that those respondents with more than 10 years of organisational tenure have a significantly higher level of career resilience commitment than those in the 2 – 10 years group. In addition, those academic staff of the university who are in the greater than RM54,000 salary group seem to have a significantly higher level of career resilience than those in the lower salary groups.

The importance of demographic variables, as relating directly to the other study variables, indicate that such variables do serve, as Landy et al. (1984) maintain, as effective "surrogate" variables whose inclusion in explanatory models of work attitudes is advisable. This is especially useful in exploratory studies, where they suggest avenues for further research on the more basic psychological processes which they apparently represent. It is interesting to note that most of

the demographic variables have different influences on the study variables. Therefore, by including demographic variables in a study, more information can be gained on their influence on the components of career commitment.

Management needs to be aware that the commitment of employees to careers is of prime importance to all organizations. Persons committed to their careers will, presumably, perform better and this will lead to better overall performance of the organisation. Many studies have examined and established the importance of career commitment (for example, Michael, Dubinsky, Kotabe, and Chae, 1996; Aryee Yue, and Chew, 1994; Arnold, 1990). However, it is not clear how commitment to career relates to individual's differences in terms of cultural background. As such, the results of this study may be of some importance to management for a number of reasons. First, they may be of interest and assistance to management of multinational and international organizations who need to manage in global contexts and, therefore, need to understand cultural-driven differences in personal and interpersonal work-related conditions between and across nations. Understanding the components of career commitment can aid management in improving their employees career commitment which would lead to better employer-employee relationships. Second, the results suggest some different ways in which management may approach career identity, career resilience, and career planning commitment methods in different organizations / nations. Malaysians are categorized as having a collectivist culture, therefore the findings in this study may differ from those research findings in an individualist culture. Knowledge of this study's findings would provide valuable information for management in terms of enhancing their understanding in human behaviour in relation to career commitment.

Research examining patterns of academic staff's career commitment in the Asian countries is lacking. Further research examining potential similarities and differences in this regard would be quite fruitful. The significant amount of empirical research evidence and data on such studies in various Asian countries could warrant suitable systematic (meta-analytic) comparisons. If performed, these comparisons would provide valuable grounds for assessing similarities and differences in aspects of career commitment in different institutions of higher learning across different nations. These comparisons would also help in highlighting some methodological issues surrounding the multidimensional character of academic staff's career commitment in different contexts.

The results of this study raise several key issues that should be pursued in future research. First, it may be that employees' expectations of their career differ between collectivistic and individualistic cultures. These expectations may shape employees' affect toward their career. Future research that empirically demonstrates employee expectations of career and the relationship between these expectations and work attitudes in the two cultures is needed. In addition, awareness of similarities and differences should help management better understand and appreciate their international counterparts and, ideally, should lead to improved cross-national working relationships. Second, the results suggest some different ways in which managers may approach career identity, resilience, and planning commitment methods in different nations. Third, future research should look into the relationship of career commitment with other work behaviour such as organizational commitment, job satisfaction, turnover intention, etc. The findings of this future research would help us to better understand people at work and prepare management to face the challenges in the working world.

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Table 1. Means of Individual statements of the Measures

	Mean	Std. Deviation
CAREER IDENTITY		
1. My line of work/career field is an important part of who I am	6.24	.897
2. This line of work/career field has a great deal of personal meaning to me	6.23	.869
3. I strongly identify with my chosen line of work/career field	6.18	.898
CAREER RESILIENCE		
1. The costs associated with my line of work/career field sometimes seems too great*	3.31	1.556
2. Given the problems I encounter in this line of work/career field, I sometimes wonder if I get enough out of it*	3.54	1.572
3. Given the problems in this line of work/career field, I sometimes wonder if the personal burden is worth it*	4.20	1.701
4. The discomforts associated with my line of work/career field sometimes seems too great*	4.19	1.697
CAREER PLANNING		
1. I do not have a strategy for achieving my goals in this line of work/career field*	5.37	1.479
2. I do not identify specific goals for my development in this line of work/career field*	5.46	1.492
3. I do not often think about my personal development in this line of work/ career field*	5.42	1.560

- Reverse-scored item.

Table 2. One Way between Groups ANOVA with Post-Hoc Comparison^a (Organizational Tenure)

		Mean	Std. Dev.	F-ratio	F-probability
Career Identify	< 2 years	6.3492	.72630	.392	.676
	2 - 10 years	6.1732	.76894		
	> 10 years	6.2100	.89364		
Career Resilience	< 2 years	3.8553	1.17649	3.041	.050
	2 - 10 years	3.4974 ¹	1.04157		
	> 10 years	3.8740 ²	1.22624		
Career Planning	< 2 years	5.6984	1.08477	.533	.587
	2 - 10 years	5.3762	1.41944		
	> 10 years	5.3780	1.35847		

Note: Those with different superscripts differ significantly ($P < .05$). Those that share a superscript, or for which no superscripts appear, are not significantly different from each other ($p \geq .05$).

Table 3. One Way between Groups ANOVA with Post-Hoc Comparison^a (Salary)

		Mean	Std. Deviation	F-ratio	F-probability
Career Identity	< \$24,000	6.4167	.59111	.311	.949
	\$24,000 - \$28,000	6.2583	.73375		
	\$29,000 - \$33,000	6.1754	.70596		
	\$34,000 - \$38,000	6.1111	.75115		
	\$39,000 - \$43,000	6.1765	.84260		
	\$44,000 - \$48,000	6.2469	.70767		
	\$49,000 - \$53,000	6.2273	1.21884		
	> \$54,000	6.2404	.93716		
Career Resilience	< \$24,000	3.5000 ¹	1.04208	2.149	.040
	\$24,000 - \$28,000	3.6118 ¹	1.05539		
	\$29,000 - \$33,000	3.3750 ¹	1.24336		
	\$34,000 - \$38,000	3.6406 ¹	1.12858		
	\$39,000 - \$43,000	3.6250 ¹	1.22474		
	\$44,000 - \$48,000	3.7115 ¹	.99170		
	\$49,000 - \$53,000	3.7024 ¹	1.30293		
	> \$54,000	4.2500 ²	1.23679		
Career Planning	< \$24,000	5.6500	1.24005	.655	.710
	\$24,000 - \$28,000	5.5750	1.42423		
	\$29,000 - \$33,000	5.2807	1.22859		
	\$34,000 - \$38,000	5.4326	1.33499		
	\$39,000 - \$43,000	5.0980	1.45184		
	\$44,000 - \$48,000	5.3580	1.15443		
	\$49,000 - \$53,000	5.0435	1.83761		
	> \$54,000	5.5500	1.27680		

Note: Those with different superscripts differ significantly ($P < .05$). Those that share a superscript, or for which no superscripts appear, are not significantly different from each other ($p \geq .05$).



Factors Affecting English Vocabulary Skill of Undergraduates At Prince of Songkla University, Pattani Campus

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Abstract

This study aimed to examine factors affecting the English vocabulary recognition of undergraduate students in Thailand. The sampled subjects comprised 785 undergraduates from 6 faculties enrolled in the second semester of the 2005 academic year at Prince of Songkla University, Pattani Campus. The data were collected using a questionnaire based on 10 common English words, each of which the respondents were asked to match to one of five similar words including four distracters and one correct synonym. Respondents were also invited without coercion to give their student registration number, enabling demographic and enrolment details to be matched to their answers. Over 97% of those surveyed gave their number, and took 5 minutes on average to complete the test, giving a mean score of 5.4 correct answers (standard deviation 2.5). Multiple regression analysis of the results showed that the students' scores were related to their level of seniority, faculty of enrolment, and major field of study, but bore no relation to their gender, religion, or type of high school attended. The students who performed by far the best were a group of 113 majoring in Language (English, French, Malayu, Arabic or Thai) in the Faculty of Humanities. Students who had obtained an A or B grade in a compulsory one-semester English unit also did better on the test. Although the test requires further extensive evaluation with respect to its internal and external validity, compared to alternatives it has the advantage of simplicity and ease of administration.

Keywords: English vocabulary skill, Undergraduate students, Short and simple questionnaire, Thailand

1. Introduction

As global communications among people has increased, English has become the first choice for cross-border communication worldwide. English is the language most widely taught as a foreign language in more than 100 countries in the world. In Thailand, since English is not the official language, it is taught as a foreign language both in schools and universities. The rough outlines of the course study include the four basic skills for communication in English (listening, speaking, reading and writing), western culture, and the use of English in other subjects and in the community. However, English learners in Thailand still have competence which is far below that of native speakers. Kirsri (2003) found the major factor influencing English language achievement to be the student's characteristics, other factors being home background, peer, teacher and school. For Thai freshmen students who had studied English as a

foreign language for about ten years, Prapphal and Oller (1982) found demographic factors (including years of studying English, school achievement grades, and parents' income) were related to certain attitudes towards English, which in turn may affect 'English as a foreign language' proficiency. The high school GPA is a cognitive factor that indicates the relationship with English proficiency. Furthermore, the student's English background had the strongest effect on the student's achievement in learning English. In addition, English language skill was related to age, study programs, mass media usage, teacher's attitudes and teachers' understanding about teaching method. Chaowakeeratiphong (2004) studied the factors related to achievement in English of students in Rajabhat Universities in the Northern Region and found that in studying English the factors of attitude, motivation, opportunities, peer relations, study habits and quality of instruction were all positively associated with achievement in English.

For studying English, reading skill is important. Knowing the information from books, internet or other media, reading skill was needed before other skills. However, Thai students had problems in reading English, especially with vocabulary (Anusornnorakarn, 2001). To understand a text requires not only the ability to read words but also vocabulary knowledge.

The present study focuses on the English vocabulary skill outcome variable and examines factors affecting the English vocabulary skill of Thai undergraduate students at Prince of Songkla University, Pattani Campus.

2. Materials and Methods

2.1 Participants

The participants for this study comprised 785 (168 male and 617 female) undergraduates studying in the second semester of the 2005 academic year at Prince of Songkla University, Pattani Campus. They were selected by purposive sampling from the faculties of Education, Humanities and Social Sciences, Science and Technology, Communication Science, Fine and Applied Arts, and the College of Islamic Studies.

2.2 Data Collection

A cross-sectional study was used in this study. The instruments used were the English Vocabulary Skill Test (Appendix) and the university database.

The English Vocabulary Skill Test was used to measure the English vocabulary skill of undergraduate students. The test consists of ten common English words used in a widely-used introductory Statistics text at Macquarie University in Australia. For each word, there are five possible response items: a correct synonym, a similar sounding word, a similarly written word, an opposite word and another unrelated word, listed in alphabetical order next to the test item. These items are listed in random order, and the student is requested to select the word that most closely matches the given word in meaning.

The gender, religion, faculty and major field of study, seniority level, high school type (public or private) and home province were identified via links to the university's database using the students' ID number. They also specified the time they started and ended the test.

2.3 Statistical Methods

Preliminary statistical analysis involved examining the frequency distributions of the independent variables and assessing their univariate associations with the outcome using one-way analysis of variance. Multiple regression analysis (see, for example, Kleinbaum et al, 1998) was used to investigate the relations between the independent variables and the English vocabulary skill outcome.

3. Results

Table 1 shows the distributions of the predictor variables with the average score obtained by subgroup and the p-values from one way analysis of variance tests.

Of the 785 sample subjects, 78.6% were female and 50.3% were Muslim, 35.7% finished university preparation at an Islamic religious high school, and 59.5% came from the 5 Southern Border Provinces (Satun, Songkla, Pattani, Yala and Narathiwat). Most respondents (90.7%) studied in a 2 or 4 year degree program. The percentages in 1st, 2nd, 3rd and 4th year were 25.9, 34.6, 21.4, and 18.1, respectively.

By faculty, 33% were from Science and Technology, 23.1% from Education, 20.5% from Humanities and Social Sciences, and 12.5% from the College of Islamic Studies. Main Majors were science (43.8%), languages (24.1%) and Islamic Studies (13.2%).

The outcome, the test scores that used to measure the English vocabulary skill of the students, ranged from 0 (14 students) to 10 (39 students). The mean score was 5.4 with standard deviation 2.5. The average scores on the individual items ranged from 0.21 for the word "useful", which most students incorrectly matched to "useless", to 0.85 for the word "dirty", which most students correctly matched to "unclean". The average scores on the other eight items ranged from 0.43 (for "push") to 0.67 (for "important").

The time taken by the students to complete the test varied from 1 to 30 minutes with mean 5.9 and standard deviation 3.3 minutes. However, most students spent 1 to 10 minutes to complete the test, 31.3% finished within 5 minutes, and a further 17.8% within 10 minutes. Only 3.8% who took more than 10 minutes to finish. The score achieved in the test was found to be negatively correlated with this outcome (Pearson correlation -0.072, p-value 0.043).

Multiple linear regression analysis was used to test the association between the test outcome scores and all independent variables. A reduced model, produced by omitting independent variables with p-values exceeding 0.05 using backward elimination, gave an r-squared value of 0.222 and contained three predictors – student seniority level, faculty, and major field. Since faculty and major field are strongly associated we recoded major field to include the faculty, giving nine categories instead of seven, with a resulting r-squared of 0.218. The results are shown in Table 2.

The results show that the student's seniority level and recoded major field are both related to their English vocabulary skill. Students majoring in Languages in the Faculty of Humanities (113 students) did substantially better than other students in the test, and first-year and third-year students also performed better than the others.

4. Conclusion and Discussion

Multiple regression analysis was used to investigate the association between the independent variables and the English vocabulary skill outcome. It was found that two factors (student seniority level, major field) were associated with the students' English vocabulary skill.

This study revealed that many undergraduate students at Prince of Songkla University, Pattani Campus had limited vocabulary knowledge, particularly those majoring in Communication Science, Islamic Studies, and Social Sciences. Several studies in Thailand suggested that poor English vocabulary among students was due to their lack of reading practice. Suknantapong et al (2002) found that the Humanities and Social Sciences students performed poorly in reading ability and their poorest skill was inference and determining context clues. Moreover, Kaewklom's study (2002) indicated that problems found in English reading were related to vocabulary, grammar and disturbing environment, and vocabulary skill depended on the students' level, faculty, and major field. Likewise, the study of Anusornnorakarn (2002) indicated that the students' level and major field were factors in reading ability. In addition, Suknantapong et al (2002) reported that Humanities students performed significantly better than Social Sciences students in reading skills.

Our questionnaire was developed largely as the result of an initial attempt to modify for a Thai audience questionnaire instruments for testing vocabulary and grammar skills that had been developed in the United States and published on the Internet. However, we quickly realized that these questionnaires were mainly designed for face to face interviews and were too complicated and time-consuming to be feasible in our study. We wanted a simple and quick instrument that could be used in the classroom without unduly disrupting the teaching process, but were unable to find one despite extensive literature search. We developed our questionnaire by choosing ten words sampled from the introductory chapter of a Statistics text book used by many thousands of first-year students at a large Australian university. The ten words were all words with meanings that would be understood by any reasonably fluent university student in an English-speaking western country, but not necessarily by a Thai student. We also carefully chose one synonym (confirmed by Microsoft Word's Thesaurus Language Tool) and four distracters for each word, including an antonym, a similar-sounding word, a similarly written word, and an unrelated word.

The fact that only 39 of the 785 students (including 20 majoring in Languages in the Faculty of Humanities and 10 majoring in the Faculty of Science and Technology) knew the meaning of all ten words indicates that the test was not too easy. On the other hand, the fact that only one word ("useful", for which most respondents selected the antonym "useless") stumped more than 60% of the students indicates that it was not too difficult. And the fact that it was completed within 5 minutes by two-thirds of the students makes it a feasible non-invasive instrument for classroom use. Moreover, the fact that only 2% of the respondents were unwilling to provide their student number enables their responses to be correlated straightforwardly with their demographic and enrolment details via the university records database.

Undoubtedly, our test needs extensive further testing and development before it can be recommended unreservedly to a wider audience. Its validity might be expected to depend largely on the choice of words and their distracters. Clearly, if it is to be used routinely for assessment a much larger population of suitable words (and synonyms and distracters) will need to be developed, from which ten (or possibly more) items will need to be selected for each instrument. It will probably be necessary to customize the instrument for particular groups of students, and to develop various levels of difficulty so that a student who satisfactorily completes the test can proceed to a higher level.

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Table 1. Distributions of categorical independent variables

Predictor	Category	Count	Mean Score	P-value
Gender	Male	168	5.45	0.893
	Female	617	5.42	
Religion	Islam	395	5.38	0.517
	Other	390	5.50	
Province	5 Southern Border Provinces	467	5.36	0.297
	Other Provinces	318	5.55	
High School	Islamic Religious School	280	5.41	0.810
	Other School	505	5.46	
Faculty	Education	181	5.48	<0.001
	Humanities & Social Sciences	161	6.38	
	Science & Technology	259	5.56	
	Islamic Studies College	98	4.12	
	Communication Science	41	4.10	
	Fine & Applied Arts	45	5.29	
Student seniority level	1 st Year	203	5.90	<0.001
	2 nd Year	272	4.60	
	3 rd Year	168	6.16	
	4 th or higher Year	142	5.54	
Major field of study	Science	344	5.70	<0.001
	Communication Science	55	3.82	
	Social Sciences	28	4.64	
	Education	19	5.53	
	Islamic Studies	104	4.12	
	Arts	46	5.30	
	Languages	189	6.30	
Degree Duration	2 or 4 years	712	5.52	0.006
	5 years	73	4.67	
Grade in English 1	A or B	94	5.97	0.028
	Other grade or not yet taken	691	5.37	

Table 2. Multiple Linear Regression Model

Independent variables	Coef	SE	p-value
Intercept	6.678	0.323	<0.001
Student seniority level			<0.001
1 st Year	0*		
2 nd Year	-1.145	0.241	<0.001
3 rd Year	0.139	0.270	0.606
Up to 4 th Year	-0.605	0.260	0.020
Major field (including faculty)			<0.001
Communication Science (55)	-2.628	0.418	<0.001
Islamic Studies (104)	-1.928	0.329	<0.001
Social Sciences (Humanities) (28)	-1.701	0.504	0.001
Languages (Education) (76)	-1.299	0.352	<0.001
Arts (46)	-0.886	0.414	0.033
Education (19)	-0.819	0.577	0.156
Science (Science & Tech) (259)	-0.594	0.279	0.033
Science (Education) (85)	0*		
Languages (Humanities) (113)	0.917	0.346	0.009
(Number of students)	* Referent group		

Appendix: Questionnaire Used in Study**English Test for Students at Prince of Songkla University, Pattani Campus**

This test has been developed as part of a Research Methodology Masters Degree student's thesis. Its purpose is to test the English vocabulary of students at Prince of Songkla University, Pattani Campus. The results will be kept confidential but are aimed to improve students' English skill. It would be highly appreciated if you do this test carefully.

Thank you very much for your kind cooperation.

Student ID.....

Start athrs. Finish athrs.

Please circle around a word that has the same meaning as the given word.

Example:

exit	exist	exhibit	way out	enter	exciting
1 dirty	clean	dusty	strong	thirsty	unclean
2 useful	empty	help	practical	used	useless
3 disease	bad	decease	dizzy	health	sickness
4 push	bush	catch	press	pull	punish
5 research	ignore	random	reach	resource	study
6 damage	dam	harm	kill	open	repair
7 propose	create	dispose	marry	purpose	suggest
8 forecast	back	data	forward	predict	throw
9 hazard	benefit	danger	hard	relevant	risky
10 important	big	close	import	significant	trivial



An Empirical Study on Spatial Disparity of Regional Economy since Reform and Opening In China: Counting for Grouping Income in Provinces

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Abstract

This paper takes the way that divides all thirty one provinces into five groups under the standard of accounting for twenty percentages of all regions during 1978-2004. Then it examines the share of every provincial gross domestic product per capita versus the sum of all provinces and ranks the order. And last the Lorenz Curves are drawn at the interval of two years. All computed outcomes are shown in graphs and tables, explicitly exploring the change of disparity of all China's provincial region, what serves as scientific and objective bases for analyzing the reasons of regional economy's disparity changes, evaluating its influences, and predicting the future development trend.

Keywords: Grouping income, Spatial disparity, Lorenz Curves, Regional economy

1. Introduction

Although some scholars have already made researches on the disparity changes of China's regional economy after the reform and opening, not any acceptable conclusion has been drawn. Some conclusions are even far different from each other. Kaizhong Yang (1994) takes the growth rates of national income per capita in different regions from 1952 to 1990 as samples, adopts the variation coefficient method and the weighted variation coefficient method, and counts the economic disparity of different provinces and regions in China. He concludes that the economic disparity changes of different provinces and regions takes the year 1978 as a turning point and changes in a U shape: the disparity is reducing from 1952 to 1978, and rising from 1978 to 1990. Houkai Wei (1997) uses data of per capita GDP, per capita national income, and per capita income, adopts the β convergence coefficient method used to evaluate regional economic growth, and make studies on the regional disparity from 1952 to 1995. He concludes that the regional disparity is reducing from 1952, rising from 1965 to 1978, and reducing from 1978 to 1995. Chenglin Qin (2002) uses the weighted coefficient method to count the regional per capital GDP from 1978 to 2000 and concludes that the regional disparity is reducing from 1978 to 2000 but slightly rising from 1993 to 1995. Yifu Lin (2003) uses the per capital GDP in 31 provinces and regions in China and adopts the coefficient of variation method and the Gini Coefficient method to count the sample data from 1978 to 1999 and concludes that the regional disparity becomes significant after 1990. All these researches adopt different methods and select different time periods, what lead to different results. Based on former researches, the author selects the late reform and opening as the time period sample, partially takes references from Chenglin Qin's research methods (1997), and carefully counts the proportion of provincial or regional per capital GDP to national per capital GDP and the rank of every province or region. Based on these calculations, the author draws a Lorenz Curve. Then the author takes the way that divides all thirty one provinces into five groups under the standard of accounting for twenty percentages of all provinces and regions. The author respectively calculates the changes of provincial and regional per capita GDP in five groups and their differences with the average value, namely the national per capital GDP, and their proportions to the average. Use tables to display the provincial income disparity in China. All these calculations and tables serve as scientific and objective bases for analyzing reasons for changes of regional economic disparity, evaluating the effects, and predicting the trend.

2. Data sources and data processes

The statistical data in this paper chiefly include the provincial and regional GDP and population. The GDP is valued by current prices in the year. All data are from the History Statistical Materials Compilation for Provinces, Autonomous

Regions, and Municipalities and China Statistical Yearbook (from 1949 to 1989) published by China Statistical Publishing House. Besides, before the foundation of Hainan province, Hainan's yearly GDP data are separated from Guangdong's. For the sake of a uniform measure, all provincial yearly per capita GDP data are based on original data of provincial yearly GDP and population. And the data of national GDP and population are based on relevant provincial and regional data.

This paper adopts a spatial statistical method to measure the regional economic disparity and makes these researches as follow. Firstly, calculate the proportion of provincial or regional per capita GDP to the national GDP from 1978 to 2004. Take the way that divides all provinces and regions into five groups from I to V according to provincial or regional yearly per capita GDP under the standard of accounting for twenty percentages of all provinces and regions. Respectively calculate the proportion of every group sample's yearly per capita GDP to the national GDP. Secondly, calculate the provincial and regional per capita GDP and their differences with the average value, namely the national per capita GDP, and their proportions to the average. Rank the provincial and regional per capita GDP from the big to the small and draw every two years' Lorenz Curve. All calculated results are shown in tables, which serve as bases for studying provincial and regional economic disparity in China from 1978 to 2004.

3. The empirical analysis on the provincial and regional grouping income disparity in China after the reform and opening

This section is to analyze the spatial characteristics of provincial and regional economic disparity changes in China from 1978 to 2004 by taking single province or region as a unit, from an aspect of groups at different income levels.

3.1 The analysis on the contribution of groups at different income levels to the regional economic disparity changes

In order to calculate the regional disparity changes in China, we classify all 31 provinces and regions into five groups according to the income level from 1978 to 2004. Each group includes six provinces or regions (in grouping, for the sake of same number of provinces and regions in one group and the smoothness of data, data of Chongqing city are taken by Sichuan province). The provinces or regions in one group change in different statistical year (see table 1). According to Lorenz Curve the number of provinces or regions in each group accounts for 20% of the total number in China. If the economy of all provinces and regions is in a balance state, the per capita GDP in every group should account for 20% of the sum of all provincial and regional per capita GDP. However, regional economy develops differently in fact. Therefore, to analyze the contribution of regional groups at different income levels to the regional economic disparity changes in China is a primary task.

According to the table 2, the per capita GDP in different group accounts for a different percentage of the national one from 1978 to 2004. In Group I, the percentage changes quite obvious, reducing from 1978 to 1990 by 8.4%, rising from 1991 to 1993 by 2.99%, and then rising slowly. In general, Group I keeps a great distance from other groups. It accounts for more than 38%. In Group II, the percentage is basically rising from 16.3% to 22.4% from 1978 to 1994, and reducing from 1995 to 2004 by 1.7%. Group III, Group IV, and Group V respectively accounts for a relatively stable percentage with a slight rise. And from 1991, their percentages tend to reducing. Apparently, the percentage of Group I changes in a relatively larger range, then Group II. Percentages of other groups do not change a lot. During the "Sixth Five-Year Plan" period, Group I reduces in a largest range, and Group III and Group IV rise in a largest range. During the "Seventh Five-Year Plan" period, changes are similar to that in last period but in a small range. Group V rises in a largest range in early 90s, then in the "Eighth Five-Year Plan" period. Entering 90s, Group I begins to rise. Group II rises in a largest range in early 90s and then begins to reduce, and other Groups also tend to reduce.

According to the change of the proportion of per capita GDP in groups with lower income to that in groups with higher income (E/A in the table), the ratio keeps rising from 1978 to 1990 by 0.08, and is reducing from 1990 to 2004 by 0.08.

Therefore, the regional economic relative disparity changes are chiefly caused by the economic development changes in Group I and Group II, and are seldom affected by other groups.

3.2 The analysis on the contribution of different provinces and regions to the regional economic disparity changes

We merely generally discuss the contribution of different groups with different incomes to China's regional economic disparity changes above. However, according to the table 1, in a different year the groups include different provinces and regions. Therefore, it is necessary to discuss the contribution of provinces and regions to the regional economic disparity changes further.

3.2.1 The analysis on the contribution of different provinces and regions to the absolute regional economic disparity

According to the difference with the average between provincial or regional per capita GDP and national per capita GDP, and the changes of ranks of provincial or regional per capita GDP in China, analyze the contribution of provinces and regions to absolute regional economic disparity from 1978 to 2004. Four characteristics can be concluded from table 3 and figure 1.

Firstly, the per capita GDP in six provinces and cities, Shanghai, Beijing, Tianjin, Liaoning, Jiangsu, and Heilongjiang, is higher than the national average. Besides, except for Heilongjiang and Liaoning, the per capita GDP of other

provinces or cities keeps rising and the rise becomes fast after 90s. The per capita GDP in Heilongjiang and Liaoning grows slowly.

Secondly, the per capita GDP in fifteen provinces and regions, including Neimenggu, Anhui, Jiangxi, Henan, Hubei, Hunan, Hebei, Guangxi, Sichuan, Guizhou, Yunnan, Shaanxi, Gansu, Qinghai, Ningxia, and Qinghai, is always lower than the average. Except for Neimenggu, Hebei, and Henan, the per capita GDP in other provinces and regions tends to be lower than the average all the time. Thereof, Guizhou, Gansu, Guangxi, Shaanxi, Anhui, Sichuan, Jiangxi, Ningxia, Hunan, and Yunnan decrease fast. Entering 90s, the difference with the average reduces more quickly.

Thirdly, the per capita GDP in Zhejiang, Guangdong, Shandong, and Fujian rises fast, from being lower than the average to being higher. Besides, the increase is more energetic entering 90s.

Fourthly, the per capita GDP in Shanxi is higher than the average before 1986 (except 1980) and then becomes lower than the average. It tends to decrease fast. The per capita GDP in Jilin fluctuates around the average before 90s and then strays away from the average. The per capita GDP in Xinjiang begins to surpass the average since 1991. The per capita GDP in Hainan is always lower than the average except for a period from 1993 to 1995 when it is higher than the average.

Fifthly, except Liaoning and Heilongjiang, the difference with the average in eight provinces and regions, including Shanghai, Beijing, Tianjin, Jiangsu, Zhejiang, Guangdong, Shandong, and Fujian, is in a positive speeded rise, and other provinces and regions in a negative speeded rise.

All these characteristics prove that the absolute provincial and regional economic disparity is enlarging in China from 1978 to 2004. Especially entering 90s, the absolute disparity is extending greatly. In specific, the absolute economic disparity between provinces and cities with better economic bases, such as Shanghai, Beijing, Tianjin, Liaoning, and Heilongjiang, and that with fast-developing economy, such as Jiangsu, Guangdong, Zhejiang, Shandong, and Fujian, and other provinces and regions, especially Guizhou, Yunnan, Sichuan, Gansu, Ningxia, Shaanxi, Anhui, Henan, Jiangxi, and Hunan, keeps in rising. Thereof, the absolute disparity of economic development between Jiangsu, Zhejiang, Guangdong, Shandong, Fujian and Shanghai, Beijing, Tianjin keeps in reducing. However, the absolute disparity with other provinces and regions is rising constantly. The disparity between Hebei and the ten provinces and cities mentioned above is decreasing. So does Neimenggu after 21st century. The absolute economic disparity between Shanxi, Jilin, Hainan, Tibet, Xinjiang and the ten provinces and cities becomes smaller in mid 80s but rises later.

3.2.2 The analysis on the contribution of different provinces and regions to the relative regional economic disparity changes

According to changing ratio of provincial and regional per capita GDP to national per capita GDP and the growth rate of national per capita GDP, analyze the contribution of provinces and regions to the relative regional economic disparity changes in China. Four points can be concluded from data in table 4.

Firstly, for Shanghai, Beijing, Tianjin, Liaoning, Heilongjiang, and Jiangsu, the ratio of provincial and regional per capita GDP to the national average is higher than 100% from 1978 to 2004. From late 70s to mid 80s, ratios in these provinces and regions keep in decreasing. Entering 90s, the ratio in Shanghai, Beijing, and Tianjin shows a rising tendency, and that in Liaoning and Heilongjiang is relatively stable. During the "Tenth Five-Year Plan" period, the ratio in these six provinces and regions rise slowly.

Secondly, for Neimenggu, Anhui, Jiangxi, Henan, Hubei, Hunan, Guangxi, Sichuan, Guizhou, Yunnan, Shaanxi, Gansu, Qinghai, and Ningxia, the ratio of provincial and regional per capita GDP to the national average is lower than 100% from 1978 to 2004. Thereof, the provinces whose ratio is always lower than 80% are Guizhou, Guangxi, Yunnan, Henan, Anhui, Shaanxi, and Ningxia. Especially, the ratio in Guizhou is always under 55% and Guangxi under 75%. From late 70s to late 90s, the ratio changes in these provinces and regions mentioned above include following types: the ratio in four provinces, namely Anhui, Henan, Guizhou, and Shaanxi keeps in rising; the ratio in seven provinces and regions, including Jiangxi, Hunan, Hubei, Guangxi, and Yunnan, shows an obvious rise respectively in mid and late 80s, and decreases quickly; the ratio in three provinces and regions, namely Gansu, Qinghai, and Ningxia shows a decrease once in late 80s and keeps in rising later; the ratio in Tibet changes irregularly; entering 90s, except Neimenggu and Henan, the ratio in other provinces and regions is decreasing.

Thirdly, for Zhejiang, Shandong, Guangdong, Fujian, and Hebei, the ratio of provincial and regional per capita GDP to the national average is firstly lower than 100% and then higher than 100%. The ratio in Zhejiang, Guangdong, and Shandong surpasses 100% since early 80s, and Fujian late 80s.

3.2.3 Analyze the provincial and regional economic disparity changes from Lorenz Curve

Finally, we draw an every-two-year Lorenz Curve for provincial and regional per capita GDP in China. From the changes of curves displayed in figure 2 to figure 5, we can directly find out the characteristics of Lorenz Curve changes for provincial and regional per capita GDP in China from 1978 to 2004.

Firstly, from 1980 to 1990, the Lorenz Curve becomes closer to the equality line (the 45-degree diagonal line). Thereof, during the “Seventh Five-Year Plan” period, the curve moves a largest range. It indicates that the relative provincial and regional economic disparity in China from 1978 to 1990 keeps in reducing. Especially in late 80s, the reduced range reaches the largest.

Secondly, the Lorenz Curve in 2000 is farer from the equality line comparing with the Lorenz in 1990, which indicates that entering 90s, the relative provincial and regional economic disparity is enlarging in China. In 2000, the enlarging range is larger than that in 1995.

Thirdly, according to the moves of Lorenz Curve’s subsections, its lower section moves in a smallest range, which indicates that the relative economic disparity changes between Guizhou, Guangxi, Yunnan, Sichuan, Gansu, Shaanxi, Anhui and other provinces and regions are small. The middle and upper sections of Lorenz Curve move in a largest range close to the equality line from 1978 to 1990, and move in a smallest range far to the equality line from 1991 to 2004, which indicates that the economic development in Jiangsu, Zhejiang, Guangdong, Shandong, and Fujian contributes a lot to the reduce of relative regional economic disparity in China. The middle section of Lorenz Curve moves a smaller range close to the equality line than the upper section from 1978 to 1990, but moves a largest range far to the equality line after 1990, which indicates that Xinjiang, Hubei, Jilin, Hainan, Hebei, and Shanxi affect significantly the relative regional economic disparity changes in China.

4. Conclusions and suggestions

Based on the empirical analysis on the provincial and regional groups with different incomes and the economic disparity, we can draw these conclusions as follow:

Firstly, China’s regional economic disparity changes are chiefly affected by the economic development changes in Group I and Group II, and seldom by Group III, Group IV, and Group V. The relative economic disparity between Group I and other groups is reducing from 1978 to 1990, and rising from 1991. And it always keeps a relative large disparity range. From 2001 to 2004, the disparity changes slowly. The relative disparity between Group II and Group I is reducing from 1978 to 1990. The disparity between Group II, III, IV and other groups reduces in a smaller range from 1978 to 1990. It tends to rise from 1991. Considering the change range of relative disparity between them, during the “Sixth Five-Year Plan” period, the relative disparity between Group I and Group II, III, IV reduces in a largest range. In specific, the percentage of Group I is relatively decreasing and that of other groups rising. During the “Seventh Five-Year Plan” period, changes are similar to that in last period but in a smaller range. In late 80s, the relative disparity between Group V and other groups reduces in a largest range. During the “Sixth Five-Year Plan” period, the reducing range is smaller. During the “Eighth Five-Year Plan” period and the “Ninth Five-Year Plan” period, the relative disparity between Group I and other groups is enlarged further.

Secondly, in a spatial aspect, China’s absolute regional economic disparity is enlarging from 1978 to 1990. Entering 90s, the disparity enlarges at a greater speed. In specific, the absolute disparity between provinces and cities with better economic bases, such as Shanghai, Beijing, Tianjin, Liaoning, and Heilongjiang, and that with fast-developing economy, such as Jiangsu, Guangdong, Zhejiang, Shandong, and Fujian, and other provinces and regions, especially Guizhou, Yunnan, Sichuan, Gansu, Ningxia, Shaanxi, Anhui, Henan, Jiangxi, and Hunan, keeps in rising. Thereof, the absolute disparity of economic development between Zhejiang, Guangdong, Shandong, Fujian and Shanghai, Beijing, Tianjin, Liaoning, Heilongjiang, Jiangsu keeps in reducing. However, the absolute disparity with other provinces and regions is rising constantly. The disparity between Shanxi, Jilin, Hubei, Tibet, Xinjiang and the ten provinces and cities mentioned above is decreasing in 80s but rises later.

In a spatial aspect, China’s relative regional economic disparity changes are: the relative disparity between Shanghai, Beijing, Tianjin, Liaoning, Heilongjiang, Jiangsu and other provinces and regions in China tends to reduce before 90s and rises at a fast speed after 90s (except Heilongjiang). The economic development in Zhejiang, Guangdong, Shandong, and Fujian contributes a lot to the decrease of relative regional economic disparity in China. The economic development in Shanxi, Jilin, Xinjiang, Hainan, Hubei, and Hebei affects both the increase and decrease of relative regional economic disparity in China. The relative economic disparity between Guizhou, Guangxi, Yunnan, Sichuan, Henan, Shaanxi, Anhui and other provinces and regions in China reduces a smaller range.

In general, from the reform and opening to late 80s, the regional economic disparity between groups tends to reduce but rises fast after 90s. After 21st century, due to the macro policies, the rising tendency is weakened, what is caused by the relatively higher proportion of agriculture to the national economy in China at the beginning of the reform and opening, and before 1983 the city economic reform does not begin. Therefore, during that period, the rural reform in the undeveloped regions generates a vital effect on the decrease of regional economic disparity. After 90s in 20th century, the reform and opening reaches a climax. Centered in five special economic zones and fourteen port-opening cities, the seaside regions attract amounts of foreign investments by favorable treatments. In contrast, due to the disadvantages in locations, geographic and cultural conditions, and policies, the inland areas lag behind in a foreign-fund-driven

economic development.

The efficiency-and-equity paradox is always there. The strategy of giving the eastern area a priority in development that has been advanced earlier is chiefly to solve the efficiency issue. However, the equity issue has become the main social problem at present. As a large country, regions in China are far different in geographic locations, infrastructures, and economic environment. If the regional economic disparity keeps enlarging for a long time, it will hurt China's sustainable development and makes it impossible to construct a harmony society, causing a series of social problems, such as social opposition, rising crime rate, and decreasing work enthusiasm of middle and lower classes. Too much emphasis on the seaside regions is unfair for undeveloped areas. By an empirical analysis, this paper reveals the graveness of equity issue, which serves as a scientific and objective base for policy-makers.

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Table 1. The grouping result based on regional per capita GDP in China.

Year	Group I	Group II	Group III	Group IV	Group V
1978	Shanghai, Beijing, Tianjin, Liaoning, Heilongjiang, Jiangsu	Qinghai, Jilin, Tibet, Ningxia, Guangdong, Shanxi	Hebei, Gansu, Hubei, Zhejiang, Neimenggu, Shandong	Hainan, Xinjiang, Shaanxi, Hunan, Jiangxi, Fujian	Sichuan, Anhui, Henan, Yunnan, Guangxi, Guizhou
1979	Shanghai, Beijing, Tianjin, Liaoning, Heilongjiang, Jiangsu	Shanxi, Jilin, Zhejiang, Qinghai, Hubei, Guangdong	Tibet, Hebei, Ningxia, Gansu, Xinjiang, Shandong	Neimenggu, Hunan, Shaanxi, Hainan, Jiangxi, Fujian	Sichuan, Anhui, Henan, Yunnan, Guangxi, Guizhou
1980	Shanghai, Beijing, Tianjin, Liaoning, Heilongjiang, Jiangsu	Guangdong, Qinghai, Tibet, Zhejiang, Jilin, Shanxi	Ningxia, Hubei, Hebei, Xinjiang, Shandong, Gansu	Hunan, Neimenggu, Hainan, Fujian, Jiangxi, Shaanxi	Sichuan, Henan, Anhui, Guangxi, Yunnan, Guizhou
1981	Shanghai, Beijing, Tianjin, Liaoning, Heilongjiang, Jiangsu	Tibet, Guangdong, Zhejiang, Jilin, Shanxi, Shandong	Hubei, Ningxia, Qinghai, Xinjiang, Hebei, Fujian	Neimenggu, Hainan, Hunan, Jiangxi, Gansu, Shaanxi	Anhui, Henan, Sichuan, Guangxi, Yunnan, Guizhou
1982	Shanghai, Beijing, Tianjin, Liaoning, Heilongjiang, Jiangsu	Guangdong, Zhejiang, Xinjiang, Shanxi, Tibet, Jilin	Shandong, Qinghai, Hainan, Hubei, Neimenggu, Hebei	Ningxia, Fujian, Hunan, Jiangxi, Gansu, Shaanxi	Sichuan, Anhui, Guangxi, Henan, Yunnan, Guizhou
1983	Shanghai, Beijing, Tianjin, Liaoning, Heilongjiang, Jiangsu	Guangdong, Jilin, Zhejiang, Shandong, Shanxi, Xijiang	Qinghai, Hubei, Hainan, Tibet, Neimenggu, Hebei	Ningxia, Fujian, Hunan, Gansu, Henan, Anhui	Jiangxi, Sichuan, Shaanxi, Guangxi, Yunnan, Guizhou
1984	Shanghai, Beijing, Tianjin, Liaoning, Heilongjiang, Jiangsu	Guangdong, Zhejiang, Shandong, Jilin, Shanxi, Tibet	Hubei, Qinghai, Xinjiang, Neimenggu, Hainan, Ningxia	Hebei, Fujian, Anhui, Hunan, Gansu, Shaanxi	Jiangxi, Sichuan, Henan, Yunnan, Guangxi, Guizhou
1985	Shanghai, Beijing, Tianjin, Liaoning, Zhejiang, Heilongjiang	Jiangsu, Guangdong, Tibet, Shandong, Jilin, Shanxi	Xinjiang, Neimenggu, Hubei, Qinghai, Fujian, Ningxia	Hainan, Hebei, Anhui, Hunan, Gansu, Shaanxi	Jiangxi, Henan, Sichuan, Yunnan, Guangxi, Guizhou
1986	Shanghai, Beijing, Tianjin, Liaoning, Zhejiang, Jiangsu	Heilongjiang, Guangdong, Jilin, Shandong, Xinjiang, Qinghai	Hubei, Shanxi, Neimenggu, Tibet, Ningxia, Fujian	Hainan, Hebei, Anhui, Hunan, Shaanxi, Gansu	Jiangxi, Henan, Sichuan, Yunnan, Guangxi, Guizhou
1987	Shanghai, Beijing, Tianjin, Liaoning, Zhejiang, Jiangsu	Guangdong, Heilongjiang, Jilin, Shandong, Xinjiang, Hubei	Neimenggu, Qinghai, Fujian, Shanxi, Hainan, Ningxia	Hebei, Tibet, Anhui, Hunan, Shaanxi, Gansu	Henan, Jiangxi, Sichuan, Yunnan, Guangxi, Guizhou
1988	Shanghai, Beijing, Tianjin, Liaoning, Guangdong, Jiangsu	Zhejiang, Heilongjiang, Jilin, Shandong, Fujian, Xijiang	Neimenggu, Qinghai, Hainan, Hubei, Hebei, Shanxi	Ningxia, Anhui, Shaanxi, Hunan, Tibet, Henan	Gansu, Jiangxi, Sichuan, Yunnan, Guangxi, Guizhou
1989	Shanghai, Beijing, Tianjin, Liaoning, Guangdong, Jiangsu	Zhejiang, Heilongjiang, Jilin, Shandong, Fujian, Xijiang	Hainan, Hebei, Hubei, Neimenggu, Shanxi, Qinghai	Ningxia, Anhui, Shaanxi, Hunan, Tibet, Jiangxi	Henan, Gansu, Yunnan, Sichuan, Guangxi, Guizhou
1990	Shanghai, Beijing, Tianjin, Liaoning,	Jiangsu, Heilongjiang,	Hainan, Qinghai, Hubei, Shanxi,	Ningxia, Hunan, Tibet, Shaanxi,	Jiangxi, Sichuan, Gansu, Henan,

	Guangdong Zhejiang	Shandong, Xinjiang, Fujian, Jilin	Neimenggu, Hebei	Yunan, Anhui	Guangxi, Guizhou
1991	Shanghai, Beijing, Tianjin, Guangdong, Liaoning, Zhejiang	Jiangsu, Heilongjiang, Xinjiang, Fujian, Shandong, Jilin	Hainan, Qinghai, Hubei, Hebei, Shanxi, Neimenggu	Ningxia, Tibet, Shaanxi, Hunan, Jiangxi, Sichuan	Yunnan, Henan, Gansu, Guangxi, Anhui, Guizhou
1992	Shanghai, Beijing, Tianjin, Guangdong, Liaoning, Jiangsu	Zhejiang, Fujian, Xinjiang, Heilongjiang, Shandong, Hainan	Jilin, Hebei, Hubei, Qinghai, Shanxi, Neimenggu	Ningxia, Hunan, Tibet, Shaanxi, Jiangxi, Henan	Sichuan, Yunnan, Guangxi, Gansu, Anhui, Guizhou
1993	Shanghai, Beijing, Tianjin, Liaoning, Guangdong, Zhejiang	Jiangsu, Hainan, Fujian, Heilongjiang, Shandong, Xinjiang	Jilin, Hebei, Hubei, Neimenggu, Shanxi, Qinghai	Ningxia, Hunan, Guangxi, Yunnan, Sichuan, Henan	Jiangxi, Anhui, Tibet, Gansu, Shaanxi, Guizhou
1994	Shanghai, Beijing, Tianjin, Guangdong, Zhejiang, Liaoning	Jiangsu, Fujian, Hainan, Shandong, Heilongjiang, Xinjiang	Jilin, Hebei, Hubei, Neimenggu, Qinghai, Shanxi	Guangxi, Hunan, Ningxia, Anhui, Sichuan, Yunnan	Henan, Jiangxi, Shaanxi, Tibet, Gansu, Guizhou
1995	Shanghai, Beijing, Tianjin, Guangdong, Zhejiang, Jiangsu	Liaoning, Fujian, Shandong, Heilongjiang, Hainan, Xinjiang	Hebei, Jilin, Hubei, Neimenggu, Shanxi, Hunan	Qinghai, Anhui, Ningxia, Henan, Guangxi, Jiangxi	Sichuan, Yunnan, Shaanxi, Tibet, Gansu, Guizhou
1996	Shanghai, Beijing, Tianjin, Guangdong, Zhejiang, Jiangsu	Fujian, Liaoning, Shandong, Heilongjiang, Hainan, Hebei	Xinjiang, Jilin, Hubei, Neimenggu, Shanxi, Hunan	Guangxi, Henan, Anhui, Qinghai, Ningxia, Jiangxi	Yunnan, Sichuan, Shaanxi, Gansu, Tibet, Guizhou
1997	Shanghai, Beijing, Tianjin, Zhejiang, Guangdong, Jiangsu	Fujian, Liaoning, Shandong, Heilongjiang, Hebei, Xinjiang	Hubei, Hainan, Jilin, Shanxi, Neimenggu, Hunan	Henan, Anhui, Guangxi, Jiangxi, Sichuan, Qinghai	Yunnan, Ningxia, Shaanxi, Tibet, Gansu, Guizhou
1998	Shanghai, Beijing, Tianjin, Zhejiang, Guangdong, Fujian	Jiangsu, Liaoning, Shandong, Heilongjiang, Hebei, Hubei	Xinjiang, Hainan, Jilin, Neimenggu, Shanxi, Hunan	Henan, Anhui, Jiangxi, Qinghai, Yunnan, Sichuan	Ningxia, Guangxi, Shaanxi, Tibet, Gansu, Guizhou
1999	Shanghai, Beijing, Tianjin, Zhejiang, Guangdong, Fujian	Jiangsu, Liaoning, Shandong, Heilongjiang, Hebei, Hubei	Xinjiang, Hainan, Jilin, Neimenggu, Hunan, Henan	Shanxi, Anhui, Qinghai, Jiangxi, Ningxia, Sichuan	Yunnan, Tibet, Guangxi, Shaanxi, Gansu, Guizhou
2000	Shanghai, Beijing, Tianjin, Zhejiang, Guangdong, Jiangsu	Fujian, Liaoning, Shandong, Heilongjiang, Hebei, Xinjiang	Hubei, Hainan, Jilin, Neimenggu, Hunan, Henan	Shanxi, Qinghai, Anhui, Jiangxi, Ningxia, Sichuan	Yunnan, Tibet, Shaanxi, Guangxi, Gansu, Guizhou
2001	Shanghai, Beijing, Tianjin, Zhejiang, Guangdong, Jiangsu	Fujian, Liaoning, Shandong, Heilongjiang, Hebei, Xinjiang	Hubei, Jilin, Hainan, Neimenggu, Hunan, Henan	Qinghai, Shanxi, Ningxia, Tibet, Sichuan, Anhui	Jiangxi, Shaanxi, Yunnan, Guangxi, Gansu, Guizhou
2002	Shanghai, Beijing, Tianjin, Zhejiang, Guangdong, Jiangsu	Fujian, Liaoning, Shandong, Heilongjiang, Hebei, Xinjiang	Jilin, Hubei, Hainan, Neimenggu, Hunan, Henan	Qinghai, Shanxi, Tibet, Jiangxi, Anhui, Sichuan	Ningxia, Shaanxi, Yunnan, Guangxi, Gansu, Guizhou

2003	Shanghai, Beijing, Tianjin, Zhejiang, Guangdong, Jiangsu	Fujian, Liaoning, Shandong, Heilongjiang, Hebei, Xinjiang	Jilin, Hubei, Neimenggu, Hainan, Henan, Hunan	Shanxi, Qinghai, Tibet, Ningxia, Jiangxi, Sichuan	Shaanxi, Anhui, Guangxi, Yunnan, Gansu, Guizhou
2004	Shanghai, Beijing, Tianjin, Zhejiang, Jiangsu, Guangdong	Fujian, Shandong, Liaoning, Heilongjiang, Hebei, Neimenggu	Xinjiang, Jilin, Hubei, Henan, Hainan, Shanxi	Hunan, Qinghai, Jiangxi, Ningxia, Sichuan, Tibet	Anhui, Shaanxi, Guangxi, Yunnan, Gansu, Guizhou

Table 2. Changes of percentage of per capita GDP of different group

Year	A(%)	B(%)	C(%)	D(%)	E(%)	E/A
1978	47.18	16.30	14.31	12.49	9.72	0.21
1979	46.05	16.31	14.82	12.88	9.93	0.22
1980	46.12	16.53	14.79	12.50	10.06	0.22
1981	44.35	17.33	14.99	12.83	10.50	0.24
1982	43.01	17.74	15.51	13.05	10.69	0.25
1983	42.83	17.79	15.34	13.21	10.84	0.25
1984	41.99	18.57	15.65	13.12	10.67	0.25
1985	41.48	18.78	15.92	13.27	10.54	0.25
1986	41.29	18.85	15.82	13.51	10.53	0.26
1987	40.82	19.44	15.69	13.38	10.68	0.26
1988	40.27	19.75	16.09	13.13	10.76	0.27
1989	39.68	19.83	16.33	13.09	11.08	0.28
1990	38.78	20.05	16.34	13.55	11.28	0.29
1991	40.77	19.66	15.64	13.13	10.80	0.26
1992	41.58	20.12	15.35	12.38	10.57	0.25
1993	41.77	21.55	15.16	12.40	9.12	0.22
1994	40.64	22.43	14.90	12.20	9.84	0.24
1995	41.34	21.81	14.80	12.37	9.68	0.23
1996	41.25	21.44	15.03	12.42	9.86	0.24
1997	41.59	21.43	14.98	12.24	9.76	0.23
1998	42.12	21.37	14.84	11.98	9.69	0.23
1999	42.68	21.31	14.57	11.68	9.75	0.23
2000	43.31	21.47	14.50	11.32	9.40	0.22
2001	43.63	21.22	14.39	11.34	9.42	0.22
2002	43.92	20.98	14.25	11.52	9.33	0.21
2003	44.35	20.78	14.12	11.53	9.23	0.21
2004	44.14	20.76	14.23	11.57	9.29	0.21

Notice: The five columns: A, B, C, D, E respectively means the percentage of per capita GDP in the five groups: I, II, III, IV, V.

Table 3. The difference with the average between the provincial and regional per capita GDP and the national average (For the sake of the paper length, only data in typical years are listed. If necessary, all data during sample period can be listed.)

Year	1978	1980	1985	1990	1995	2000	2004
Beijing	925	1133	1870	3222	8294	14749	24444
Tianjin	795	941	1366	1965	5517	10282	18936
Hebei	-1	-24	-113	-191	-347	-48	304
Shanxi	0	-9	6	-128	-1222	-2574	-3464
Neimenggu	-48	-90	-23	-178	-1152	-1839	-1309
Liaoning	315	360	581	1042	2089	3515	3683
Jilin	16	-6	36	90	-377	-864	-1682
Heilongjiang	199	243	230	372	674	851	1283
Shanghai	2133	2287	3023	4254	14152	26836	42693
Jiangsu	65	90	221	447	2508	4062	8091
Zhejiang	-34	19	231	466	3283	5750	11328
Anhui	-121	-160	-186	-474	-1434	-2844	-4846
Fujian	-92	-103	-95	107	1996	3890	4604
Jiangxi	-89	-109	-235	-522	-1708	-2860	-4425
Shandong	-49	-49	55	159	967	1844	4311
Henan	-133	-134	-252	-565	-1478	-2267	-3144
Hubei	-33	-23	-24	-100	-629	-523	-2114
Hunan	-79	-86	-206	-368	-1321	-2072	-3497
Guangdong	4	29	193	881	3704	5174	7093
Guangxi	-140	-173	-361	-590	-1487	-3392	-5418
Hainan	-51	-97	-103	-67	434	-817	-3164
Sichuan	-103	-130	-262	-522	-1710	-2923	-4830
Guizhou	-190	-232	-412	-846	-2938	-5049	-8399
Yunnan	-139	-184	-346	-432	-1747	-3074	-5881
Tibet	10	20	62	-380	-2399	-3152	-4835
Shaanxi	-74	-117	-228	-415	-1948	-3162	-4857
Gansu	-17	-63	-224	-557	-2503	-3873	-6644
Qinghai	63	22	-24	-98	-1361	-2624	-4008
Ningxia	5	-18	-95	-263	-1463	-2872	-4734
Xinjiang	-52	-41	-12	143	28	-241	-1415

Table 4. The ratio of provincial and regional per capita GDP to the national average (%) (For the sake of the paper length, only data in typical years are listed.)

Year	1978	1980	1985	1990	1995	2000	2004
Beijing	353	352	325	295	273	291	294
Tianjin	318	309	264	219	215	233	250
Hebei	100	95	86	88	93	99	102
Shanxi	100	98	101	92	74	67	73
Neimenggu	87	80	97	89	76	76	90
Liaoning	186	180	170	163	144	146	129
Jilin	104	99	104	105	92	89	87
Heilongjiang	154	154	128	122	114	111	110
Shanghai	684	608	464	357	395	448	438
Jiangsu	118	120	127	127	152	153	164
Zhejiang	91	104	128	128	169	175	190
Anhui	67	65	78	71	70	63	62
Fujian	75	77	89	106	142	150	137
Jiangxi	76	76	72	68	64	63	65
Shandong	87	89	107	110	120	124	134
Henan	64	70	70	66	69	71	75
Hubei	91	95	97	94	87	93	83
Hunan	78	81	75	78	72	73	72
Guangdong	101	107	123	153	177	167	156
Guangxi	62	62	57	64	69	56	57
Hainan	86	79	88	96	109	89	75
Sichuan	72	71	69	68	64	62	62
Guizhou	48	49	51	49	39	35	33
Yunnan	62	59	58	74	64	60	53
Tibet	103	105	108	77	50	59	62
Shaanxi	80	74	73	75	59	59	61
Gansu	95	86	73	66	48	50	47
Qinghai	117	105	97	94	72	66	68
Ningxia	101	96	89	84	69	63	62
Xinjiang	86	91	99	109	101	97	89

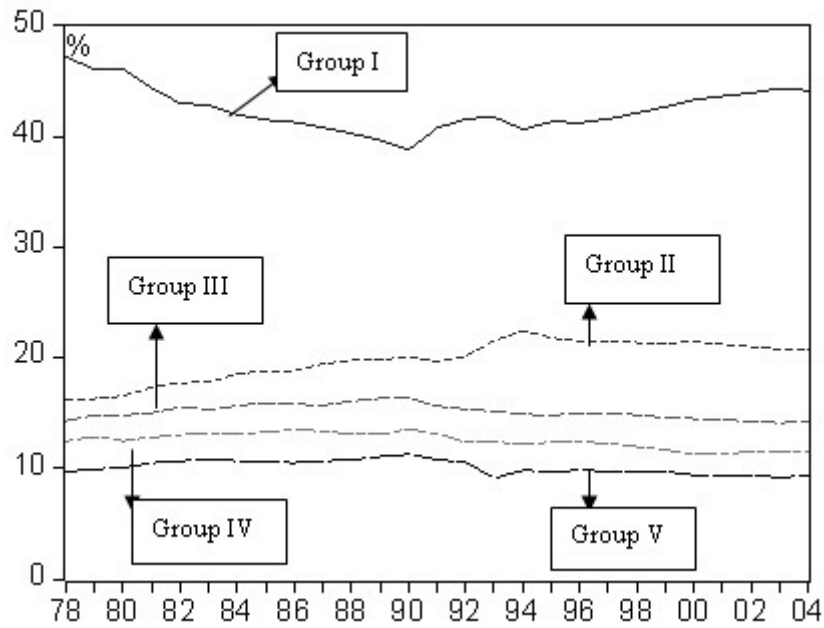


Figure 1. The Percentage Change Curve of per capita GDP in Different Group.

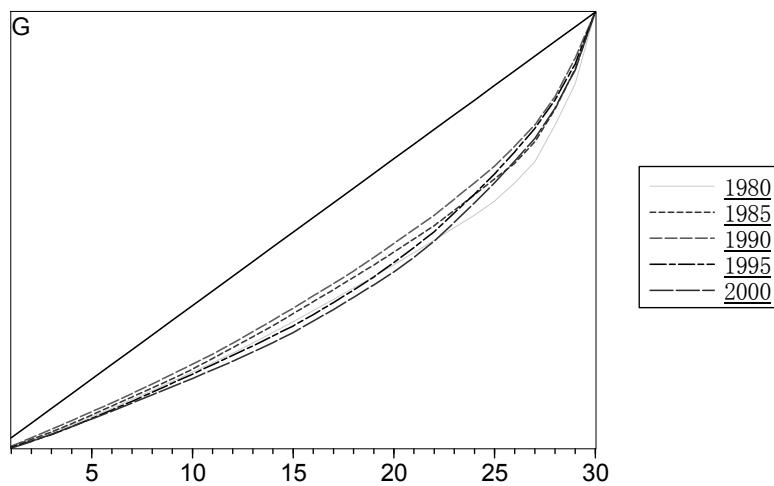


Figure 2. The Lorenz Curve of Provincial and Regional per capita GDP in 1980, 1985, 1990, 1995, and 2000 in China

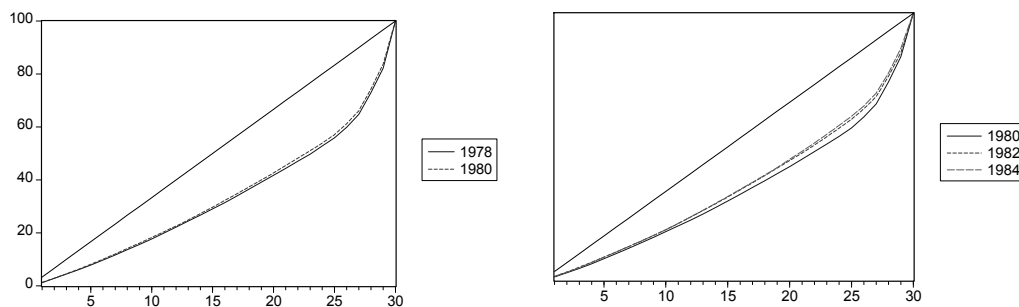


Figure 3. The Lorenz Curve of Provincial and Regional per capita GDP in 1978, 1980, 1982, and 1984 in China

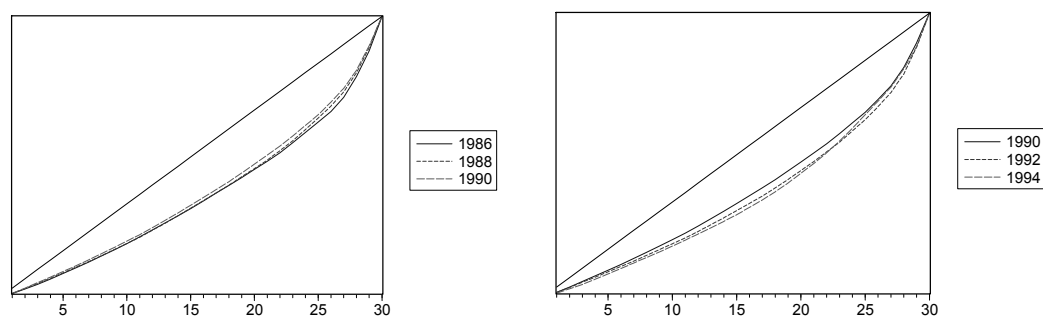


Figure 4. The Lorenz Curve of Provincial and Regional per capita GDP in 1986, 1988, 1990, 1992, and 1994 in China

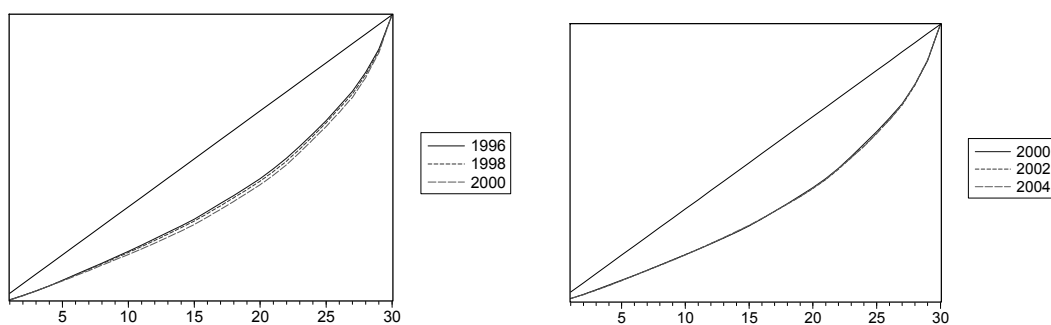


Figure 5. The Lorenz Curve of Provincial and Regional per capita GDP in 1996, 1998, 2000, 2002, and 2004 in China



The Situation of Income and Distribution in Monopoly Industries and the Public Policymaking

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Abstract

Due to its public characteristic and authority background to some extent, monopolizing enterprises can possess limited resources alone so as to amass excess profits and widen social gap in income and distribution by setting up systems such as entering a barrier and restricting competition. August 30th, 2007, China's "anti-monopoly law" first introduced, but the whole law articles working out aiming to solve the unfairness of income and distribution in monopoly industry are still full of shortcomings. On this basis, this paper analyses the formulation of relevant public policies from the angle of both administrative as well as economic means.

Keywords: Administrative monopoly, Income and distribution gap, Anti-monopoly law, Administrative monopoly, Economic monopoly

1. Introduction

In China, the traditional socialist public ownership is that state controls economic lifeline. Meanwhile, the infrastructures are generally obliged to be invested by authority because of the characteristics of a long life cycle, and slow return by investment, thus from which derived natural monopoly industries such as coal, electricity, oil, transportation and so on. Since the early 1990s, with a planned economy shifting to a market-oriented mechanism, some monopoly enterprises are gradually entering the middle stage of reform, and at the same time enjoying the benefits of both systems, forming dual features as "chasing economic profits" and "administrative monopoly". Unreasonable primary distribution as well as a lack of intensity and fairness at the second time makes the income and distribution in monopoly sectors have huge superiority when compared to the other industries, causing certain social problems. Moreover, the relevant laws promulgated, like the "decade of pregnancy," are still full of defects after arduous birth.

2. Grand feast for "twelve rich and powerful families" - the status and characteristics of income and distribution in monopoly industries

2.1 Excess profit

From the information published by State Assets Committee, 40 state-owned monopolizing enterprises have divided 95% of 600 billion RMB equally, which is tantamount to the amount of 169 Central authority enterprises' profits; Among them, the "twelve rich and powerful families" (such as China Mobile Communications Corporation, China national petroleum corporation, China petroleum chemical corporation, China national offshore oil corp., ect. twelve far-ahead enterprises) have completely swept away 78.8% of the total profits of Central authority enterprises. (Shan, Dong, 2007)

According to the economist Wyss' concluding observation, "a considerable amount of research indicates that from different historical periods for the longitudinal study, the higher marginal rate which is under the higher concentration has relatively stability." (Qi, Yudong, 2007) State-owned economy, itself, is a kind of "owner shortage" economy to a great extent, and monopoly industries have a certain degree of public nature and power background. Exactly because of this, monopolizing enterprises can sustain high profits by possessing the critical resources alone, or having been granted by the government to produce exclusively.

2.2 Excess distribution

The data from National Bureau of Statistics of China showed that at present the average wage in the electric power, telecommunications, finance, insurance, water and power supply, tobacco industries is 2 to 3 times of that in the other industries, and if coupled with the off-payroll income and benefit, the real disparity gap is possibly between 5 to 10 times. (WWW.PEOPLE.COM.CN, 2007) However in fact, the distribution of monopolies is not entirely equivalent to the commercial viability of the enterprises. In their compensation systems, side money, namely monopoly welfare is precisely the main form in which monopoly profits transform into personal income. Relying on the administrative authority, they transfer this kind of national usufruct, which is obviously contrary to the interests of society.

2.3 Pseudo-market

2.3.1 Non-opening environment – setting up market access barrier and restricting competition

The fundamental characteristic of market economy is competition. However, In China, a complete, fair and reasonable market has not formed yet so that the specific monopoly economy is the result of administrative power rather than market development. Absolutely, by using the administrative power and resources, monopoly sectors enact unreasonable market access policy to repel competitors and maintain monopoly position under the mask of declaring to regulate unfair competition. For instance, the Postal sector revised 8th draft for "Postal Law" in that "the business of delivering letters within 150 grams should be franchised to the sector itself only " in September, 2006. (WWW.ZGJRW.COM, 2006) Apart from blocking off the access, the measure of intervention is also visible in practice. Once at a disadvantage when competing with private enterprises, monopolies will make good use of their inherent superiority to force the competitors out of market.

2.3.2 Inefficient market – state subsidies and egalitarian practice

As price mechanism's vital component, the compensation disparity plays function of inducting and optimizing labor resources. In addition, this rule is available on one premise that compensation as the price of labor is a function of productive efficiency. That is to say, high salary is directly proportional to high efficiency and it should be approved as one sector's high labor value by society. (Luo, Biliang, 2006)

Facts seem to violate this rule none the less. First, take State Grid Corporation of China for example, who is well known for its' high compensation system, the total ROI is only 2.63%. (Shi, Jingtao, 2006) Besides, China Petroleum & Chemical Corporation made up the losses with subsidies (up to 15 billion RMB) by Ministry of Finance from 2005 to 2006. As an old saying goes - "good shade under big trees", personal incomes were ready to rise instead of declining in these loss-generating enterprises. So it is not difficult to tell which factor contributes more to profitability in monopolies, early-development advantage, right timing and right place, or simply starting from scratch. Second, there's no doubt that it is criticized by the public that monopolies match low service and operating efficiency with high wages and benefits when shifting in roles from quasi-public product provider to staff benefit spokesman. Because of prevalently internal egalitarianism, staff income level not only deviates from but also far higher than labor market price. (Hu, Jingbo & Li, Li, 2002) A considerable trifle can be seen as the tip of the iceberg. On June 2006, as soon as one article exposed the fact that the most common staff gained 100,000 RMB annual salaries in power plant", it aroused strong reaction in society. Market division results in homogeneous labor force with discrepant income, which will definitely widen rich- poor gap and accelerate polarization.

2.3.3 Unclear position – government-industry alliance

Existence is identical in the interests between government sectors and monopoly enterprises, on basis of which they are in league together through marriage, making the government as a "participant" instead of "supervision". To conjure up the whole thing through seeing part of it, take increase in price after public hearing and preferential policies such as tax support for example, monopolies don't have to obey the famous "zero profit theorem" so that consumers can only passively accept unilateral fixed pricing. Once the so-called meager profits and deficit generated, the means of price hike at the expense of social benefits to make up for the economic gap would be prevalently used. Only if government changed the vague position to separate government functions from enterprise management and have public participate in political affairs sufficiently, can we regulate the indispensable mechanism in monopoly industries.

3. Backtracking of "anti-monopoly law" promulgated course within 13 years

The harm brought by the formation and expansion of income and distribution disparity should not be underestimated. For example, it might increase industry operating cost and affect industry competitiveness; It might damage public benefit and impact on industry image and service quality; It might aggravate income inequality and influence social stability ; It might lead to corruption and hinder social progress; Meanwhile, it might over-exploit resources in order to grab quick money. As the root of its malformation owes to the structure, system reform and legislation improvement are inevitable.

In China, since "anti-monopoly law" was included in National People's Congress (NPC) legislation agenda in 1994, it was not until on June 24th 2006 that the draft got first submitted to the Tenth NPC at the 22nd session, and adopted at the 29th session of the Tenth NPC after third-time review on August 30th 2007 finally. All impossibly, any law can embody the interests of a particular group, but is the result of balancing. Having experienced arduous birth for thirteen years, the dispute as well as obstruction among the latent old pattern of interests is obviously a fierce battle. The appearing new law aims at protecting social and public interests and preventing invulnerable group from abuse of authority(Lin, Zhiyuan, 2006), however, it would be idealistic as accomplishing the whole task at one stroke if only depending on such a unperfected law to clear up all the barriers.

Although according to article 37, it is said that "Administrative power shall not abuse administrative power to stipulate

regulations including contents to eliminate or restrict competition", (Xinhua News, 2007) in fact the administrative monopoly has not been included in the category of anti-monopoly genuinely. Unfortunately, there isn't any single word mentioned about the transaction limit caused by administrative examination and approval as well as the competition deficiency brought by high access threshold. Furthermore, the definition of "abuse of administrative power" is only limited to discrimination against commodity operators and regions. Likewise, state-owned economy dominant in national economy lifeline and national security is excluded from the scope of anti-monopoly. As far as price manipulation is concerned, it lacks rigorously defined stipulation. (Shen, Minggao, 2007)

In a word, from the unsolved key aspects above – specifically, the environment of competition, the definition of object, the scope of legislation and the control of price, we can see that there isn't a clear line between administrative and market decentralization yet for the new law maintains the fixed pattern of interests to some extent rather than adjust to the reform direction.

4. Relevant public policymaking

The economist Hong Sheng once suggested that "Competition comes after non-monopoly, similarly regulation along with non-competition. Therefore, the best way to counter monopoly is creating its competitor. And the government shouldn't involve in regulation unless there is competitor in natural monopoly industry." (Xu, Zhibo, 2007) As has been noted, monopoly industries should establish a framework giving first place to competitive market with state regulation as auxiliary to reduce improper intervention in resource allocation and market distribution. In other words, if enterprise chooses to pursue profits only, the government ought to fully liberalize market and gives away to its judgment in the survival of the fittest; On the contrary, if it determines to keep the monopoly status, public responsibility should be undertaken as a payback of possessing resources.

In reality, monopolistic business and competitive business coexist in monopoly industrial chain. Consequently, the two indispensable control devices, namely administration and economy should be taken into account together in the advancing reform.

4.1 Direct management – administrative method

4.1.1 Supplement of "anti-monopoly law" - detailed rules and industrial regulations

There's still a long way to go for achieving perfection as a result of apparent shortcomings in the newly introduced law. Take, for instance, the unclear legislative purpose, the unestablished subject of investigation and sanction, the exclusion of transitional enterprises from anti-monopoly scope, and the preservation of old authority pattern are obstacles urged to be settled in the coming rules. Besides, each monopoly industry is short of sound laws and regulations – Gas and tap water industries with local laws and regulations only are cases in point. (Wang, Junhao, 2001) Consequently, we should speed up the overall legislative process.

4.1.2 Establishment of market mechanism

The establishment of market mechanism is conducive to the formation of market-oriented price. For the sake of promoting open and fair environment and cultivating new competitive entities, we ought to break the element pattern of interests, lower market access threshold, and support the successors in policies. Equally important, for the first participants, business division and regional segmentation are proposed to weaken their monopoly influence.

4.1.3 Improvement of financial monitoring mode

From the macroscopic management system, monopolies have rights to dispose of state-owned capital gains freely. Thus it is essential to establish the pertinent collection system lest problems of information asymmetry and opaqueness should happen. At the same time, to avoid unreasonably disordered growth, monopoly income should be in the charge of dual control, that is, gross payroll as well as wage level, among which "Sunshine Project" is applied to monitoring the monopoly welfare.

4.1.4 Corporate governance

From the microcosmic enterprise level, implement of share reform is beneficial to separate property right from operation power. And according to Fromm's expectation theory and J.S.Adams' fairness theory, reward – capacity payment management mechanism should be established so as to introduce sufficient competition applying for inner positions.

4.1.5 Participation of third party and the public

Since there's a close relationship between anti-monopoly agencies and monopoly branches in China, according to Stigler's "capture theory of regulation", the government regulatory agencies have actually become captured volunteers. (Chen, Yan & Tian, Tian, 2006) Therefore, to clear the supervision main body and improve the regulatory system is still far from enough, in this way, we should attach great importance to the participation of third party (for example special field consumer organization) as well as the public in management. Particularly hearing system needs gauging so that it

is truly worthy of the reputation.

4.2 Indirect management – economic method

4.2.1 Collection of anti-profiteering tax

Economist Ota Sik once proposed that monopoly margin is the decisive sign of macro-monopoly, and the national economy margin is a decisive standard to verify monopoly margin. (Qi,Yudong,2007) Thus, based on the national economy margin level as lower limit, whenever monopoly margin continuously exceeds upper limit of profit rate for a certain years, anti-profiteering tax is charged to control fairness. However, it is noted that as the "invisible hand" government should forewarn and forbidden monopolizing enterprises to pass the burden to consumers which will fall into the "raising the price once again" strange circle otherwise.

4.2.2 Establishment and improvement of a social security system

In August 2007, Shandong province government promulgated one notice as to balance the price inflation and cost-of-living especially for the low-income group, in which stated that "system will be built up after study according to law, to be exact, excessive profits through raising the price in monopoly or resource limited industries, or even in the light of policies should be extracted as special funds of price adjustment, meanwhile the government will centralize partial financial resource to be earmarked for low-income populace and disadvantaged industries which are more greatly influenced by price reform in means of subsidies as well as relevant controls. " (WWW.PEOPLE.COM.CN, 2007)

However, there are still some perplexities. For example, how to extract in practice, what the reasonable extraction ratio is, whether raising the price will happen again after extraction, besides these, the most important one is that the high monopoly profits come from numerous common people but the subsidies are only direct to a small number of low-income groups. Although there is indeed a objective reason of huge population leading to poor supply, fairness has no way to embody sufficiently. The income and distribution gap problem can't be solved only depending on "robbing the rich to feed the poor" way, and the dreaming balance can't get achieved simply relying on monetary plus-minus method either. As the vital means to adjust income and distribution disparity, social security system with establishment and improvement is relatively more rational and feasible to settle the low-income groups' situation.

5. Conclusion

Drawing on the analysis above, it is clear that the focal point of solving the disparity problem should be separating administrative functions from enterprise management so that a newly-organized pattern of interests will be appearing. Consequently appealing for more specific and explicit articles as well as relevant laws is definitely essential. As Rome was not built in a day, the process of laying down adequate rules and regulations is generally long-lasting and full of hardships. In this way, economic methods ought to be taken into consideration simultaneously.

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The Stock Adjustment Model of Migration: The Scottish Experience

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Abstract

The many models of migration depict the various reasons why people move. The stock adjustment model of migration assumes the heterogeneity of individuals, while the flow models of migration assume individuals to be homogenous. Using the Scotland data we get different results compared to the previous studies, at least in the effect of house prices on the migration decision.

Keywords: Migration, Stock Adjustment Model, Scotland

1. Introduction

There are many approaches to the study of why people move. The classical approach suggests wage differentials as the main determinant of migration between regions. Migration is taken to be "costless" and without risk in this approach. The human capital approach introduced by Sjaastad (1961) treats migration as an investment in human capital that involves costs and returns. The costs and benefits include both monetary and non-monetary costs.

There are many facets of search theories that have emerged from the basic search strategies initiated by Stigler (1961, 1962). Search theory has also been useful in the study of migration; it shows how migration decisions may involve different stages. The stages include: the decision whether to be involved in the search process; the decision when to stop searching upon receiving an acceptable offer. When the optimal stopping rule is observed, search will stop and an offer accepted when the net present value of the offer received is greater or equal to the reservation NPV.

Gordon and Vickerman (1982) focus, in effect, on contracted migration. They construct a general decision making framework in which the probability of migration taking place is expressed as the product of the probabilities related to migration. The probability of receiving an offer is simplified in the basic search model by assuming a fixed rate at which offers are generated, for example once a day.

As for speculative migration, since it is considered as part of the search process it is quite difficult to differentiate it from the search process *per se*. Once an individual has decided to enter the search process he/she is effectively involved in a speculative form of migration because in the process of searching for opportunities he/she may need to move from one region to another.

Gravity models have been widely used in the study of migration processes. Their early use was highlighted by Ravenstein who argue that in studying migration stream the analyst should consider both the numbers of people in the origin and the destination locations. The basic gravity model of migration emphasises that the migration process between any pair of regions depends on the size of the population in each region and the distance attributes between the two regions.

While the flow model suggests that migration involves the responses of homogenous individuals reacting to changes in the determinants of migration in much the same way, the stock adjustment model has rather different implications. In the stock adjustment model individuals are assumed to be heterogeneous, as reflected in a distribution of expected net present values of migration decisions across individuals. This has fairly radical implications for the appropriate specification of the net migration function.

2. The Stock Adjustment Model

In the stock adjustment model we make several assumptions. The key point here is that we assume that migrants are heterogeneous and may respond quite differently in response to any given change in the variables relevant to the migration decision. People have different psychic transaction costs or may value amenities differently and so the expected net present value from migration varies, possibly significantly, among individuals.

Suppose individuals expected net present values of migration are distributed in accordance with the solid line as shown in Figure 1.

The origin, O, coincides with a zero expected net present value (NPV) associated with migration. Hence only those who are in the upper tail of the distribution of expected NPVs - above that value of expected NPV - become movers. Those whose expected NPV is below zero are stayers. When the real wage increases in the destination region relative to the region of origin, there will be a shift in the distribution from D1 to D2, with more people being movers than before, but in general there will be more stayers than movers as illustrated by the distribution.

Since people are different, as wages increase in Scotland their expected net present value associated with migrating to Scotland increases. But due to the nature of the distribution across individuals not many households still wish to stay and there is a limited number of new movers as a consequence of the shift in the distribution of expected NPVs. This raises the possibility that the numbers induced to migrate may well be insufficient to restore wage and unemployment differentials, for example. This contrasts with the implications of Harris-Todaro (1970) and Layard *et al* (1991). Notice that we have not actually identified the variables that enter the computation of the expected value of NPV here. The argument is therefore valid with respect to any set of determining variables. For example, if it is wage and unemployment differentials that "matter", the argument implies that net migration flows occur here in response to the *first differences* of wage and unemployment rates, and not their *levels*. As we shall see, this apparently minor alternative specification of the net migration function may have significant consequences for the behaviour of regional economies.

3. Empirical Findings: The Stock Adjustment Model

Here we focus to report on our results using the Stock Adjustment Models of migration. Previous models are all of the flow adjustment variety, which as our analysis in (Baayah, 2007) chapter 3 argues, appear to be based on an implicit assumption of homogeneity among migrants. Allowing for heterogeneity, for example in the form of a distribution of expected psychic migration transactions costs, suggests that a stock-adjustment formulation may be more appropriate. The stock adjustment equation we estimate follow the following form

$$NMGRATE^{SA} = \beta_0 - \beta_1 \Delta(rw_S - rw_{RUK})_t + \beta_2 \Delta(u_S - u_{RUK})_t + \beta_3 \Delta(p_S - p_{RUK})_t$$

Where Δ is the first difference operator, capturing the stock adjustment specification, and the other variables are as defined.

Data from 1970 to 1994 are used in describing the pattern of migration and the testing of previous net migration models. Although most data are available earlier, the data on wages are only available from 1970.

We estimate the stock adjustment models that we think can be used to explain Scottish-RUK migration data.

We start by regressing the most general form of the stock adjustment model as given by equation 1 of table .1. Only the change in the price variable between Scotland and RUK is significant at the 5 per cent level but has the opposite sign to that predicted by theory. The time trend and the lagged dependent variable are both insignificant at the 5 per cent level. The R^2 value implies the model explains 74% of variation in the dependent variable. There is no evidence of serial correlation or functional form problems. The diagnostic test result does not reject the null hypotheses of normality and homoscedasticity in the residuals. Next we drop the lagged dependent variable from our regression. In equation 2 the result shows that the change in price variable remains significant at the 5 per cent level with a larger t-value than before. However it maintains the sign opposite to that predicted by theory. The time trend now becomes significant at the 5 per cent level. The negative sign indicates that the dependent variable tends to decrease over time. The DW statistic is very close to 2, which implies that there is no evidence of serial correlation in the residuals. This result is confirmed by the other diagnostic test of serial correlation. There is also no evidence of serial correlation or functional form problems. The diagnostic test result does not reject the null hypotheses of normality and homoscedasticity in the residuals. Next, based on the t-values we omit the change in vacancy variable from our regression. The result is given in equation 3. The change in real wage is not significant at the 5 per cent level but has the expected sign. The change in the unemployment rate between Scotland and RUK also remains insignificant at the 5 per cent level and maintains the expected sign. The change in price between Scotland and RUK maintains to be a significant variable but still has the sign opposite to that predicted by theory. The time trend remains significant at the 5 per cent level. The R^2 decreases slightly which implies the model is a worse fit. The DW statistics is greater than 2 which indicate negative autocorrelation of the residuals (e.g. Johnston 1984). This is not corroborated by the other diagnostic test for serial correlation, however. There is also no evidence of a functional form problem in the model. The diagnostic test result does not reject the null hypotheses of normality and homoscedasticity in the residuals.

Next we omit the change in unemployment variable from our regression. We also reintroduce the change in vacancy variable into our model to see whether the change in vacancy will have significant effect on net out migration variable when the change in unemployment is excluded from the regression. The result given in equation 4 indicates that the real wage now becomes significant at the 5 per cent level and has the expected sign. This result supports the theory that people move from low wage to high wage regions. Thus the higher the real wage in Scotland relative to RUK fewer people will migrate from Scotland to RUK. The change in vacancy variable remains insignificant at the 5 per cent level. The price variable remains significant at the 5 per cent level and maintains the negative sign as before. The time trend variable remains significant at the 5 per cent level with a lower standard error. The negative sign implies that the net out migration from Scotland to RUK decreases over time. The R^2 value implies that the model explains 70% of the net out migration flow from Scotland to RUK. The DW statistic of 2 implies there is no autocorrelation in the residuals. The diagnostic test result also implies that there is no evidence of serial correlation and functional form problems. The diagnostic test result does not reject the null hypotheses of normality and homoscedasticity in the residuals.

Finally we omit the change in the vacancy variable from our regression. The result is shown in equation 5. The change in real wage remains significant at the 5 per cent level and maintains the expected sign. The standard error has also reduced. The change in price variable also remains significant at the 5 per cent level and maintains the previous sign. Its standard error has also decreased. The time trend variable also remains significant at the 5 per cent level and the standard error has also decreased. The R^2 value remains unchanged and the corrected R^2 does not change very much, indicating the change imposed on the model is acceptable. The DW statistic of 2 means that there is no evidence that the residuals are not autocorrelated (Johnston 1984). The standard error of the regression has decreased which means equation 5 can be a better model than equation 4. There is no evidence of serial correlation and functional form problems. The diagnostic test result also indicates that the test for normality and homoscedasticity gives affirmative result. We also conduct the parameter stability test for all our models discussed above using the CUSUM and CUSUM-SQ methods. The results provide evidence of parameter stability in all our stock adjustment models. Given the above findings we conclude that equation 4 and equation 5 are among the best statistical models that could be used to describe the net out migration flows between Scotland and RUK, although the unexpected sign on house price variables limits the genuine explanatory power of the model if we follow the old believe that cheaper house prices will encourage the move from the origin to the destination region. Perhaps the present day scenario is different, cheap housing is not an attraction (to the migrants) but comfortable accommodation is. So the fact that the house price variable has a non conventional sign is acceptable and do show a change in the ways variables affects a migration decision.

4. Conclusions

Much had been said about the patterns of migration in the UK and elsewhere. The flow model suggests that migration involves the response of homogenous individuals reacting to changes in the determinants of migration in much the same way, the stock adjustment model has rather different implications. In the stock adjustment model individuals are assumed to be heterogeneous, as reflected in a distribution of expected net present values of migration decisions across individuals. This has fairly radical implications for the appropriate specification of the net migration function.

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Definition of variables used.

$$(p_s - p_{RUK})_t = \log(HPS/HPUK)_t$$

$$\Delta(p_s - p_{RUK})_t = (p_s - p_{RUK})_t - (p_s - p_{RUK})_{t-1}$$

$$(r_w_s - r_w_{RUK})_t = \log(ES/EGB)_t$$

$$\Delta(r_w_s - r_w_{RUK})_t = (r_w_s - r_w_{RUK})_t - (r_w_s - r_w_{RUK})_{t-1}$$

$$(u_s - u_{RUK})_t = \log(URATES/URATEUK)_t$$

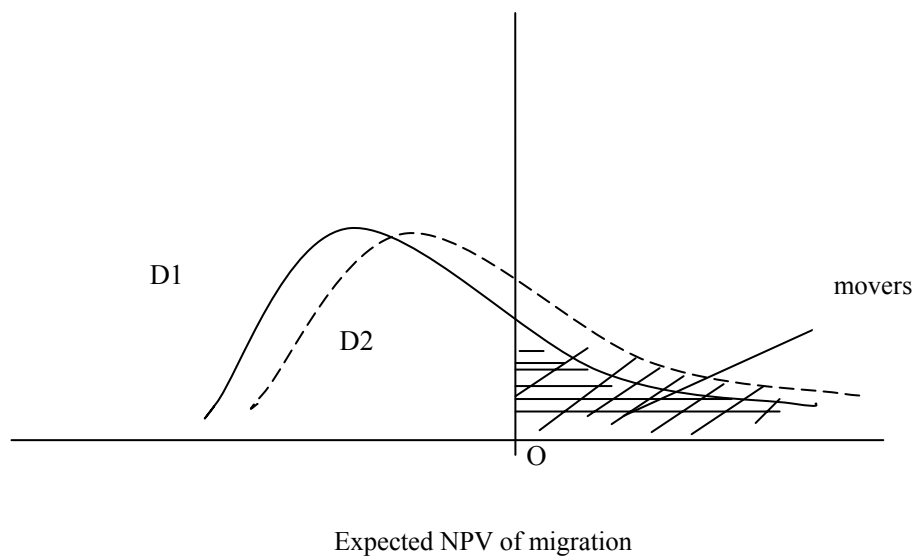
$$\Delta(u_s - u_{RUK})_t = (u_s - u_{RUK})_t - (u_s - u_{RUK})_{t-1}$$

$$(v_s - v_{RUK})_t = \log(VACU/VACS)_t$$

$$\Delta(v_s - v_{RUK})_t = (v_s - v_{RUK})_t - (v_s - v_{RUK})_{t-1}$$

Lower case of the alphabet denotes the natural logarithm of the variables.

Variable	equation1	equation2	equation3	equation4	equation5
intercept	.0036 (1.88)	.0041 (3.47)	.0040 (3.42)	.0044 (3.60)	.0044 (3.78)
$\Delta(r_w_s - r_w_{RUK})$	-.0454 (1.05)	-.0561 (1.97)	-.0517 (1.86)	-.0681 (2.37)	-.0676 (2.59)
$\Delta(u_s - u_{RUK})$	.0029 (1.19)	.0033 (1.67)	.0024 (1.43)	-	-
$\Delta(v_s - v_{RUK})$	.0010 (0.42)	.0016 (0.88)	-	.8738E-4 (0.05)	-
$\Delta(p_s - p_{RUK})$	-.0123 (2.92)	-.0132 (3.89)	-.0124 (3.81)	-.0134 (3.79)	-.0134 (4.08)
NMGRATE _(t-1)	.0944 (0.34)	-	-	-	-
T	-.8740E-4 (1.67)	-.9998E-4 (2.79)	.9602E-4 (2.72)	-.1104E-3 (2.99)	-.1099E-3 (3.16)
R-Squared	0.74	0.74	0.73	0.70	0.70
R-Bar-Squared	0.65	0.67	0.67	0.63	0.65
DW Statistic	-	2.03	2.11	2.00	2.00
Durbin's h-stats	none	-	-	-	-
S.E	.9544E-3	.9291E-3	.9235E-3	.9742E-3	.9483E-3
Diagnostic Tests					
Serial Correlation CHI-SQ(1)	.11395[.736]	.023031[.879]	.15808[.691]	.024225[.876]	.029769[.863]
Functional Form CHI-SQ(1)	.86264[.353]	.98070[.322]	.35074[.554]	1.4319[.231]	1.3230[.250]
Normality CHI-SQ(2)	.13247[.936]	.0092844[.995]	.76732[.681]	.15115[.927]	.15871[.924]
Heteroscedasticity CHI-SQ(1)	.65750[.417]	.79222[.373]	.92204[.337]	1.1224[.289]	1.1278[.288]





A Further Investigation of Product Specialization in International Trade

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Abstract

According to the two empirical observations about U.S. imports, endowments-driven 'within-product specialization' has been increasing. From the data analysis, both these observations are shown extending to the imports of Brazil, India and Japan. However, in this paper, our finding is focused on that two factors driving the classical observations. First, China is the dominant low-wage exporter of multiple-sourced products. Second, the most developed countries remain the primary exporters of multiple-sourced products. When China is deleted from the U.S. import data, there is no trend in across-product specialization; also, rich exporters are increasing their trade share of multiple-sourced products. This paper builds on the method pioneered by Schott. Since without consideration of China data has no theoretical justification, these results should be viewed as a way of deepening our understanding of Schott's his empirical results.

Keywords: Product specialization, Heckscher–Ohlin Model, International trade, Multiple sourcing

1. Introduction

Schott (2004, pp.647-678) makes two fundamental observations about highly disaggregated U.S. imports as follows: (1) the United States increasingly imports the same products from low-wage, middle-wage and high-wage countries. Further, the number of products it imports exclusively from low-wage or middle-wage countries is insignificant. He refers to this as a lack of 'across-product specialization.' (2) Within each product but across exporters, unit values vary systematically with exporter factor endowments and exporter capital–labor production techniques. He refers to the variation in unit values as 'within-product specialization.' Schott concludes that factor proportions theory can explain within-product specialization, but not the lack of across-product specialization.

In this paper, we provide further evidence on the pattern of product specialization in U.S. import data. Moreover, in order to look for patterns that characterize product specialization in world trade in general, we also examine the imports of Brazil, India and Japan. This paper builds on the method pioneered by Schott. Using Schott's product-level focus, we show that the phenomenon of multiple sourcing (i.e., lack of across-product specialization) is driven almost exclusively by two features of the data. First, China is the dominant low-wage exporter of multiple-sourced products. Second, the most developed countries remain the primary exporters of multiple-sourced products. These factors are most pronounced in the U.S. case (as opposed to Brazil, India and Japan). When China is deleted from the U.S. import data, there is no trend in across-product specialization and rich exporters are increasing their trade share of multiple-sourced products.

Schott (2004, pp.647-678) was aware that China might be an issue and indeed deleted China from his analysis. See his sensitivity analysis of Table 3. However, his table does not adequately convey the importance of China for his result. Interestingly, Rodrik (2006, pp.245-251) have returned to this theme of the uniqueness of China.

The exact interpretation of these results is not completely clear. For one, an earlier version of this paper showed that Schott's results about U.S. within-product specialization hold equally well for Brazil, India and Japan. This buttresses what is arguably Schott's most important conclusion. For another, there is no theoretical justification for excluding China when re-examining Schott's across-product specialization result. For example, it is possible that in the absence of China, other low-wage countries would have picked up the slack and started exporting to the United States, Brazil, India and Japan. Our result is instead best interpreted as deepening our understanding of the underlying data upon which Schott based his conclusions.

2. Analytical framework and results

2.1 Analytical framework

The theoretical foundation of our analytical framework is a standard Heckscher–Ohlin model (Dornbush, Fisher &

Sammuelson, 1980, pp.203-224; Zhu, 2004, pp.1042-1060, Zhu & Trefler, 2005, pp.21-48) in which there are three cones of diversification associated with three groups of countries: low-wage, middle-wage and high-wage countries. With complete specialization, low-wage countries have a comparative advantage in the least capital-intensive products while countries of middle-wage and high-wage groups completely specialize in the production of medium and high capital-intensive products, respectively.

Empirically, three cohorts of low-wage, middle-wage and high-wage U.S. trading partners are defined according to whether their GDP per capita is in the 0th to 30th, or the 30th to 70th, or the 70th to 100th percentiles of the world GDP per capita distribution respectively. For trading partners of Brazil, Indian and Japan the cutoffs are the 40th and 80th percentiles.

We then define six types of “products” from the data. L, M, and H products are those that originate exclusively from low-wage, middle-wage, and high-wage countries, respectively. LM products are those imported simultaneously from both low-wage and high-wage countries and MH products from both middle-wage and high-wage countries. Finally, LMH products originate simultaneously from at least one low-wage and one high-wage country. As Schott points out, the logic of the Heckscher–Ohlin model holds if the unit values of LMH products that are produced by high-wage countries are systematically and significantly higher than the unit values of LMH products produced by middle-wage and low-wage countries.

U.S. product-level import data which we use from 1972 to 1994 are compiled from Feenstra (1996). Brazilian, Indian and Japanese product-level import data are available from the United Nations Commodity Statistics Trade Database (UN Comtrade). These data are available from 1989 to 2004 and grouped according to six-digit classifications of the Harmonized Commodity Coding System — Revision 2. All the data correspond to SITC (Revision 2) manufacturing industries.

2.2 Decreasing across-product specialization: the role of China and high-wage countries

According to the two empirical observations given by Schott (2004, pp.655):

Observation (1): There are an increasing number of products imported by the U.S. simultaneously from low-wage, middle-wage and high-wage countries. Re-stated, there is decreasing across-product specialization.

Observation (2): The unit values of these products are positively and significantly correlated with exporter relative capital and skill abundance and with exporter production techniques (capital–labor ratios).

We can find robust evidence of *observation (2)* for products imported by Brazil, India and Japan. This was reported in an earlier version of the paper. The focus of the analysis in this paper is about what explains *observation (1)*.

Fig. 1A displays the evolution of shares of U.S. imported products by source of importers. Since the shares of L, M and LM products are extremely small we choose to combine them in the graph. Fig. 1A presents exactly the same trends for H, MH and LMH products as in Schott (2004). Two important features of the data stand out. First, the percent of MH and H products is in steady decline. Second, the share of LMH products is increasing over time and becomes the most important type of product exported to the U.S.

The evidence above, at first sight, is clearly not consistent with the established fact that most of world trade takes place among developed countries. Given China's status as a low-wage exporter and the exceptionally high growth rate of its exports for the last three decades we now investigate whether Chinese exports drive the trend in LMH products. Further disaggregation of the data by source shows that this is indeed the case. Fig. 1A also presents an additional curve, LMH 2, which represents the shares of LMH products for which China is the only low-wage exporter to the U.S. market. It is graphically clear that the evolution of LMH products originating from low-wage countries and the evolution of those LMH products having China as the only low-wage exporter follow a similar upward trend, which indicates that the number of LMH products that other low-wage countries export to the U.S. remains the same throughout the 1972–1994 period.

To confirm the finding above, Fig. 1B depicts the shares of H, MH, LMH and L+M+LM products when we remove China from the sample and accordingly redefine all six types of products. The numbers of LMH, MH and H products now follow similar trends over time and are almost equally important in the first and last year of the sample. From 1972 to 1994 there is no evidence of a steady upward trend for LMH products and no evidence of a steady downward trend for MH and H products. It is important to point out that to be consistent with the Heckscher–Ohlin framework China must be included in the analysis as a low-wage exporting country. We exclude China from the sample in our analysis as a way of looking into the importance of China in shaping across-product specialization in world trade.

China's increasing ability to penetrate the U.S. market in products that high-wage countries also export is seen in trade data from Brazil, India and Japan. Fig. 2A and B clearly shows that removing China from the sample substantially reduces the share of LMH and increases the share of MH and H products imported by Brazil. We also see from Fig. 3A and B that this is exactly the case for Indian imports. While declining over time the share of H products remains

noticeably important for both Brazil and India in 2004. When China is excluded the share of H products remains the most important component of Brazilian imports for the whole 1989–2004 period. Since Brazil and India are representative middle-wage country and low-wage the evidence shows that across-product specialization is present. It is only for Japanese imports that the trend toward greater within-product specialization remains graphically strong independent of the presence of China in the sample (Fig. 4).

Turning now to investigate which groups of countries are major actors of within-product specialization in LMH products, Table 1 presents the average number of low-wage, middle-wage and high-wage exporters in a LMH product and the breakdown of the value of LMH imports. Columns 1, 3 and 4 show that, for all four countries, the average number of low-wage countries in an LMH product is much smaller than that of middle-wage and especially high-wage countries. For example, a LMH product is on average exported to the U.S. market by 2.3 low-wage, 4.6 middle-wage and 10.5 high-wage countries in 1972. Also, in 1992 the average number of high-wage exporters of an LMH product imported by Brazil, India and Japan is approximately 2 to 4 times higher than the average number of low-wage exporters. More importantly, column 2 shows that the presence of high-wage exporters in LMH products increases over time while that of low-wage exporters remains essentially the same when China is excluded. In 1994 a LMH product is on average imported by the United States from 2.1 low-wage, 4.9 middle-wage and 14.1 high-wage countries. Also, the number of high-wage exporters of a LMH product imported by Brazil, India, and Japan increases to 7.7, 8.2, and 9.3 in 2004, respectively.

Columns 5, 7 and 8 of Table 1 also show that high-wage countries export a much larger share of the value of LMH products to the United States than the group of low-wage countries. In 1972, for example, 7%, 26% and 67% of the total value of exports of LMH products to the United States originated from low-wage, middle-wage, and high-wage countries, respectively. The same numbers are 11%, 14% and 75% in 1994. The share of low-wage country exports in LMH imports by Japan exhibits the highest increase: from 18 % in 1992 to 37 % in 2004. Yet, this increase is due to Chinese exports. Column 6 shows that when China is excluded the share of low-wage countries in the value of LMH products imported by Japan drops to 9.0 % in 2004, just 3 percentage points higher than the share in 1992. In sum, our analysis above shows that it is China and high-wage countries that are the major players in the trend towards greater within-product specialization.

3. Conclusion

This paper provides an empirical analysis of multiple sourcing (i.e., across-product specialization) in the imports of the United States, Brazil, India and Japan. We find that the phenomenon of increasing multiple sourcing, as documented by Schott, applies to the imports not only of the United States but also of Brazil, India and Japan. Our analysis shows that two important features characterize this phenomenon. First, China is the dominant low-wage exporter of multiple-sources products imported by the United States, Brazil, India and Japan. Second, it is China and the high-wage countries that are the driving forces of increasing multiple sourcing in imports of all those four countries.

These findings are of independent interest and deepen our understanding of the data underlying Schott's results. What they mean for Schott's conclusions is not entirely clear. First, Schott's most important finding — about the role of factor endowments for within-product specialization — also holds for Brazil, India and Japan. Thus, we are only reporting on his across-product specialization finding. Second, it is unclear conceptually what it means to remove China. Had China not entered the global economy would other low-wage countries have taken up the slack in a way that would reduce across-product specialization? Such a complex general equilibrium counterfactual is worth making further researches.

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Table 1. Presence of countries and their share in LMH products by importer

Year	Number of countries				Share			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Low	Low*	Middle	High	Low	Low*	Middle	High
U.S. import data								
1972	2.3	1.6	4.6	10.5	0.07	0.09	0.26	0.67
1982	2.8	1.9	5.7	11.6	0.08	0.06	0.32	0.60
1994	2.1	1.1	4.9	14.1	0.11	0.03	0.14	0.75
Brazilian import data								
1992	1.2	1.2	1.1	3.2	0.04	0.03	0.19	0.77
1998	1.4	1.3	3.3	7.9	0.04	0.02	0.22	0.74
2004	1.6	1.3	3.4	7.7	0.10	0.02	0.16	0.74
Indian import data								
1992	1.1	1.1	1.3	4.3	0.08	0.04	0.10	0.82
1998	1.3	1.2	2.5	8.4	0.06	0.03	0.13	0.81
2004	1.7	1.6	3.7	8.2	0.15	0.03	0.20	0.65
Japanese import data								
1992	1.8	2.3	2.9	6.8	0.18	0.06	0.25	0.57
1998	2.2	2.7	3.5	9.1	0.22	0.07	0.19	0.59
2004	2.6	3.0	4.3	9.3	0.37	0.09	0.22	0.41

*Notes: denotes the average number of low-wage in a LMH product and the share of low-wage countries of the total value of LMH products when China is excluded from the sample.

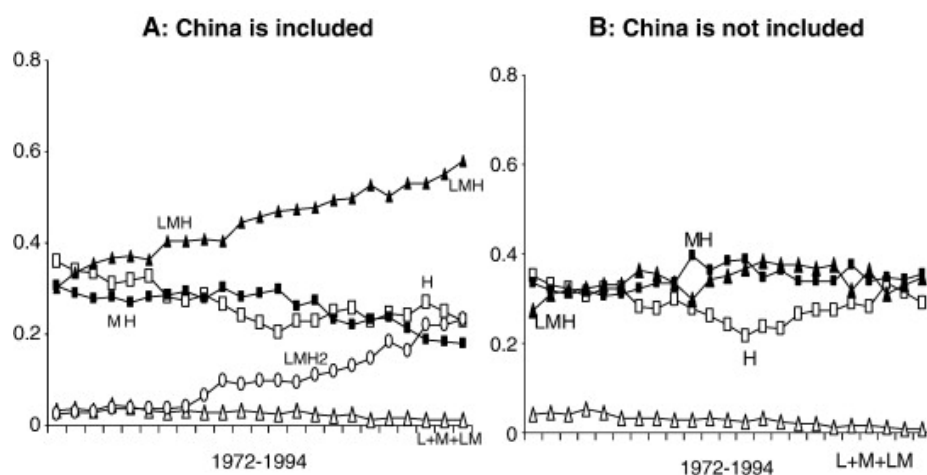


Figure 1. Shares of U.S. imported products by source.

A: China is included B: China is not included.

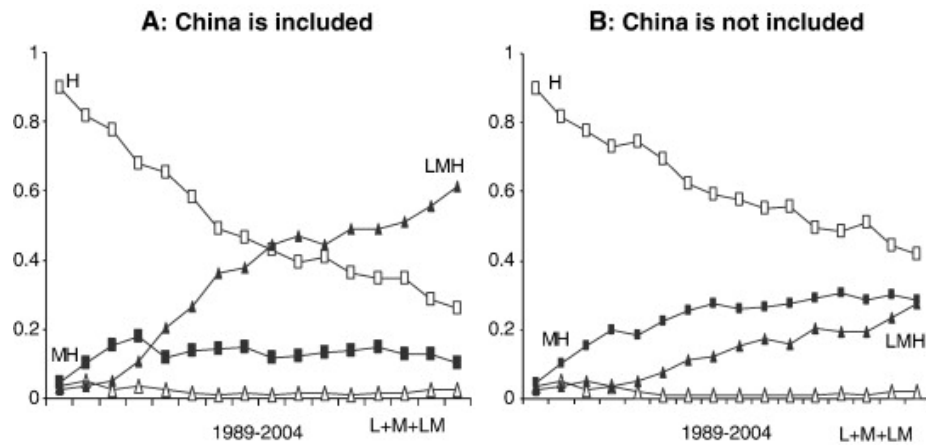


Figure 2. Shares of Brazilian imported products by source.

A: China is included B: China is not included.

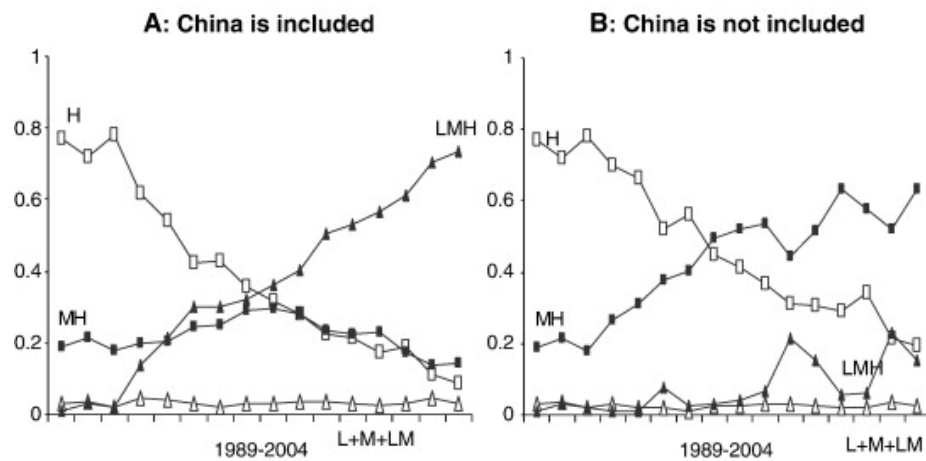


Figure 3. Shares of Indian imported products by source.

A: China is included B: China is not included.

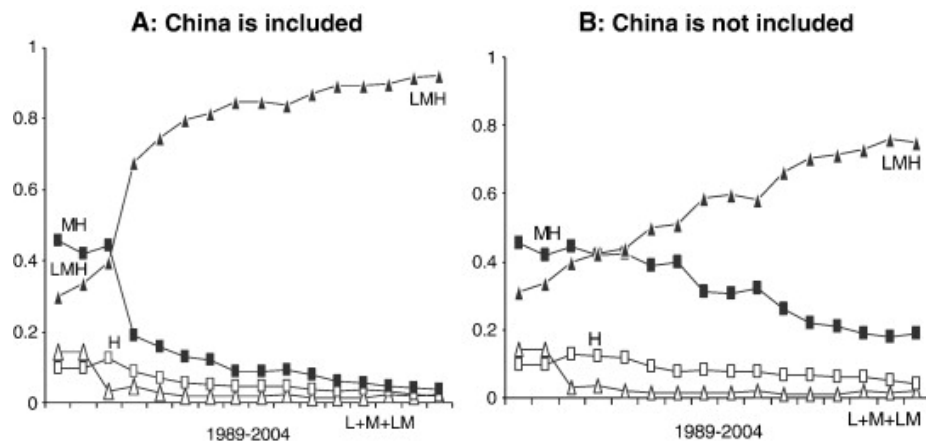


Figure 4. Shares of Japanese imported products by source.

A: China is included B: China is not included.



Justice of Education in China: An Analysis from the Perspective of Legal Sociology

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Abstract

Nowadays, justice of education has become a basic human right of citizens. Therefore, we must, through the making and enforcing of laws, regulate the relations between educational interests, balance educational interests, integrate educational resources, maintain educational order; permeate the whole lawmaking process with the values of fairness and justice, strictly enforce relevant laws and national policies; carry out the responsibility system, tighten up supervision, and ensure the correct enforcement of laws, so as to gradually realize and maintain educational justice in China.

Keywords: Educational justice, Equal opportunity for all, Right remedy

Good education means possibility of the improvement of a person's life. Equal opportunity of education is a key fulcrum for the pursuit of social fairness and social harmony. The issue of educational justices is an extension of the issue of social justices in the field of education. In the present world, receiving education has become a basic human right of citizens. Education, able to considerably improve the state of human existence and forward the improvement of population quality and the sustainable development of the whole society, is considered the most important means of realizing social justices. Therefore, the author will elaborate upon the issue of educational justices against the background of a harmonious society from the perspective of legal sociology, so as to offer a practical mechanism through legislation to solve this contemporary social problem.

1. Legal system and educational justice

1.1 To ensure the opportunity of every citizen's right of educational justice

The essence of fairness and justice pursued by laws is first and foremost that everyone should have the notion that people are essentially equal, and law must have the pursuit of justice and fairness as its ultimate value. Lawfully justice pursuit is the justice based on fairness. Thus, legal systems should guarantee the justice of competition rules, and provide every member of the society equal opportunities and means of free development. Equal opportunity for all demands that educational resources should be equally accessible to the main body of the market; all those who should receive education should be on the same starting line; all those who should receive education should equally enjoy means of receiving education. Obviously, justice of educational opportunity is also a value under the condition of market economy. Only injustice of the results of education under the condition of equal opportunity for all is a comparatively reasonable phenomenon. Hence, only legal systems which ensure that all citizens have the same starting point for education are just.

Therefore, legal systems must first ensure justice of the starting point. Justice of educational right means that individuals do not have different educational rights in spite of their race, nationality, sex, profession, family origin, financial state, and religion; that is, everyone enjoy equal educational right, which has been clearly fixed in the form of a legal clause. Equal treatment is the concrete requirement of the rule of everyone being equal before the law in the respect of social justice and justice; it is also the carrier and prop of fairness and justice. Thus, we must oppose the enjoying of different privileges and treatment by people of equal conditions; we must rigorously prohibit legal discrimination, giving special groups legal and social care and help in accordance with the requirement of the principle of justice and justice. At the same time, legal systems must ensure justice of educational opportunity and make education available to everyone. Just because the opportunity of receiving education is itself a rare resource, justice of opportunity means providing everyone with this resource through the interference of the country and law.

1.2 To provide education-receivers with a set of procedural norms of reasonable allocation of educational rights

Not only should justice be realized, but it also should be done in a way that is observable by people, which is where the value of procedural justice lies. Procedural justice not only is a prerequisite and guarantee of the realization of entity justice but also has its own value. Practice has proved that the procedural justice of law can guarantee the realization of entity justice. Entity justice is a justice of result and any result is realized after a process. A prominent function of procedural justice is to limit and restrict the possible abuse of power. At the same time, the procedural law can guarantee the right to receive education, and it can combine with the entity law so as to fully ensure the right of citizens to receive education.

Facts have proved that people of different statuses have different demands for the exercising of educational right. Even under the condition of equal opportunity for all, they are not completely the same because of differences of the subjects' existence. Furthermore, in society, the exercising of educational right of individuals and the interests of others and the society might come into collision. Therefore, the various demands for educational right of the social subjects certainly form different interest relations and interest strata. Thus, there should be a just and reasonable program design to ensure the realization of fair distribution. The program justice of the distribution of educational right requires that the law provide a stereotypical norm so as to ensure that the subjects of education can make suitable and reasonable choices regarding their educational right. The justice of the educational process is mainly embodied in the input of school educational resources and facilities, which include the provision of teachers, and roughly the same possession of educational material conditions as similar schools so as to successfully carry out teaching activities; the curriculum and teaching contents should not only meet the needs of social development and the law of physical and mental development of the students, but also pay attention to the individual differences of the students so as to meet the needs of the development of different types of students; judging from teaching practice, justice of teaching is needed and teachers should treat all the students alike, etc.

1.3 To provide citizens with effective mechanisms of deviation-rectifying or compensation

In the complicated social life, people's enjoying of educational resources can be affected by various factors, so as to cause imbalance of the distribution of educational resources and even very serious imbalance. Under this kind of condition, the state should strive to eliminate negative factors that affect the fair distribution of educational resources so to restore the rights that the subjects of education should enjoy and social justice. If the distribution mechanism of a society's educational resources harms some people's interests, then, the principle of the rectifying justice will demand that the country and the society return what should have belonged to those whose interests have been harmed, or give the disadvantaged communities certain compensations to show the justice in the field of education. So, when there appears in the social life injustice in the distribution of educational resources and when the rights of the education receivers are harmed, legal systems must take on the responsibility and role of the rectifying justice. Of course, when the legal systems are not yet sound, we still have to depend on the power of the country and the government; for example, the country should carry out redistribution, should offer education and training to those citizens who lack knowledge, skills, etc. to make them more capable of sharing fruit distribution; those who are poor in the ability to take part in economic activities such as the invalid, the disabled, the pregnant and the young, should be given transferred payments and proper help to ensure the realization of their right to receive education. However, we think that the solving of these problems still has to depend on the making and enforcement of legal systems. Only in this way can educational justice be realized.

2. Legal measures to realize educational justice

At present, injustice of education, which has become one of the focuses of public attention, prominently manifests itself in insufficient educational input and imbalance of the distribution of educational resources, increasingly conspicuous differences in education, public policies going against educational justice, etc. These problems have been caused to so extent by the imperfection of laws concerning education and their faulty implementation, or at least closely related to them. For the realization of the basic goal of educational justice of different phases, the educational interests of citizens have to be embodied in laws and these laws are enforced. In this sense, the legalization of education is the essential way to attain the goal of educational justice and is also its legal safeguarding. So, we should start from the perfection of legal systems concerning education and how to promote their implementation so as to facilitate solving the problem of educational injustice.

2.1 To closely combine the gradual perfection of law and the government's active coordination

The present variety of phenomena of educational injustice are themselves the results of the imperfection of laws and regulations, policies, and systems. Thus, it is necessary to further improve educational laws, to revise the Law of Compulsory Education, the Law of Higher Education, the Law of Teachers, and the Law of Vocational Education, to make the Law of Compulsory Education Input, the Law of Special Education, etc., to make and perfect the system of rules and regulations concerning education, and to ensure the realization of educational justice with the help of legal force.

Faced with the reality of imperfect legal systems, the country and the government should act actively to regulate interest conflicts, resolve contradictions, and ensure that educational justice should become an important responsibility of the government. It is up to the government to attain the aim of educational justice. As to specific measures, the first and foremost is to increase educational input. Educational input is the prerequisite for educational reform and development and the basis for the realization of educational justice. Secondly, the government should set up and perfect systems of financial aid for the education of disadvantaged groups especially the children of poor rural and urban poor families and disabled children, and promote the realization of educational justice. In the direction of investment, educational resources, especially those of the phases of compulsory education, should favor the disadvantaged areas and groups, especially poor rural areas and western areas, the children of poor urban and rural families and disabled children to ensure that they enjoy the right of compulsory education. Thirdly, the government should coordinate the educational resources to promote the balance of education. The government must take on the responsibility of compulsory education of the whole people, coordinate and reasonably allocate the educational resources of the whole country to ensure relative justice of the education of all the strata and the individuals' right to be educated.

2.2 To actively perfect supervision mechanisms to effectively make up for the right to receive education of those whose right has been infringed

To maintain and realize educational justice needs supervision. The degree of effectiveness of supervision determines to a certain extent the degree of the realization of educational justice. At present, the infringement of the right of education receivers has become one of the reasons for the imbalance of interest relations in our society and the loss of social justice and justice in varying degrees. According to accepted political laws, the loss of the right to supervise will definitely bring about corruption and abuse of power. Just because "all power has the tendency to corruption, and absolute power causes absolute corruption", and "all people with power are liable to abuse power, which is an eternal truth", when there is no effective supervision, educational justice and justice will not be maintained or realized.

Therefore, we must impose more restriction on power with the help of legal systems and other means. We must impose further supervision on educational organs of power and related personnel, widen and perfect supervision channels, and put the exercise of power under effective restriction and supervision; we must effectively combine the scientific allocation of educational power and the effective supervision of related departments and personnel, and set up and perfect restriction mechanisms of lawful exercise of power; we must earnestly intensify supervision of educational departments and related departments and leaders, especially the main leaders of leading groups at various levels; we must set up and perfect as soon as possible versatile educational supervision mechanisms to ensure that power operates along the track of systemization and legalization. At the same time, we must set up effective and unblocked relief mechanisms of educational rights. In the United Kingdom, the United States, France and other countries, "If there is right, there is relief" is an ancient principle of common law. In modern society, relief has a more important meaning for right. The Chinese government signed, respectively in December 1997 and December 1998 the International Pact of Economic, Social, and Cultural Rights and the Pact of Civic Rights and Political Rights. In February 2001, the Standing Committee of the National People's Congress passed the International Pact of Economic, Social, and Cultural Rights. These two international pacts have quite high requirements concerning relief and safeguard of rights. This shows that the construction of educational laws in our country will surely face the challenges from home and abroad concerning how to perfect the system of the relief of rights as soon as possible, and how to ensure that the unalienable rights of education receivers should be realized through such means as administrative relief and legal relief.

It needs a protracted period for the citizens to actually enjoy their equal rights to receive education. However, we should not expend less effort on and pay less attention to this issue on the pretext that it need a very long time.

Facts have proved that without educational justice and the development of people, the aim to construct a harmonious society will be very hard to achieve. Therefore, narrowing the gap of education should be an important issue for public policies. Promoting educational justice is not only the theme of humanistic care in a harmonious society but also the firm basis of the realization of sustainable development. So, we must, through the making and enforcement of laws, regulate different relations of educational rights, balance educational interests, coordinate educational resources, and maintain educational order to attain the goal of constructing a harmonious society. We should improve the legal safeguard mechanism of educational justice, let the values of justice and justice permeate the whole process of law-making, strictly implement related laws and national policies, carry out the responsibility system, and tighten up supervision to ensure the right implementation of laws. Of course, whether all these policies and measures can be actually carries out should depend on the present government.

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Development Strategy and Physical Characteristics of New Towns in Malaysia

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Abstract

The development strategy and physical characteristics adopted for the new towns developed by the State Economic Development Corporations in Peninsular Malaysia were to fulfill the Malaysian Government's vision. The Federal and the State Governments play an important role in quality social programs. This research presents the analysis and the synthesis of data collected from six selected State Economic Development Corporations involved in new town development. The research focus on various aspects including the background of each new town, the land use distribution and the development progress of thirteen new towns. The evaluation was made on all new towns and their achievements were compared. The creation of new towns by the State Economic Development Corporations was to satisfy the national policy where the social service objectives supersede the profit making objectives. The research found that the development of new towns by the State Economic Development Corporations in Peninsular Malaysia proven some success.

Keywords: Development strategy, Physical characteristics, New towns, State Economic Development Corporations

1. Introduction

Malaysia has had more than three decades of experience in developing new towns. Since the implementation of the New Economic Policy in the early 1970's, new towns were more rapidly developed. There were also new towns emerging in the frontier regions, known as rural based new towns. The aims of developing these new towns were to urbanize rural areas as well as to eradicate poverty. It was also restructure society through the creation of job opportunities and property ownership in these new towns.

The first Malaysian new town was Petaling Jaya, which begun to be developed in 1954 to cater for the spillover of Kuala Lumpur's population. Before this, the focus of development and economic growth was concentrated in Kuala Lumpur. Petaling Jaya was called a satellite town for Kuala Lumpur and was planned to accommodate only 70,000 people. The state capital of Selangor, Shah Alam new town, was planned in 1966 when the Federal Government decided to have a separate administrative centre for the federal and state governments. Shah Alam new town was designed to cater for a population of 200,000. The existing town, Klang is to the west of Shah Alam. These three towns together formed what is called the Klang Valley Region which has been identified by Malaysian economists as the fastest growing area in the country.

There are eleven states in Peninsular Malaysia. The State Economic Development Corporations have been incorporated in every state under their respective State Government Enactment. The corporations were established to be responsible for carrying out economic activities at the state level. The state governments planned and developed the new towns through their State Economic Development Corporations.

2. New Town Development by State Economic Development Corporations

In Peninsular Malaysia, six State Economic Development Corporations for Selangor, Pulau Pinang, Perak, Johor, Pahang and Terengganu were involved in new town development. The emphasis on new town development varied between states. Each of the State Economic Development Corporations planned and developed its new towns so as to meet the policy requirement of the respective state government.

2.1 The Selangor State Economic Development Corporation was the most active with six new towns namely Shah Alam, Bangi, Kelana Jaya, Ampang Ulu/Klang, Bandar Sultan Suleiman and Kota Damansara. The new towns were to serve as catalysts for the regions and also to strike a balance between the Klang Valley and other areas in the state.

2.2 The Pulau Pinang Development Corporation developed three new towns, with Bayan Baru on the island, and Seberang Jaya and Batu Kawan on the mainland. These new towns were established to encourage the development of the surrounding areas.

2.3 The Perak State Economic Development Corporation developed its first new town called Seri Manjung with the objective of creating a balanced regional development, as well as achieving the New Economic Policy.

2.4 The Pahang State Economic Development Corporation developed Indera Mahkota as an important new town in the east coast of Peninsular Malaysia.

2.5 The Johor State Economic Development Corporation developed Pasir Gudang as the largest industrial new town in the southern part of the Peninsular.

2.6 The Terengganu State Economic Development Corporation developed Kerteh to cater for oil and gas industries.

3. Aim and Objectives

The aim of this research is to identify the development strategy and physical aspects of 13 public new towns in Peninsular Malaysia.

The objectives are as follows:

- (a) To identify the background of each new town the background of each new town which discusses factors relating to location, development and town planning concept, administration, development agency and population
- (b) To analyse the land use distribution and development progress in which the status of physical development of all the new towns would be explained.

4. Research Methodology

Data was gathered through personal interviews with twelve State Economic Development Corporations personnel using open ended questionnaire focusing on new towns development strategy, administration and procedures in new town development, development progress and issues related to new town development specifically on physical aspects. These officers were interviewed at their offices, at time convenient to them, after confirmation through telephone was made. Site visits were made to all new towns to confirm the physical development and land use distribution. This was done after the documents made available such as annual reports, briefing notes, master plans and layout plans were studied at the corporations' office.

5. Analysis

This analysis focus on the evaluation of the development strategy and the physical characteristics of thirteen new towns developed by the six selected State Economic Development Corporations. The evaluation was made on all new towns and their achievements were compared.

5.1 Scale of development

New towns developed by the State Economic Development Corporations were with different scale of development ranged between 165.9 acres to 8394 acres. There were two main reasons delivered by the corporations concerned. The scale of development was very much depending on the availability of land at the particular location and also the expected demand for the specific new town projects.

From the list of 13 new towns, 9 had more than 1,000 acres of land, with Shah Alam as the biggest new town and followed by Pasir Gudang with a total acreage of 6,559 acres. The development of Bangi by Selangor State Economic Development Corporation, was on a site with an acreage of 4,618 acres. The next scale, were new towns with sizes about 3,000 acres and it was found that there were three new towns in this group with Kota Damansara being planned on 3,925 acres of land, Indera Mahkota to occupy 3,572.92 acres site and Bayan Baru was developed on 3,505.8 acres of land. It was found that only Seberang Jaya had slightly less than 3,000 acres site, where it had acreage of 2,933 acres. (See Table 1)

There were three new towns with the scale of development between 1,000 to 2,000 acres, and they were Kelana Jaya with 1,516 acres, Seri Manjung with 1,465 acres and Seberang Jaya with 1,123.8 acres. For those less than 1,000 acres land sizes were Ampang/Ulu Klang with 910 acres and Kerteh with only 165.9 acres. However, for the first two new towns the acreage was more than 900 acres or close to 1,000 acres. There was a big difference in the scale of development between Kerteh and the other twelve new towns. Referring to each Corporation, Pulau Pinang, Johor, Pahang and Perak State Economic Development Corporations had large scale new towns development projects of more than 1,000 acres, while Selangor State Economic Development Corporation developed different sizes of new towns.

5.2 Development concept

The research found that, each new town was developed with its own development concept. This was related to its function, location and scale of development. The development concept of each new town was to meet the policy as

intended by the state government. The new towns developed by the State Economic Development Corporations were based on the mixed development concept depending on their functions. These functions could be divided into six main groups such as administrative centers, satellite towns, industrial/port service centers, high technology industrial towns, institutional centers and commercial/service centre.

As for the administrative function centers, Shah Alam and Seri Manjung were developed with the same function but for different level. Shah Alam was created to serve as state capital while Seri Manjung was to serve as a district center. New towns which were grouped as satellite towns included Kelana Jaya, Ampang/Ulu Klang, Seberang Jaya and Bandar Indera Mahkota were located in a closed distance to the existing towns or industrial areas.

The other function was as industrial/port service centers, and three new towns were developed to meet the demand. New towns that were categorized with this function were Pasir Gudang, Bandar Sultan Suleiman and Kerteh. The locations of these new towns were along the coastal area of Peninsular Malaysia, where Pasir Gudang is in the southern region, Bandar Sultan Suleiman along the western coast and Kerteh is in the eastern coastal region. Batu Kawan was developed as an industrial town.

Bangi was the only new town developed by State Economic Development Corporations which aimed to be an institutional centre. Institutions such as Malaysian National University, University of Tenaga Nasional, Government research centers included Malaysia Agricultural Research and Development Institute (MARDI), Palm Oil Research Institute of Malaysia (PORIM), and few other private research and training centers are located in Bangi new town.

The development plans for these new towns were either prepared by in house town planners of the corporations concerned or by private consultants appointed and monitored by the State Economic Development Corporations management teams. During the process of preparing the development plans, discussions were carried out among the states' departments in relation to economic development policies and guidelines. This is to ensure these policies and guidelines were followed through the development of new towns by the State Economic Development Corporations. These plans were subject to changes and were reviewed whenever necessary. These new towns were planned following the planning guidelines used by the local authority concerned as practiced in the development control process.

The analyses were made on the master plans or layout plans provided by the corporations, and it was found that all of the new towns except Kerteh were planned according to the demand of the land uses. Kerteh was too small in scale to adopt the planning concept. Shah Alam was the only town which was identified and developed as an administrative and a state capital. The town planning concept for Shah Alam was based on its function while the residential development was planned on the neighborhood concept. Other requirements such as industrial development, commercial uses, infrastructures and community facilities were planned by Selangor State Economic Development Corporation as a master plan which was revised and updated whenever there was a need to do so.

5.3 Land Use Distribution

The land uses were categorized under six main components namely housing, commercial, public facilities, infrastructure and future reserved use areas. The land use data were gathered from either master plans or the lay out plans that were made available by all corporations. The analysis was intended to demonstrate the relationship between land use and functions of new towns and also to show the comparison of land use components among new towns developed by the State Economic Development Corporations.

From the seven components listed, three major components which included housing, commercial and industrial areas were commonly used in the plans for land use distribution. These were the three land use components strongly related to economic activities and functions of the new towns. However, the land use grouped as public facilities or infrastructure seemed to be different between new towns, while for future reserved areas the land uses had been zoned for specific uses according to the requirements of each new town.

Referring to housing land use, Table 2, shows that the distribution between new towns was different which ranged from 19.8 per cent in Kota Damansara to 40 per cent for Seri Manjung which was planned as an administrative and commercial centre.

The research found that land which was categorized for industrial use varied between new towns. The only new town with no allocation of land for industrial development is Kerteh. Kerteh was planned as a residential new town to serve the petroleum industry. Pasir Gudang had the largest proportion of its land for industrial use with 42.5 per cent, followed by Bandar Sultan Suleiman with 38.5 per cent and the third on the list was Bayan Baru with 30.2 per cent for industrial development. These three new towns were developed as industrial/port service centers. Referring to Table 2, there were four other new towns identified with industrial development concepts, and the proportions of land zoned for industrial use was different and were arranged as follows, Batu Kawan with 23.2 per cent and Kota Damansara with 13.7 per cent. The land use distributions for these new towns were related to their economic activities and functions as stated by the development concepts. However, Shah Alam was planned as an administrative state capital also had 19 per cent of its total acreage zoned for industrial development. Among the new towns studied, Shah Alam had the biggest

area of industrial land of 1,620 acres due to its location centrally in Klang Valley. While for Seberang Jaya, 14.7 per cent of the total acreage was zoned for industrial use, though it was developed as a satellite new town. Other new towns had industrial land use distributions ranged between 4 per cent to 11 per cent of the total area even though they were not being planned with major industrial development concepts.

Commercial areas were the other common land use to all new towns as business activities were among the basic requirements for the people. Table 2, shows that this commercial use of land was varied in size and the proportion of the distribution ranged between one per cent to 20.3 per cent. Bayan Baru was identified to have the smallest proportion of only 1.7 per cent. Kerteh was another new town with a large proportion of 15.7 per cent of its total acreage being planned for commercial use and this also was in line with its development concept as residential cum service petroleum centre. As for other new towns the commercial land use was to serve the needs of the particular new town.

Infrastructure use was another important component in new town development. Infrastructure use commonly included areas reserved for roads, utilities such as electricity, telecommunication, drainage, sewerage and water supply pipe line. However, it was found that the interpretation used in some of the new town development plans and documents differed widely. The proportion of infrastructure land use distribution was high in some new towns because, as mentioned earlier, this was due to the combination of land use components as indicated by particular development plans. In the cases of Pasir Gudang and Seri Manjung, the public facilities land use components were grouped together as infrastructure land use, while for Ampang/Ulu Klang part of the public facilities land use was grouped into infrastructure land use. There were six new towns with more than 30 per cent of the total acreage zoned for infrastructure development and it was found that five were new towns developed by Selangor State Development Corporation. From the list, Kota Damansara had the highest proportion of 49.4 per cent of the total acreage being zoned as infrastructure use and this was followed by Kelana Jaya with 40.8 per cent, Ampang/Ulu Klang with 40.6 per cent, Seberang Jaya with 34.9 per cent and Bangi with 32.7 per cent. Other new towns were planned with infrastructure land use range between 6 per cent to 26 per cent.

Public facilities included schools, hospitals, police stations, religious centers, post offices, libraries, and few others as required by the Town and Country Planning Guidelines, were required in new town developments so as to satisfy the basic needs of the residents. The research found that, other labels such as amenities and institutions were used in new town documents and plans. However, for the purpose of this research the interpretation by the Town and Country Planning Guidelines (1999) was referred to, and all related facts would be defined as public facility land use. As mentioned earlier in the previous paragraph, it was interpreted as infrastructure land uses. Referring to Table 2, the proportion of public facilities land uses zoned in new towns varied between one another and ranged between 1 per cent to 41 per cent of the total acreage. There were ten new towns planned with public facilities land use occupying more than 20 of the total acreage. Kerteh was found to have only 1.7 per cent and this was because there were existing public facilities available in the surrounding area to support the new town's population. Indera Mahkota had the highest proportion of public facilities land which was 40.4 per cent of the total acreage and it was found that this type of land use included land reserved for golf course, a palace and higher institutions.

Referring to Table 2, the column defined as 'other uses' was meant to show that there were land uses stated in some documents and plans studied, which did not match the five components of land use as described in the above paragraphs. The research found that as in the planning documents of Kerteh and Kota Damansara, land was reserved as future development with no specific use stated where in Kerteh 39.1 per cent was under this category while in Kota Damansara only 8.6 per cent.

5.4 Population

The targeted population varies from one new town to the other and was much related to the size of each new town. All new towns except Kerteh were planned to accommodate the minimum populations of 30,000. Shah Alam had the largest acreage with targeted populations of 180,000. Two other new towns such as Pasir Gudang and Batu Kawan were planned to have 150,000 people, while Kota Damansara was to accommodate 100,000 populations. From the above statements, there were six new towns with targeted populations of 100,000 and more. These new towns were developed by different corporations with a variety of functions, Three of these new towns were located in Selangor and one each in Johor, Perak and Pulau Pinang.

There were ten new towns with planned populations below 100,000. Indera Mahkota was the largest with a targeted population of 80,000 and this was followed by Bangi which was expected to have 75,000 people. The new town with a projected figure of 60,000 population is Kelana Jaya, Bayan Lepas and Seberang Jaya. Bandar Sultan Suleiman was targeted for 45,000 population. Ampang/Ulu Klang was to accommodate a population of 30,000. However, Kerteh was planned for a population of 5,000 due to its location and function.

5.5 Housing Development

The housing development by the State Economic Development Corporations has been intended to provide accommodations which are conducive and comfortable with the emphasis of restructuring property ownership of houses

and also to provide low and medium cost houses especially in urban centers in line with the government policy. The research was based on the master plans/ lay out plans, reports as well as the interviews with the officers of the corporations. The targeted housing units by new towns were related to the scale of development, function and also location. The biggest was Shah Alam with a projected figure of 36,000 housing units while the other twelve new towns were planned to have between 6,000 to 30,000 houses. However, Kerteh had the lowest number of houses where the projected figure was only 1,000 units of houses.

The analysis on committed housing development for each new town shows that housing development consisted of three types of houses as categorized by house prices which were low cost, medium cost and high cost. The over all total number of houses were 109,477 units, and the average distribution by types consisted of 58.5 per cent which were medium cost, 27.4 per cent were low cost and 14.1 per cent were high cost. The figures demonstrated that housing development in the new towns were in line with government's policy for having more medium and low cost houses in the projects. The development of the low cost houses ranged between 0 per cent to 100 per cent, medium cost ranged between 28.6 per cent to 100 per cent, and high cost ranged between 0 per cent to 28.3 per cent.

Further analysis on the distribution by individual new town showed that there were seven new towns with more than 30 per cent of houses built were of the low cost type. However, for Bandar Sultan Suleiman all houses were of the low cost type, followed by Pasir Gudang with 65.7 per cent of houses built were the low cost units, and in Batu Kawan there were 64.6 per cent of the houses were of low cost type. The list of new towns with more than 30 per cent low cost housing projects implemented included Ampang/Ulu Klang, Kota Damansara, Bandar Indera Mahkota and Seberang Jaya. Other new towns had less than 30 per cent of low cost houses built, and Kelana Jaya had the smallest number at 8.3 per cent of the total units built.

6. Conclusion

Research on these new towns found that new towns in Selangor, Pulau Pinang and Johor were considered very successful. They were located in the most urbanized regions and were involved in developing new towns with industrial establishments. They were well served with infrastructure services including international airports, ports, highways, railways and other commercial services. They were located in the more developed states in Malaysia. The successful new towns developed by the State Economic Development Corporations of Perak and Pahang functioned as satellite and commercial service centers. They were found to have limited industrial land use that covered about five percent of the total acreage. The infrastructure services available were of the national level. The least successful new town was found to be that of the Terengganu State Economic Development Corporation which developed Kerteh. It is the smallest new town and functions as a service centre for the petrochemical industrial activities. Kerteh was the only new town planned without any industrial land allocation and it faced difficulties in implementation. Each of the State Economic Development Corporations planned and developed its new towns so as to meet the policy requirement. The development strategy and the physical characteristics of each new town had a major role in achieving sustainable development.

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Table 1. Land use distribution of the new towns (acres)

New towns	Housing	Industry	Commercial	Infrastructure	Public facilities	Total acreage
Shah Alam	2552	1620	336	1931	3886	8394
Kelana Jaya	409	117	7.4	618	298	1516
Ampang/Ulu.Klang	403	117	3.0	487	16	910
Pasir Gudang	2146	2214	176	1450	-	6559
Seberang Jaya	235	165.6	56.4	392.6	274.1	1123.8
Bandar Sultan Suleiman	663	1130	102	414	624	2933
Bayan Baru	709.3	1060.5	60.9	761.9	913.2	3505
Seri Manjung	709.1	68.7	72.7	369.2	24.4	1465
Bangi	914	511	282	1511	1400	4618
Kerteh	33.5	-	26	23.3	2.8 (64.9)	165.9
Indera Mahkota	1158.2	26.0	127.4	634.8	1446.5	3572.9
Kota Damansara	788	536	120	1937	233 (339)	3925
Batu Kawan	1538	1468	296	720	1549	6526

Table 2. Percentage of land use distribution of the new towns

New towns	Housing	Industry	Commercial	Infrastructure	Public facilities	Future development
Shah Alam	30.4	19.0	4.0	23.0	24.0	-
Kelana Jaya	20.7	7.7	4.9	40.8	19.6	-
Ampang/Ulu.Klang	32.0	9.6	14.4	40.6	2.5	-
Pasir Gudang	32.7	42.5	2.7	22.1	-	-
Seberang Jaya	20.9	14.7	5.0	34.9	24.4	-
Bandar Sultan Suleiman	21.6	38.3	3.5	14.1	21.3	-
Bayan Baru	20.2	30.2	1.7	21.7	26.0	-
Seri Manjung	48.4	4.0	5.0	25.2	16.8	-
Bangi	20.0	11.0	6.0	32.7	29.9	-
Kerteh	20.1	-	15.7	14.0	1.7	39.1
Indera Mahkota	34.4	5.8	3.6	17.8	46.4	-
Kota Damansara	19.8	13.7	2.6	49.4	54.6	8.6
Batu Kawan	25.0	23.2	4.7	11.4	24.5	-



The Discussion of Modern Fine Design Standards

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Abstract

In the daily life we frequently refer to the topic “what is the good design?” Whether or not the design is fine, different people have different views, it does not have a constant evaluation criterion, and it can not be simply defined in one words. The idealized perfect design is hard to appears in the daily life, because different people regard the things in the different ways, regarding the different crowd, we are accustomed to look at “what is the fine design?” from the different angles. With the impact of the tide of globalization, more and more designs start to give up the design of a single strategy, and put into the embrace of diversity, its goal is to make the designs more comprehensive, macroscopic to control this kind of fine standard. At the crossroads of diversity, we cannot give the simple definition, so we only can look at whether this is the fine design from a wide range of perspective.

Keywords: Modern fine design, Standards, A wide range of perspective

1. From artistic analysis of the design

We would like to carry on the conceptual analysis before we first explore the artistic design concept analysis.

The word “design” has two meanings: As the verb, it refers to human activities; as the noun, it refers to the production of such activities. That we sum up the design as “human creative activities goal creative activity” should be based on suitable, appropriate and applicable principles. The so-called “suitable” has two aspects, one is the design proposal process, the other is the design demands, the conditions, limitations, and the evaluation criteria. The design must conform to the natural society's demand and human self-satisfaction, emphasize direction, particularity, individuality of designs, and enable the thing that has been designed to have more value. Therefore, any design is one kind of plan which makes the thing more systematic.

Art refers to a kind of form sum that the beauty rule and the aesthetics standard create of which people follow the ornamental value. The concept of modern art, has separated with “practical”, and has association with “beautiful” intensively. The design artistry reflects that the design of things indicates one kind of beautiful experience, including feeling and emotion. The people create and design things in order to search for beauty, just as we seeks the strength that may shake the human heart and soul, so releasing the intrinsic pressure, also possibly is derived from the integrity of the demand. The Kant's empiricism philosophy thought that the beauty is nothing else but two kinds, namely beauty of freedom and interdependence to beauty while the latter contains the object of purpose, only when the object is consistent with its goal, it possibly becomes perfect. The design is one kind of special art, must follow the practical principle and esthetics and harmonious art creation rule, not only it takes the science and technology as the creation means, but also bases science and technology on implementation foundation.

The design of the spider-pressed lemon which is designed by a Famous designer Master Philips .Stark, afterwards it became one of Alerts most best-selling products, its artistic value was bigger than its practical value. Rather than it is a daily necessity, it looks like a sculpture art ware. Design artistry, is to enable our lives, the environment, the available items and the closest people around become more harmonious and more beautiful.(See Figure 1)

2. From the design of functional analysis

The functionality namely meaning purpose is most basic features of the design, which takes the function goal of the designed things as the starting point. According to the functionality of the design, it has been divided into three categories: Practical function, cognitive function and aesthetic functions.

2.1 The practical function

The practical function is easy to understand, and it may directly meet human's some material needs through the design and human's matter energy exchange. The material properties are a foundation which the practical function produces.

2.2 The cognitive function

cognitive function which accepts the design of all kinds of information to stimulate and form overall cognition through visual, auditory, tactile and other sensory organs creating the corresponding concept and the representation, is one kind of mental function which the external form highlights. The cognitive function transmits "what it means" the information, is a good way to arouses emotion experience of the target population .The novel modeling, the personality colors, a unique logos express a unique use method.

2.3 The aesthetic function

Aesthetic function refers to the design of intrinsic and the external form arouses human's esthetic feeling, and causes one kind of the sympathetic response between "the thing and the human". It is a high-level spiritual function between the design and the human so as to meet human's esthetic needs.

The Dutch famous architecture and the industrial design Master Ritter Veldt's the red and blue chairs already become in the world art history the richest creativity and the most important work, although it is not extremely comfortable to be seated, but the original purpose of the designer was started from the functionality angle. Ritter Veldt's once like this has mentioned the red and blue chairs: "The structure should serve coordination between the various components in order to ensure the independence and integrity." (Figure 2)

The practical function, the cognitive function and the aesthetic function have become the design function of three kinds of types, the cognitive function are the practical function and the aesthetic function transitional stage. The aesthetic acquirement comes from the overall image of the function, as well as external constitution beauty of form and non-function elements of the emotional experience.

3. from technical analysis of the design

The natural sciences integrating the technology, has provided the more and more rich materializing methods for the design, even some of the technology have also changed the design of methods and concepts . The industrial revolution as a science and technology revolution once brought the huge change to the production of human life. Information technology age today, take a scientific and technical creativity means to guide and anticipate future design trends of the times.

3.1 The design development always cannot leave the development of the human scientific and technological progress

Throughout human history, we can see that the changes in human society, is the continual improvement of the social productive forces of history, and the continuous development of science and technology progress. From the moment that human started to transform nature, to conquer nature on, people began to find all to carry on "the design". Along with economical development, technical innovation and science revolutionary quietly changes, the design reflects people's thinking, the prevailing socio-economic structure, the level of technology development, as well as people's daily life way just like a mirror.

3.2 The modern design development must be established in the modern scientific rational foundation

The modern scientific rationality has two characteristics: One, the conceptualization, the other is symbol. The modern scientific rationality separates the concept, the symbol from the objective world thoroughly, and deducts the world with the concept and the symbol. Kant's contribution to the scientific rationality is that he emphasized human's main body activity function, raised the rational status. He thought that whether in scientific domain or in the moral domain, the rational necessity becomes all sources. Einstein pushed to the science development a new peak; the modern scientific rational spirit has much more development in his influence. In the methodology sense, the emphasis on rational logical thinking, the pursuit of knowledge can confirm the characteristics and the importance of accuracy trend .The modern scientific rationality in the strict logical rule, with the general nature of the thinking, will include all the possibilities.

"The modern design" is usually regard as "the function principle design". The main idea of the function is at the core function rather than form. The design process tends to take advantage of the science rationalization, to exploit market localization analysis, to analyze suitable crowd's localization as well as man-machine engineering, bionics and many discipline utilization. In the modern design methodology, the modern designs also start to utilize the induction and deduction, analysis and synthesis in a body, to focus on logical thinking method, the pursue design and to emphasize expression accuracy. Under the guidance of Rational thinking, the modern design will develop very well.

3.3 The design is a carrier of the science and technology commercialization

From the industrial age to the information technology time, with the rapid development of science and technology, designs as the method serve the capital increment, namely technical commercialization. No matter "taking the machine

as the central design stage” or “commercialization of fashion design phase”, the design all follows existing level of science and technology under the premise of the capital and commercialization operations. Design regarded as the market competition method, is a tool to stimulate consumption, serves in the capital multiplication, and is a carrier the science and technology commercialization too.

Under the instruction of science and technology ,no matter from the software and hardware design aspect, or from the outward appearance modeling, the brand culture and the marketing strategy, the Apple Company utilizes scientific rational systematized the design concept, and forges “the Apple Time”.(Figure 3)

4. from economic analysis of the design

4.1 Design is an important strategic economic development

Li weite in the United States point out that the new competition does not lie in the product which the factory makes, but lies in the product packing, the service, the advertisement, the consultation, financing, delivers goods or the valuable thing that the customers like. The enterprise should seek the survival and the development in the competition and conforms to the design tidal current in the strategic concept, the management idea to the production method, the technical method, creates more economic benefits for the enterprises.

4.2 Design and production and consumption are inseparable

Design need to integrate the market, so we must balance the interests of principles --- balance and meet the demand between producers and consumers. The producers care the cost, the quantity of produces, the marketing profit and the market demand: The consumers are concerned about the reasonable price, the countenance good, the high quality and the good function of productions .The design must consider the producer and consumer's different demand so as to achieve one kind of “the balance”. 1909 Germany work Association (DWB — — Deutscher Werkband) important target: Design high-quality materials, reasonable cost, and create a flawed product. The design must consider the material standardization, market supply and demand and so on. Production and consumption cannot be regarded in isolation, and the relationships between them are not opposite to each other but dynamic.

5. General

In summary, we should regard these characteristics correctly (design artistry, functionality, technical, economic) and the relationship between the design itself. On the “fine design”, including on the design characteristic of the sensitive and accurate grasp and analysis, only the design has satisfied the particularity and the unique personality, then it has the value. The thorough research to different cultural communities is helpful to the understanding multi-dimensional designing, and this point has the special practical significance. The thing is the complex cultural powerful symbol. If the design were poured into the fine design characteristic diversification analysis, the design would certainly have the expressive force, and humanity's cultural world also can therefore become more richly colorful.

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Figure 1. Philips .Stark Spider-pressed lemon



Figure 2. The red and blue chairs Teetered



Figure 3. Apple Computer



Folk Custom and Judicial Harmony —Taking the Jiangyan Court's Judicial Application of the Custom as an Example

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Abstract

Taking the Jiangyan Court's introduction of folk custom as an example, this paper tries to explore in detail the attitude of judiciary to the custom in the context of the mainland. The judiciary citing the custom in a conscious way does not only comply with the social subject's demand for claim, but also reflects the rational way of thinking of "the value of freedom". It is also an important measure to achieve the "harmonious justice" and to seek judicial "righteousness" and "legitimacy".

Keywords: Folk customs, Customary law, Harmonious justice

Since last century, the mainland has gradually accepted the civil law system of legal formalism. The judicial conduct has strictly been in accordance with the statute and the judges basically have no discretion. In recent years, the Jiangyan City Court in Jiangsu province has made a beneficial attempt to cite folk custom into the trial, mediation and implementation. It has made a systematic collection of materials more than ten thousand Chinese characters concerning the formation and history of the custom or practice. As for the typical cases in the judicial trials, it has enacted six copies of The Guidance of Introducing Good Custom into Civil Trial, involving the return of marriage dowry, the support of the elderly people, the division of common family property, the executive and confidential tasks, etc, (Note 1) and made a great achievement. (The zero appeal of fifty-seven cases of dowry is a good case in point.) (Note 2).

Many scholars believe that the Jiangyan Court should not practice the "folk law" besides the statutory law, and the grass-roots court's issuing "The Guidance" is suspected of "judge-made law". Those judges participating in and the scholars supporting what Jiangyan Court has done hope to give a scientific and authoritative interpretation of such problems as: "Can the custom be applied prior to the statutory law?" "How to deal with the custom against the "new trend" or contrary to the traditional political concepts?" "Do the technical rules made by grassroots courts belong to the 'judge-made law'?" I think that the first and most important thing is to clarify the conceptual problem of "the judiciary's attitude to the custom".

1. Judiciary introducing the custom conforms to the social subject's demand for rights.

Early in the Qin Dynasty in China, good officials should be asked to be honest and righteous to be in line with the law means and console the people. Law enforcement agencies were required to concern with the life-like custom. The custom formed in social material conditions is a phenomenon of law right. It has ethical features and can constrain the law creation. The customary law right expressing the due rights has independent status in the basic social structure and the existing system of rights. It is a legal evaluation scale, and the criterion of judicial justice, too. It is a prelude to produce and renew the existing right prior to the legislation and judiciary in reality. Customary law right reflects the people's requirements for subjectivity, value, and dignity. The people with will and purposes, conscious of their activities, strive to grasp their existence and subjectivity value in the phenomenon world, and have self-confirmed "self-awareness and man-consciousness". (Gong, 1998, p.240). The subject sees obtaining the due right as confirming the self-value. Through passion, thinking, and the longing for a certain purpose, they have formed their target of coherent value. The custom condenses the abstract human dignity with "constant acts", and continually objectifies the objective world and internalizes it into its own value, and makes use on right occasions with the interests of the subject

as the standard in the social communication. (Note 3).

Compliance with the customary law right results from the broader field, where man's value and dignity are expressed—the communication in the civil society. Civil society is made up of families, communities, factories, companies, which are composed by private spheres of life and the external security, and other social organizations, which have developed directly from production and exchange. It is the basis on which the state, law and other superstructures come from and exist. The customary rules, as the most important means to adjust the production and exchange of the commodity, as a matter of fact, are the subject's demand for right in the commodity exchange. Marx once explained the nature of the law right fixed by customary form in the course of exchange. He said, "the relation of law right, with a form of contractual right is of will relation reflecting the economic contact". The "good" civil commercial law should reflect the subject's demand for right and interests in the production and exchange of commodity and the customary law right by the various institutions within its system.

The state institutions respecting the custom can be expressed in the legislative activities. It should concern and recognize the living customary claim existing in the society by judicial activities, in particular, those customary law rights which have not been adopted by the legislation. The respect for the custom in judicial practice is, in essence, the action show of the concept to comply with the social living conditions. When the statutory law lags behind and departs from the social living conditions, "strictly abiding by the law" or "rigidly implementing the law" would tramp on the idea of the rule of law such as justice and equity. Complying with the changing social life styles besides the custom should become the fundamental criterion of judicial conduct. In fact, the Supreme People's Court in recent years has used some practice of the common law countries for reference and begun the experimental scheme of employing "professional judges", expanded the function of judicial interpretation, increased the degrees of the judicial precedents invoked, and explored the judicial path to the custom by setting up the programs of legal interpretation and "the judicial application of the custom", as should be affirmed. (Note 4).

It is believed traditionally that one of the main functions of law is to guide the behavior and thought of the social groups by means of the "nomocracy thought" and the "new trend", rather than yield to the "illegal aspirations" through the traditional "outmoded conventions and bad customs" or even "feudal superstition" of social groups. With the rapid socio-economic development, the effect of popularizing the law has been increasingly expanded and the law specialization is getting deeper and deeper, and lots of the folk customs has become history. But what should not be overlooked is that there have appeared the problems of the uneven economic development, urban and rural gaps, the negative effects of law popularity and the embarrassment of the law's self-adjustment. The legitimacy of the "new trend" can not be formed by some institutions or organizations. It should follow or originate from social life itself. The "legitimacy" of either "the new trend" or "the stereotypes" should be measured by social life itself. Under the premise without violating the public interest and the interests of a third person, both the legislature and the judiciary should respect all the customs that can promote the development of production, be helpful for the commodity circulation, appropriately resolve the disputes and benefit for the harmonious coexistence of the social subjects.

2. Introducing the custom into judicial activities shows a rational way of thinking.

The Jiangyan Court introducing the custom into judicial activities is not vulgarly pragmatic and it is not "for realistic effectiveness while ignoring the justifications" or an act of formally "making potential". It is a conscious and rational way of thinking. (Sui, 2005, pp.276-291). They know that citing the custom into the judicial conduct can bring about effectiveness after experiencing mechanical judiciary and the implementation. The new knowledge evolution school, represented by Hayek, thinks that the legal system needs to respect the existing system of rules besides the custom, and stresses to build the self-spontaneous social order. While the rational constructivists with Descartes, Rousseau and Hobbes as the representatives stress that the transcendental pure reason has the functions of constraints and deduction to the existing system. The view that the effectiveness of action wholly or mainly depends on the clear prerequisite which can be stated in words and construct a three-paragraph deduction is apparently not consistent with the fact. The social institutional system "results from obeying those habits, practices and customs that are not invented or aiming at achieving such sorts of purposes". (Note 5).

The exposition that "system should leave room for the custom" embodies the value of freedom. "Why a free society can be able to play its beneficial role, to a large extent, depends on the existence of various freely-developed systems." As far as the techniques formulated by law are concerned, nothing has proved that the wisdom and abilities with which the legislators have made the system of statutory law are much more than those condensed in the secular custom. The custom has experienced long-term evolution of trials and errors and formed the civilization we have inherited. "After several generations of experiments and trials, the achievement that the custom has made is rich in experience beyond any individuals". (Hayek, 1997, p.71).

The original meaning of "reason" is that the brain has the ability to tell the good from the evil, i.e., the ability to discern what is in line with the established rules. However, "its meaning changed later. It only refers to a kind of ability to make deduction from a clear premise and construct the rule. The misunderstanding of reason has resulted in the

misunderstanding of epistemology and practical behavior. Reason exists in the claim produced in the economic relations and mutual exchanges of the social subjects. "It should project itself in the real world and enrich itself in the history." (Habermas, 2001, p.7). Particularly, the unique social structure of the mainland shows that the system that can be effectively implemented is the rule of folk custom.

Many scholars believe that there are no conditions for the coexistence of the modern society and the old customs, so Judiciary should firmly follow the statutory law and practice, acting upon the statutory law, the special law endowed by the state power subject to regulate its authority. "Customary system provides service for the purpose of social conservativeness...generally speaking, of maintaining a community's way of life and its existing form unchanged." (Milne, 1995, p.138). However, respecting the statutory law does not mean the exclusion of the custom. Respecting the good custom in judicial activities is inevitable for the system operation. The mysterious creation of statute and the abstruse terminology may make the judicial officials and law executors more mechanically copy the provisions so that, in most cases, they will not consider the opinions and disputes of the private party. Therefore, the rules or concepts that are often effectively implemented and achieved are the folk custom.

3. To introduce the custom into judicial conduct is an important measure to realize the "harmonious justice".

The Jiangyan Court, in the course of introducing the custom into the judicial trial, encountered such disputes of ownership as "geomantic omen", "the descendant barrel" and "the niche". If only in accordance with the applicable statutory law or acting on the "new trend" of resisting and clearing up the "feudal superstition", the Jiangyan Court won't support the appeal of the "geomantic omen" or the property demands for taking side with the first son or men for their descendent continuation. However, the above appeal or dispute, if not solved, will cause, to a small extent, the unnecessary family conflicts, and to a greater extent, re-trigger the social chaos in that place. The judicial phenomenon of clinging to the "new trend" while denying the "feudal superstition" has existed constantly and widely, which makes people reconsider the "righteousness" and "legitimacy" in judicial conduct. Although people have been "trained by way of inculcating", the "new trend" still has not formed in the rural areas because it does not agree with the basic and traditional psychological state of the folk society so that it is always wondering away from the scope sensed and controlled by the social subjects. Folk life is also affected or controlled by the traditional old ideas and thoughts, even the "feudal superstition". The so-called "feudal superstition" refers to the concepts formed by political and cultural changes under the specific historical conditions. But the "uniform" cultural conceptual changes have not agreed with the actual social life. Many of them do no harm to the public and national interests. And it does not affect a third person to enjoy and exercise the rights and interests. Even if they can not be grouped into the "good" category, because they do no harm to social welfare, they can be adopted by legislation and judiciary. Thus, the target that "harmonious justice" can make the "feudal superstition" promote the social coordination has been arrived at.

The ancient Confucian and Legalists had different opinions on the means to regulate the social order. However, the Confucian never denied that the bureaucracy law or the statutory law had the function to regulate and control the social order. The ancient Legalists never excluded the control with the custom from the ways of "ruling the people" and "managing the world". The application of statute and the introduction of the custom constitute "the harmonious state and social structure", which was favored by the rulers. Rule of rite in ancient China is, in essence, the apotheosis of the regulation by the custom. And "these rules are considered to be the extension of natural law." Although there are conflicts and contradictions between the custom and the law, as for the entire social order, "the state law is still in a leading and dominant position over the custom... The coordination of the centralization of power and autonomy is just the inherent reasonability of the long-term continuation of the ancient Chinese society. The traditional country saw the cases of household marriage, land claims and debt disputes as evil customs and the governments and judicial organs took "no case" as the ultimate ideal of legal practice. "Chinese philosophy, in nature, prefers to settle disputes with conciliatory attitude. On the one hand, the harmonious concept is on the top list of the value system. On the other hand, people are afraid of conflicts because they mean risks for everyone and can destroy the collective force." (Sprinkel, 2008, p.140) But the rule of custom gets its expansion and extensively favored by the social subjects in the above background. The folk organizations applying the custom does not only express the function of strong coordination and integration, but also truly reflects the process of the scope division, melting and integration adjusted by the custom and the law, and displays the state and social dynamic development trend and value orientation.

The emergence of a country in ancient China is not because there was significant improvement in production tools but had something with the changes of the inherent organizations of the relatives. "The interpenetration, in principle, and the boundary of the two fields are rather indistinct." (Liang, 1996, p.6). The legal adjustment mechanism based on the rural commune system had a prominent feature that the custom occupied an important position. "These customs formed and developed in the daily exchanges will gradually get fixed, standardized and institutionalized after lasting for a certain period of time and obtain increasingly its meaning of law rights." (Gong, 1999, pp.179, 180,182). Traditional monarchs have never subverted the "logical consistency" of human justice. On the contrary, they made use of the legal sense in the old traditional custom to regulate the social life. The state and the society are separated to some degrees.

The state statute and the social custom are organically integrated. The power and function of the government have something organic with the civil participation. Human and the natural orders are compensated each other. All these inevitably constrain the existence and structure of the oriental legal type. The legal ethics is the right demonstration of the special social elements in a way of the law right. Law, as the means of pursuing the moral righteousness, is embodied mainly through the moral status, the adjustment mode and the manner of expression in the customary system. One is the combination of law and morality. That is to say, the law and the custom with morality as the core can develop, remedy the imperfection and complement each other to realize the common purpose of achieving social adjustment, as is still of great significance for the contemporary legal construction system, particularly the creation of civil law and civil judicial conduct. Its humanistic spirit of pursuing the real justice of the law has extraordinary value for “the rational legal order suitable for the secular life and custom”, “the equity awareness of cultivating oneself to appease others”, and creating a new spirit of the civil code and achieving the goal of harmonious justice. Although the traditional legal ethics focusing on the moral facts could damage or even destroy the all-round development of people and the independence of personality. However, the patriarchal ethics stressed the sense of responsibility that individuals must subordinate to the groups, which is conducive to the implementation of the legal system. Group consciousness expresses people’s inevitable demand for the community, which is the right social responsibility of the social subjects needed by the legal system. It is helpful for the social subject to consciously balance the relationship between freedom and responsibility, properly exercise their legal rights, and respect the judicial judgment.

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Notes

- Note 1. The Jiangyan Court adopting the good custom to settle the disputes. *People’s Court Daily*, March 21, 2007.
- Note 2. Zero appeal of the 57 cases of dowry—investigation on the Jianyan Court’s adopting the good custom to settle the dispute of the returning of marriage dowry (2). *People’s Court Daily*, April 15, 2007.
- Note 3. The subject’s self-involvement can be displayed in people’s interactions through the conscious communication of the customary rule and the expression of language.
- Note 4. The 10th article in the “Interpretation of the Supreme People’s Court concerning some issues of *the Marriage Law of the People’s republic of China*” is about the dowry before marriage, which shows an attitude of caution and approval to the folk custom.
- Note 5. The traditional rule represented by the custom can result in good law right relationship. The subject who respects the relationship has profound capacity, which shows that the scope can be completely reached by the rationality.



Consensual Experts' Opinion in Forecasting

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Abstract

In forecasting rental levels, different experts may have different opinions. Subjective expert forecasts would be useful but the platform for discussions may not be readily available let alone mechanism for reconciling the differences of opinions. The viability of aggregating and pooling anonymous opinions of experts in making forecasts of rental levels of purpose-built office space in Kuala Lumpur was investigated by empirical work. The Delphi technique was utilized to study the extent of movement of opinions towards consensus, and validation of answers by experts. The experts included in the Delphi process were private valuers/consultants, Government valuers and economic planning unit officers. The actual rental level was compared with experts' pooled opinion through the technique. The technique adopted in this research had provided an instrument for experts to arrive at a consensual opinion on future rental level of office space in Kuala Lumpur.

Keywords: Rental forecasting, Expert forecasts, Consensual opinion, Delphi technique, Rentals of purpose-built office space

1. Introduction

The aim of the study presented in this paper was to analyse how expert valuation opinions in making rental forecast could be aggregated. The well-known Delphi technique (Dalkey, 1969, 1975) was utilized. The main substance of this technique is to obtain a consensual average opinion of individuals through a series of intense questionnaires sent separately to the individuals and the interaction is facilitated through controlled feedback (Dalkey, 1969, p. 408).

The technique which is claimed to avoid "biasing effects of dominant individuals" (Dalkey, 1975, p. 408) has been used with success in many areas involving judgmental forecast.

2. Social-psychological dynamic of behaviour

In order to meet the requirement of handling pressure for conformity, dominant personalities and low status member deferring his/her opinion, the Delphi technique was applied specifically for aggregating opinions of experts from a wide background.

The anonymous opinions aggregated and pooled using the Delphi technique, were related to market rental forecasts of purpose-built office buildings in Kuala Lumpur in the first quarter of 2008.

The experts included in the Delphi process were private valuers/consultants, Federal Government valuers from the Department of Valuation and Property Management, and experts related to forecasting i.e. economic planning unit officers. They were chosen based on their involvement with the property market related to rental movements. The majority of the experts however, were the private property valuers/consultants as they formed the group with the most direct contact with market transactions.

In general, the anonymity of opinions was essential here as the individual experts in the market forecasting of rental would be expected to be "sensitive" to his/her opinion as the forecast would either be proven right or wrong eventually. Disclosing one's opinion to other experts was expected to jeopardize one's professional integrity if the opinion is proven "inaccurate".

3. The Delphi technique

The main objective of the technique is to achieve anonymity among a group of experts. Linstone and Turoff (1975, p. 4) suggest that a structured communication procedure provided by Delphi is suitable where "Disagreements among individuals are so severe or politically unpalatable that the communication process must be refereed and/or anonymity assured".

The Delphi technique which was developed by Norman Dalkey (1969) and his associates at the Rand Corporation essentially involves pooling of experts' judgements (normally five or more). In the business world where it was originally developed and effectively implemented, it aims to forecast increases or decreases of business sales.

Basically, the process starts with each individual expert separately (using a questionnaire) being requested to give his subjective opinion on the probability (numerical) of occurrence of an aspect under investigation e.g. future sales of a given product of a company. The opinions are then collected and analysed in the form of a summary of basic statistical description (i.e. mean, median, standard deviation and range of the opinion of the world group) and passed back to the personnel for reconfirmation or a review of his/her opinion based on the summary of group opinion. This process may continue for several rounds until a consensus opinion is obtained. This, however is not expected to last more than two rounds in most cases (Jolson and Rossow 1971).

The most crucial aspect of the technique is validating the results (Jolson and Rossow, 1971). The methodology of validation has been to relate the opinion of the personnel to the level of confidence in giving an opinion (Best, 1974) or providing extra questions which are outside the specialization (or nature of the profession) of the personnel testing them against additional samples most likely to be able to provide opinions on the additional questions (Jolson and Rossow, 1971).

In this research, forty consultants from all the main property consultant companies, the rating valuers and economics planning unit officers from the City Hall of Kuala Lumpur with different levels of experience in the property market in Kuala Lumpur have been included in the sample. Each individual consultant was given a covering letter about the Delphi process and a questionnaire containing three basic questions. The cover letter and questionnaire were sent to them in September 2006.

The first question requested the consultants to provide their opinion on the probability that certain levels of rental of a certain class of purpose-built office complexes within a well-known defined location in Kuala Lumpur City will be reached in about one and a half year's time. Two other questions in the questionnaire asked for the opinions of the consultants on aspects related to shopping complexes and purpose-built office complexes (where the actual answer was known) respectively for validation purposes. For each question, the consultants were requested to provide their level of expertise in giving their opinion and the reason(s) for their opinions. The consultants were also requested to state the length of experience they have in the property market.

4. Analysis of opinions involving a large number of personnel (the Delphi technique)

During the course of the knowledge elicitation, it was found that there was a need for aggregating anonymous opinions of a large pool of experts.

In a most comprehensive book on the Delphi technique edited by Linstone and Turoff (1975), one of the reasons stated by the editors for the failure of a Delphi technique is that there are difficulties of analyzing the results i.e. analyzing the disagreements between the experts. Interpretation and summation of responses are never complete, because the panel of respondents does not send in their "heads" but only their responses. A complete record of the interactions is unwieldy and diffuse and difficult to use (Scheele, 1975, p. 70)

5. Requirements in a Consensual Technique

In the process of analyzing the pooled opinions using the Delphi technique, Murray and Turoff (1975, p. 88) state that the researcher should be clear on the following aspects:

- (a) Issue or issues that need consensus.
- (b) Analysis of the opinions of the experts namely,
 - i. The opinions and reasons given by the experts and the extent of their opinions moving towards a consensus.
 - ii. The comparison between the experts on a relative basis. Here, the following potential effects of personal variables on the participants' (experts') behaviour should be taken into account:-

Background of experts depending on the purpose of the research.

Confidence/self-rating of experts (Linstone and Turoff, 1975, p.234) i.e. how confident or certain are the experts (Scheibe et al, 1975, p. 263)

Effects of the confidence of the individual experts on the movement of their opinions towards consensus (Scheibe et al, 1975, p. 274)

The form(s) of the feedback to the opinions (e.g. average/median/standard deviation etc.)

How does the group view and re-evaluate the separate arguments used to defend various positions or opinions? This include the following questions:

Does the sharing of the different reasons affect their re-evaluation of opinion?

How stable are the opinions between rounds?

(c) How to validate the opinions?

6. Technique adopted

The technique adopted fulfil the requirements above can be said to be related to the design of the Delphi questionnaire in the process of obtaining the subjective opinions of a pool of experts comprising the private valuers (majority) and other experts.

Due to the considerable list of requirements, for convenience, the requirements are listed first, followed by the techniques adopted to achieve them.

6.1 Clear on the issues that need consensus

In order to ensure clarity of the issues that need consensus, a cover letter and specific questions were included.

6.1.1 Cover letter

A cover letter was included with every questionnaire. In the round 1 questionnaire cover letter, the objective of the questionnaire was clearly stated to the experts. The objective that was stated was pooling the subjective opinions (i.e. making judgmental forecasting in matters pertaining to commercial property) using the Delphi technique.

The Delphi technique, involving what the experts really have to do as participants, was also outlined in the cover letter.

In round 2, the cover letter comprised recapitulation of the Delphi technique and the contents of round 2 questionnaire comprising summarized opinions of round 1 and request for experts either to defend their opinion in round 1 or review their opinion.

6.1.2 Specific questions

In round 1, the questions asked in the Delphi questionnaire were made specific following Scheibe et al. (1975, p. 263). At the outset, it was decided that the opinions that needed to be pooled should be related to the subjective market forecasting of rentals (related to market knowledge) of major commercial properties.

Prior to deciding the actual questions to be included in the questionnaire, discussions were held with the core valuers and two very experienced and currently practising private valuers in Kuala Lumpur City to decide suitable specific questions.

Based on the discussions, it was decided that three questions relating to opinions on aspects of office and shopping complexes were to be included in the questionnaires.

The questionnaires were sent to the experts at the beginning of September, 2006.

6.1.2(a) Question 1 (Core question)

The experts were requested to state their subjective estimate of the probability of various range average rental levels per square foot (per month) of one class of purpose-built office space in the Golden Triangle Area of Kuala Lumpur in the first quarter of 2008. The various range average rental levels per square foot (per month) were decided based on the discussion with the core valuers and the two very experienced private valuers.

To guide the experts, examples of offices falling under the class were given. In addition, the average rental of the offices in the third quarter of 2006 was also provided.

6.1.2(b) Question 2 (Validation for Question 1)

The experts were requested to state their estimate on the total supply of purpose-built office floor space in Kuala Lumpur City as of December, 2005.

This is a validation question for Question 1. since the approximate actual answer for Question 2 was known, the extent of divergence of the aggregate experts' answer for Question 2 will serve to check whether their answer for Question 1 was valid. In other words, Question 2 aimed at validating the experts' answer for Question 1. If the aggregate answer moves towards the actual known answer, the movement towards a consensual answer (for question 1) would be theoretically validated.

6.1.2(c) Question 3 (Another validation question for Question 1)

The experts were requested to state their estimate on the total supply of retail space in shopping centers in Kuala Lumpur City as of December, 2005. This is another validation question for Question 1.

7. Analysis of opinions of the experts

The analysis of opinions of the experts involved scrutiny of the followings:-

7.1 Opinions and reasons given by the experts and the extent of their opinions moving towards a consensus

Besides seeking the opinions, the experts were also requested to state the reasons for stating their subjective opinions. This was aimed to provide guidance to the analysis of the subjective opinions of each expert. In addition, the reasons can be fed back to the experts in a subsequent round of the exercise.

The extent of their opinions moving towards a consensus (Jolson and Rossow, 1971) was analysed based on the followings:-

- (a) Direction of answers; this involved studying whether the opinions were moving towards the same direction.
- (b) Range of answers in each round; this involved studying whether the range of opinions get smaller as the rounds proceeded.
- (c) Analysis of variance between rounds; this involved analyzing whether the variance in round 2 gets smaller compared to round 1.

7.2 Comparison between experts on a relative basis

The opinions of each individual expert were examined at each round of the questionnaires.

7.2.1 Background of experts depending on the purpose of the research

The experts were asked to state the number of years they have been involved in the property field. In addition, they were also asked to state the number of transactions in commercial properties expressed in terms of Ringgit Malaysia (RM) that they had undertaken. These aimed at analyzing the opinion of the experts in relation to their deduced level of experience in the commercial property field.

7.2.2 Confidence / self-rating of experts

In each round of the questionnaires, the experts were asked to state their self-rating level of expertise when answering each of the questions in the questionnaires. This follows Dalkey (1975, p. 246) who states that a visible index of certainty is self-rating i.e. judgement by the individual of his or her competence or level of knowledge concerning the estimate.

Traditionally, this takes the form of requesting the experts to state their self-rated expertise in the form of a scale. Scheibe et al. (1975, p. 267) indicates that the scale chosen should be easily understood by the participants. In this research, based on the discussion with the core valuers, a scale of 0 (lowest self-rated expertise) to 10 (highest self-rated expertise) was adopted.

7.2.3 Confidence of the individual experts and adherence of their answers in the first round

The relationship between the experts' level of confidence and the extent of their second round answer to move towards consensus was considered.

7.3 Forms of feedback to the opinions

To provide each expert with an overall view of the opinions of other experts in round 1 of the questionnaire, the general summary of the opinions (which were passed to the experts in round 2 of the exercise in January, 2007) contained the following items.

7.3.1 General summary of opinions of the experts in round 1

- (a) Median of the opinions of the experts
- (b) Lowest opinion
- (c) Highest opinion
- (d) The actual opinion of the respective expert

7.3.2 General logical explanation given by the experts in round 1

This includes the general and specific reasons given by the experts in round 1. For example, a general reason given by an expert for a positive forecast in Question 1 may be "good demand for class B offices" whilst the specific reason may be due to the effect of the Visit Malaysia Year in 2007 and the implementation of the projects related to the Ninth Malaysian Plan (providing good demand for business and consequently office space).

7.3.3 Distribution of the self-rated expertise of the experts

Distribution of the self-rated expertise of the experts in answering a particular question was summarized in the form of a histogram. This provided an overview of the experts' confidence when answering a particular question in round 1 of the questionnaire. It aimed to allow an individual expert to compare his/her own self-rated expertise with the overall self-rated expertise of other experts in the pooled opinion, thus, providing him/her information on his/her relative

standing when defending or reviewing his/her opinions in round 1. Such an approach is supported by Scheibe et al. (1975., p.270).

Based on the summarized feedback, in the round 2 questionnaire, each individual expert was requested to review or defend his/her opinion in round 1.

At the outset, it should be noted that the probability medians for answers given to question 1 (i.e. Various Average Rentals of Class B Office Space in Golden Triangle Kuala Lumpur in the 1st Quarter of 2008) were first normalized so that the sum of the probability medians totaled one. An example of the normalized probability medians for round 1 is shown below in Table 1.

7.4 How does the group view and re-evaluate the separate arguments used to defend various positions or opinions?

This question should be detailed out as follows.

(a) Does the sharing of the different affect their re-evaluation opinion?

(b) How stable are the opinions between rounds?

In this research, this involved analyzing the difference between each individual expert's opinion in round 1 and round 2. Issue b) however was not covered in this research. Only two rounds were undertaken preventing such analysis. This limited number of rounds was due to the difficulties of obtaining responses from the experts. This was due to the tight schedule of a number of experts when the second round of the exercise was undertaken making follow-up difficult.

7.5 How to validate the opinions?

Two forms of validation were undertaken as follows.

(a) Validating questions

As stated under 1) above ("Clear on issues that need consensus"), two validating questions were included in the questionnaires. The results will be explained in section 8.2 below.

In addition, an objective testing was also undertaken.

(b) Objective testing

The actual rental level in the first quarter of 2008 was compared with experts' pooled opinion through the Delphi technique. The results will be explained in section 9 below.

8. Results of the Delphi technique

Only two rounds of the Delphi process were undertaken. Out of the 40 respondents initially identified when the process started, 36 were selected. The other 4 respondents were not selected due to technical errors in their answers to the questions in the first round.

For example, instead of giving answers to question 1 in terms of probabilities, they provided answers in terms of rate of increase in rental levels.

8.1 Analysis of the consensual opinions

(a) Extent of movement towards consensus

The normalized probability medians for answers to question 1 (i.e. Various Average Rentals of Class B Office Space in Golden Triangle Kuala Lumpur in the 1st Quarter of 2008) in round 1 and round 2 are shown below in Table 2.

(b) Direction of answers

Looking at the median probability in both round 1 and round 2, the answers moved in the same direction. The rank of median probability for the various classes of the Average Rental prediction between round 1 and round 2 were the same. For example, the highest median probability for both round 1 and round 2 was the class of Average Rentals RM5.30 to RM 5.50 followed by classes RM5.55 to RM5.70, RM 4.80 to RM5.00, RM5.05 to RM5.25 and RM4.50 to RM4.75. It can also be observed that the first two highest median of probability in round 1 was "re-emphasized" in round 2.

Range of answers in each round

A movement towards consensus may be reflected by the range of the probability medians getting smaller as the rounds proceeded (Jolson and Rossow, 1971). The range of answers for round 1 and round 2 in this research is shown in Table 3.

As indicated in Table 3, there was no clear indication that the range of the probability medians getting smaller in round 2 compared to round 1 for the first four classes of Average Rentals of Class B office Space in golden Triangle Kuala Lumpur in 1st quarter of 2008.

A closer study of the data however revealed that the absolute answers of "probability of 1.00" for the first three classes came from four very senior valuers in the sample with experience of between 15 and 31 years in the property field.

To a certain extent, it may be argued that there was a certain degree of ‘inertia’ or ‘strong adherence’ in their answers which may reflect their very strong confidence when giving their opinions. This very strong confidence of the valuers was supported by the very high self-rated expertise given by them i.e. 8 and 9 (out of maximum 10).

Quit apart from the absolute “probability of 1.00” answers on the first three classes of predictions above, there was to a certain extent, a tendency for the narrowing of range of answers for a class of prediction i.e. Average Rentals of RM 4.50 to RM 4.75. There was also no widening of range of answers for the class of prediction of Average Rentals of RM5.05 to RM5.25. These provided indications for a certain degree of consensus among the respondents regarding the rental forecast.

(c) Analysis of variance between rounds

In comparing the variance between rounds, the sample space may be considered to be the set of respondents’ possible probability estimates. If the variance values of the two rounds are expressed by $sd1^2$, $sd2^2$, for there to be an indication for the movement towards consensus, the actual variance for round 2 should be getting smaller compared to round 1.

The findings from this research based on the analysis of variance are stated in Table 4.

As can be seen from Table 4, in general, the initial round showed widespread individual answers, but with feedback in round 2, the distribution of individual responses narrowed. By the same token, there was a tendency towards narrowing down of answers between the respondents in round 2.

However, the F-ratios between the two rounds accepted the null hypothesis i.e. the difference between the answers in round 1 and round 2 was not significant. Although the respondents tended to move towards consensual answers in round 2, in general, they had not in fact changed their answers in this round substantially as reflected by the F-values. 25 out of the 36 respondents (69.44%) did not change their answers in round 2. This phenomenon could indicate the issue of number of rounds of estimation needed to reach consensus.

In this research, it could be argued that since the number of rounds was limited (only two), the effects of the feedback was not strong enough to change substantially the opinions of the respondents. However, although this could be a possibility, the fact that there was no significant difference in answers between round 1 and round 2 could also be an indication that the consensus had been reached as early as round 2. A substantial number of rounds of estimations is not essential in most cases, nor is it a prerequisite – studies have shown essentially no significant change after the second round of estimation (Best, 1974, Dalkey, 1969). A non-significant difference between rounds could indicate that the opinions were stable and hence consensus could have been achieved (Jolson and Rossow, 1971.)

Moreover, it was found that the reasons given by the respondents when answering question 1 in round 2 were almost similar to the reasons that they had given in round 1. More interestingly, there was no real difference in the “spirit” nor “tone” of the answers between the respondents. Except for one certain detailed issues namely the possible impact of a specific event – “the Visit Malaysia Year” to be held in 2007 in Malaysia that will affect the demand for more office space, almost all respondents indicated rather similar factors that will affect the supply and demand for office space in Kuala Lumpur. This could be expected as the respondents were all actively involved in the property market in Kuala Lumpur. In addition, the opinions of the respondent were based on past history of the market as opposed to the pure Delphi scenarios where there is limited past history on the subject that is being forecast (Best, 1974). All this could point to the possibility of consensus being achieved (at round 2) without the need to pursue further rounds. However, it would be equally interesting for further research to confirm this by undertaking further rounds of estimation.

8.2 Validation of answers by respondents

For the purpose of the answer to question 1, the answers to the validation questions of 2 and 3 should move in the direction of the “correct” answers which were known in this research. This could be analyzed from the median and range of answers or estimates by the respondents in each round. A movement towards consensus would be indicated by a movement of the median towards the “correct” answer and decreasing size of range of estimates among the respondents Table 5 below shows the findings in this research in respect of question 2 and question 3.

Table 5 indicates that the median of the answers moved towards the “correct” answer in round 2 for the question on the estimation of the supply of office space. For the question on the estimation of supply of retail space, the median in round 2 remained the same with the median in round 1 reflecting the stability of the answers which in both cases were already quite close to the ‘correct’ answer. The ranges for both question 2 and question 3 were narrowed down in round 2. Based on the responses of the respondents to the validation questions 2 and 3, it could be positively deduced based on the Delphi technique that the respondents’ answers to question 1 was converging towards a ‘correct’ answer.

In addition, the assumption that the “correct” answer will continue to be an underlying force, even under the obvious attraction of the group median (Jolson and Rossow, 1971.) was supported. For example, more than half of the responses to the round 2 questionnaires for the validation study were closer to the “correct” answer than to the median returned from round 1.

9. Objective testing: Extent of accuracy of the consensual opinion

The average rental for Class B office complexes in Kuala Lumpur in the first quarter of 2008 was RM5.50.

The aggregate consensual opinion of the respondents thus proved to be a correct market rental forecast.

9.1 Analysis of the opinions between the experts

(a) Experts' reasons for opinions

In general, it was found that not only were the answers of the respondents moving towards a consensus, there were also very strong similarities between their answers. The similarities of answers were observed to occur in both rounds 1 and 2.

In addition, there was also a tendency for some valuers to appreciate the reasons provided by other valuers. In other words, there was an evidence of sharing of reasons among the valuers.

(b) Background of experts

The issue here is whether there were any relationships between years of experience and the effects of the feedback on their opinions in the subsequent round (round 2)

Logically, it could be expected that experts with very long experience would stick to their original opinions and not easily be affected by the feedback from the process. However, based on the results, it was difficult to see whether there was any relationship between the length of experience the experts had and how much they were affected by the feedback given to them. It was observed that even respondents with very long experience changed their mind in round 2 and a number of respondents with short experience stuck to their original opinion. For example, two respondents with 17 and 26 years of experience respectively changed their opinions in round 2, whilst three respondents with only three years experience adhered to their original opinions.

Conclusion

Overall, the Delphi technique adopted in this research had provided an instrument for experts to arrive at an averaged consensus (Best, 1974) on future rental level of office space in Kuala Lumpur.

Using standard descriptive statistics in conjunction with thematic analysis and the number of comments generated, it was possible to demonstrate movement towards consensus and stability in this Delphi study. Following the original use of Delphi in social science, Delphi is suggested to be an effective way to gain and measure group consensus in rental forecasting of purpose-built office space. There is potential here to add clarification to the use of a very subjective methodology. It is suggested that a combination of the simple descriptive statistics as presented here be used to reduce subjectivity and ensure maximum validity of results in Delphi methodology for improved evidence of consensual decision-making. The trends observed in this exploratory study suggest that a larger study is warranted, following the same approach.

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Table 1. Normalised probability medians for Question 1 in Delphi technique

Average Rentals of Class B Office Space in Golden Triangle Kuala Lumpur in 1st Quarter of 2008	Probability median	Normalised probability median
RM5.55 to RM5.70	0.14	0.4 / 0.60 = 0.23
RM5.30 to RM 5.50	0.2	0.20 / 0.60 = 0.33
RM4.80 to RM5.00	0.11	0.11 / 0.60 = 0.19
RM5.05 to RM5.25	0.10	0.10 / 0.60 = 0.17
RM4.50 to RM4.75	0.05	0.05 / 0.60 = 0.08
SUM	0.60	1.00

Table 2. Medians for answers to Question 1 Delphi technique

Average Rentals of Class B Office Space in Golden Triangle Kuala Lumpur in 1st Quarter of 2008	Normalised Probability median (Round 1)	Normalised probability median (Round 2)
RM5.55 to RM5.70	0.23	0.24
RM5.30 to RM 5.50	0.33	0.41
RM4.80 to RM5.00	0.19	0.16
RM5.05 to RM5.25	0.17	0.14
RM4.50 to RM4.75	0.08	0.05
SUM	1.00	1.00

Table 3. Range of answers for round 1 and 2 of Delphi Technique

Average Rentals of Class B Office Space in Golden Triangle Kuala Lumpur in 1st Quarter of 2008	Probability median	
	Round 1	Round 2
RM5.55 to RM5.70	1.00 (0, 1.00)*	1.00 (0, 1.00)
RM5.30 to RM 5.50	1.00 (0, 1.00)	1.00 (0, 1.00)
RM4.80 to RM5.00	0.60 (0, 0.60)	1.00 (0, 1.00)
RM5.05 to RM5.25	0.50 (0, 0.50)	0.50 (0, 0.50)
RM4.50 to RM4.75	0.60 (0, 0.60)	0.40 (0, 0.40)

* the largest and smallest numbers in the set of answers are given in parentheses beneath the range.

Table 4. Analysis of variance between rounds of Delphi technique

Average Rentals of Class B Office Space in Golden triangle Kuala Lumpur in 1 st Quarter of 2008	Variance		Rounds compared
	Round 1	Round 2	F-value
RM5.55 to RM5.70	0.0842	0.0672	0.01
RM5.30 to RM 5.50	0.0726	0.0668	0.54
RM4.80 to RM5.00	0.0284	0.0450	0.04
RM5.05 to RM5.25	0.0222	0.0186	0.07
RM4.50 to RM4.75	0.0207	0.0071	2.16

Table 5. Median/range answers for validation of Delphi technique

Question 2: Opinions on total supply of purpose-built office space in Kuala Lumpur as of December 2005*	Round 1	Round 2
Median	50.00	50.30
Range	59.20	31.80
Lowest estimate	29.60	35.50
Highest estimate	88.80	67.30
“Correct” answer	51.62	
Question 3 Opinions on total supply of retail space in shopping centres in Kuala Lumpur as of December 2005*		
Median	22.40	22.40
Range	60.90	36.00
Lowest estimate	13.70	13.70
Highest estimate	74.60	49.70
“Correct” answer	20.38	

*All answers are in millions square feet



A Discussion on the Cultivation of Artistic Originality

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Abstract

The artistic culture of Artists is reflected on the artistic works in the form of artistic emotion. Originality is the key in making a specific artistic works different from others. Innovative designs will be respected and admired by future generations. We are now confronted with the reality of the lack of originality and the inadequacy of creativity. In the process of basic technique learning, we should learn to think and focus on both learning and thinking, and learn to draw inferences about other cases from one instance so as to achieve high level in learning.

Keywords: Originality, Innovation, Artistic design, Sentiment

We are living in a new era of information explosion and competition, an era that needs thinking reform, and a world that requires you to be different, outstanding, special and attractive.

Originality is a creative and extraordinary way of thinking. When we say that somebody is original in thinking, we mean that his or her way of thinking is different from ordinary people and he or she always breaks conventions. Originality is a representation of soul activities and has always been the root that distinguishes a person from others. The nature of art is to create. All creators hope that they could design works that are better than their former works and are distinctive. The artistic works have various characteristics and are irreplaceable. Even artistic works designed by one artist could not replace each other because each is special and irreplaceable. This kind of creation originates from originality. Creators need more originality (Edit group of *Art Introduction*, 2001). At present, most of the creators like to absorb nutrition and experience from traditional culture. However, they lack subjective sense of recognizing and are inadequate in the power of dominating matters. The inadequacy of originality causes the artistic works to be lacking features and to fail in generating distinctive personal characteristics, which is unfavorable in forming long-lasting creation life-force. When constructing a main body, the base shall be solid. At the initial stage of cultivation of originality, "imitation" is a necessary road. However, ultimately, one has to find their own design style. The aim of the cultivation of creativity and the possession of novel originality is to cultivate artists rather than craftsmen.

1. Which is more important, technique or thinking?

Technique is a kind of capacity and is a capacity that one could learn from experience. Luo Dan believes that, "If without knowledge in volume, proportion, and color, and without ingenious hands, even the most enthusiastic feelings will be paralyzed." However, thinking is more important than knowledge and techniques. We all know that *Still Life-Vase with Fifteen Sunflowers* and *Self-portrait*, the works of Vincent van Gogh, reflect impressionism. In his painting works at earlier stage, we could see his solid painting technique. However, his earlier works are not that special and distinctive. After going through the basic training, every one could do it. However, the works created by him at later stage were endowed with movement sense and flashing rhythm. From the grass and trees that he drew, we could feel the sense of life. The fierce friction not only comes from technique but also and more from the thinking of the author. Only those works that crash with thinking could live the test of time and then help to fix one's personal creation style so as to differ oneself from others and to make one's works special. Art comes from life but also exceeds the reality. The re-creation of the prototypes is a test for the artistic techniques of artists and is also and more a test for the imagination of artists. Hegel thinks, "As for ability, the most outstanding artistic ability is imagination." Artistic imagination is a kind of soul creation, is a spiritual freedom and is a kind of psychological ability of human beings that is with the least restriction. The significance of creative artistic imagination is determined by the nature of artistic creation themselves. If the excellent basic technique of Vincent van Gogh is the basis for his expression of personal disposition at the later stage, then the reason that he is respected by the future generations is out of his subjective analysis of matters, his splendid personality and his pursuit of personal style (Edit group of *Art Introduction*, 2001).

Many people could not fully show their personal thoughts. The reason might be that they lack the capacity of independent thinking and the capacity to transform the thinking results into works. It is not difficult to solve the problems in techniques. Perseverance will prevail. However, it is hard to solve problems in thinking and awareness. It is a process for a person to learn how to think and this process is where a person accumulates knowledge and understands the knowledge. Firstly, a person shall be in possession of certain knowledge. The accumulation of knowledge shall be

“focused” on certain aspect and at the same time, one should try to become a person with comprehensive knowledge. Knowledge from any field will conduce to opening the gate of thinking. Only after one possesses certain knowledge, one could learn to think, could be able to think, to make judgment on matters, and to form his or her own opinions, and ultimately represent his or her thoughts with artistic works. Technique is the base of creation and thinking the soul of creation. Soul is the genuine charm of artistic works. A good drawing is not that the drawing resembles the prototype, but resembles in spirit. A works that impresses people with its emotion will ever last.

2. To feel the meaning of “it is better to teach how to fish than just to give fish” from “sentiment”

Originality is a test for the comprehensive capacity of artists. Inspiration is indispensable in all arts and comes from inspiration source. This “source” refers to a tree, a grass, a flower, an important event, or a special memory; or it may come from beautiful music, a performance or a drama. Things that could impress soul would bring about a theme and then a series of works. Wang Fuzhi once said, “No matter it is poem or lengthy articles, they all focus on the meaning. Meaning is to works what general to an army. An army without a general is just a group of mobs.” It is fortune that the readers and watchers recognize, value, and understand the theme of your works.

However, at the initial stage of searching for inspiration, redundant information is an interruption to the useful information. Therefore, it is significant to learn how to select useful information and discard those that are not. To solve this problem, one must start with the aspects one is most familiar with and tries to find novelty. Nevertheless, the pursuit of novelty shall not be just for realization of novelty. A works which is designed without inspiration and soul can never move others. A good works shall first move yourself and shall be designed and created with full enthusiasm and exciting mood. A works can move others only when it moves yourself.

In the activities of artistic creation, sentiment is a key point. When examining and commenting on a drawing, Gu Ningyuan relies on the heaven sentiment, object sentiment and human being sentiment. Only when one is outstanding, can observe the world and life in quiet, and understand sentiment, one can draw. Then what is “sentiment”? “Sentiment” is inspirational nature and is a way of thinking (Edit group of *Art Introduction*, 2001). We must first cultivate our interests and make clear what we are enthusiastic about and what can excite our thoughts. That is to say, we have to search for a thinking and creation mode that is appropriate to ourselves. Do not take such search as a waste of time. If the way, method and direction is right, what you will solve is not just a problem but you will find the way to solve all problems. If you find the right direction and understand sentiment, you will have the inspirational nature. Xu Zhimo did not read through books in America, but he did in Cambridge. Xu Zhimo believed that Cambridge opened his mind. Why would he have such feeling? The reason is that the seemingly easygoing life in Cambridge taught him to think. It is the same to us. “Your speech teaches me more than my 10-year’s learning”. Either we are having a class or having a chat, we must think about and discuss certain issue. In the process of thinking and discussion, when confronted with what we do not understand, we must go to search for materials. If we could be active in the process, what we solve will not only be the certain problems but our thoughts. It is important to attach the same significance to learning and thinking. A good teacher or a helpful friend who will guide you will be the key that helps to open the door to “thinking”. A good teacher can teach you how to fish, enlighten your thoughts, open your mind, and help you to learn to draw inferences about other cases from one instance, and you will benefit deeply from such a teacher. A good teacher is just one aspect. It is you who are the protagonist. First of all, you must have profound interest in certain objects. To find the objects that you are interested in is the key for you to think. If you are obsessed with certain objects, you will unconsciously be absorbed in them and then will think and reason on the objects and problems. Works created by thinking and devotion will arouse others’ common recognizing and win others’ appreciation.

3. To break the existing mode and search for new ideas

When designing artistic works, one should pursue “new ideas” and break the existing mode. To obtain new ideas, one has to break the routine way of thinking. With the accumulation of knowledge and techniques, people will consciously or unconsciously form a kind of fixed thinking pattern. The fixed thinking pattern could help you to cultivate a certain type of design style. However, this fixed thinking pattern at the same time endangers you and blocks you from proceeding ahead. By the fixed thinking pattern, we will always think in certain mode, our thoughts develop towards one single direction, and we could not be teemed with imagination like a child. Naturally, blocked by this fixed thinking pattern, one could not design creative works. Therefore, we should frequently break the routine and existing thinking pattern, should observe things from different angles and perspectives and should think in a different way. We should think in the way as a child does. At least, we should try to think as a child does. It is a must that we dare to dream and to imagine.

A saying of Arabs is that “Personality determines everything”. Therefore, the creation capacity of a human being is closely connected with the personality of the person. The following personality characteristics are conducive to helping a person to jump out of the routines and to accept new ideas.

Curious: be extremely curious about and eager to learn about the future things; dare to raise questions and dissension;

be fond of independent thinking; be not willing to accept others' theories without thinking.

Tolerant: be tolerant about things and others; be able to endure and to accept oblique and contradictive things and ideas.

Optimistic: be able to treat things in positive and active mood; and assume the attitude of no failure but just feedback;

Positive: have strong inner movement motivation; be full of energy; have a wide interests; like challenges; tend to think independently; be not afraid of authority; be able to take initiative to question and stick to it with persistence until the answers is found.

Absorbed: pursue uncommon aims; be absorbed in such pursuit, be indulged in it; forget food and eat and spend all his or her time in it.

Humorous: humor is a path for language thoughts; laugh is a good prescription to solve problems; it is easier for people who have the sense of humor, are fond of laughing and are happy to have inspiration and novel ideas than those who are passive.

Imaging: it is the marks of creative persons to have rich imagination power, trust intuition and like contemplation.

Of course, one who possesses the afore mentioned personality characteristics might not always be creative. However, it is sure that they live an elastic life, could master more psychological and environmental resources and could have more choices. With more choices, the chances of being successful will be more.

The art culture of artists is reflected on the artistic works in the form of artistic emotion. Originality is the key in making a specific artistic works different from others. Innovative designs will be respected and admired by future generations. In the process of basic technique learning, we should learn to reason and focus on both learning and thinking, and learn to draw inferences about other cases from one instance so as to achieve high level in learning.

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Analysis on the Motivations for the Internationalization Operation of China's Commercial Bank

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Abstract

As the contemporary trend of world's economic and financial integration has become more and more visible to see, and as the global market opens up day by day, the economy & finance of individual country penetrates into each other. And the interdependence and fusion between them has reached such a degree that each nation has been integrated into the huge world economy category and become an organic part of it. Under such situation, internationalization has developed as the main feature of current world economy, among which the internationalization development of the commercial bank constitutes a very important part. In 2006, the overall-open-up in China's bank field was realized, while the internationalization operation of domestic commercial bank has also become an inexorable trend. Therefore, the thesis makes an analysis on the internal and external factors for the internationalization operation of China's commercial bank based on the introduction of internationalization operation theory.

Keywords: Commercial Bank, Internationalization, Theory, Motivation

1. The Theoretical Basis for Commercial Bank's Internationalization Operation

Concerning the theory of the overseas expansion of transnational banks, there are two branches, internalization theory and eclectic theory. Based on the hypothetical premise of enterprise's maximum profit and incomplete market, the internalization theory thinks that with the adoption of market internalization, the bank aims at eliminating the defect of the market, thus to gain the profit brought by the internalization itself. On the other hand, the eclectic theory takes the view that the advantage of ownership constitutes the condition for the competition between transnational bank and local banks. And the transnational bank can create the short term advantage through the obvious products distinction, and the long term advantage through the predictable products distinction. Location advantage is the necessary but not the sufficient condition of internationalization. Therefore, in this section, we will mainly probe into the subject from the aspect of the two theories.

1.1 Internalization Theory

Internalization theory originates from Kos's Enterprise Theory and Location Theory and it takes two hypotheses, enterprise's maximum profit and incomplete market as its premise. In the theory, knowledge advantage becomes one kind of product, which can be exported to other countries. And as a result of the information asymmetry, it's difficult to set prices on these intermediate products, and thus the incomplete external market occurs. Under such circumstances, it's hard for enterprise to defend its rights and interests while transferring intermediate products. And the enterprise cannot allocate its resources through market to ensure its maximum profit, either. While through forming the internal market for intermediate products, enterprise can reserve the controlling power over them and avoid their spread in order to catch the advantage.

The research of internalization theory reveals that the line features of the transnational bank dominate its motivations of overseas expansion, that is, by making use of its internalization advantage, transnational bank can reduce the transaction cost. However, the internalization advantage can only explain bank's motivation for expansion, while it cannot give an explanation on why the bank chooses to expand its business abroad, as it can also set up the branch organization at home without going abroad to internalize its advantage. In addition, internalization theory does not research on the choosing standards of external market.

1.2 Eclectic Theory

When doing research on transnational enterprise theory, John Harry Dunning (1977) refers to the industrial organization theory, location theory, and internalization theory, and he then proposed the eclectic theory. The framework of this theory puts forward the conclusion that there are three factors, i.e. ownership advantage, location advantage, and

internalization advantage, that will dominate transnational enterprise's overseas direct investment.

By applying Dunning's eclectic theory, Gray (1981) first explains the development of transnational enterprise. He lists out the location advantage and internalization advantage of transnational bank and makes an explanation on this economics phenomenon. However, he also thinks that the eclectic theory is too complicated and too general. And Dunning (1981) realizes that the location factor cannot account for why foreign-funded bank can rival local banks in the competition. Yannopoulos (1983) extends the application of the theory in the field of transnational bank trade. He holds the view that transnational bank can gain the short term advantage through the remarkable products distinction, and the long term advantage through perceptible products distinction. However, none of them made attempt to confirm the theory by substantial evidence. In addition, there are no sufficient examples to show the efficiency of this theory, either.

Cho (1983), whose research makes further analysis on the above three advantages, points out their connection and interdependence, which, according to Cho, will change along with the time. Merrett (1990) finds that the competitive human resources market can hardly reserve the skilled workers and the perceptible advantage has some relationship with bank's scope, its credit status and many other factors. All these factors cannot be traded nor imitated in the market. Therefore, these advantages have brought the long term advantage for transnational bank. Taeho Kim (1993) makes an analysis on three comparative advantages of bank's transnational operation, i.e. host country advantage, mother country advantage and enterprise's special advantage. The special advantage of the host country originates from the favorable environment created by the boundary, mainly refers to the difference in regulation and control. And such environment often possesses the following features: with little control, low cost and underdeveloped bank system or with highly centralized bank system, monopolized market and the sharp gap between deposit interest and withdrawal interest. The mother country advantage is mainly reflected by the fact that the currency of mother country becomes the international currency.

Internalization theory and eclectic theory is the mainstream of bank's overseas expansion theory. The former one is based on meticulous hypotheses and can be applied extensively, while the latter one, when applied to explain the transnational bank, seems more systematic and direct, and also easy to use. In a word, both the internalization theory and eclectic theory explain some aspects of the impetus mechanism for bank's transnational operation from different angles, which serve as the guidance for the research on the internationalization operation of domestic banks.

2. The External Motivations for China's Commercial Bank

2.1 The domestic bank opens up to the outside world, which propels commercial bank to speed up the step of internationalization operation

According to R.J.Mckinnon and E.S.Shaw's theory, the dominate task for developing country to deepen the finance lies in two aspects: to lessen or eliminate the improper financial control; to exercise financial open-up to the outside. In late 2006, China's bank field exercised the overall-open-up, allowing foreign banks to set up branches all over China and enjoy the equal rights and treatment as domestic banks. The majority of the foreign banks that have entered domestic market have the following features: with abundant funds, elite staff, advanced technology, sufficient management experience, backed up by the extensive fund-raising network and large scale transnational enterprise all over the world, and the active participation into the international financial market. Under this situation, domestic commercial bank will confront series of problems and challenge, for example, part of the market share, various high-quality resources, such as high-quality loans, human resources, customers, will flow to the foreign banks. Therefore, in order to strengthen the ability to meet the challenge of competition with foreign banks and to improve the management level, domestic commercial banks should "walk to the outside": to speed up the allocation of the network of branches, to improve their reputation and impressing power in the world, to enlarge the scope of products and to improve the ability of serving the high-end customers and transnational companies.

2.2 Making full use of the international financial resources, to speed up the process pf domestic banks' internationalization

Over the past 10 years, the scale of the international capital enlarges rapidly, with a growing speed much more rapid than that of GDP and international trade. And the main forms of capital circulation include direct investment, bank credit and securities investment, all of which relate closely to the management of commercial bank. Among the three forms, bank credit is bank's traditional business, while overseas direct investment can only realize the transference through bank clearance, and at the same time, it brings about a great deal of international clearance, credit, guarantee, consultation and other concerning business. Securities investment is also an important business field which has attracted the attention of commercial bank. In a word, nowadays, every bank in the world has been absorbed into the international capital circulation system. And of course, the circulation of the enormous international capital also brings about a great deal of business and profit for bank.

In the near future, when Renminbi can be converted freely, the inflow and outflow of the international capital in Chinese market will become more and more frequent and active, which demands that the state—owned commercial

banks should open up to the outside world and participate the capital circulating all over the world. As the financial resources can circulate and transfer at high speed without the limitation of boundary, in the process of economic and financial globalization, the development and application of world's financial resources will result in the day-by-day fierce competition over the master control right. Considering the long term development of China's economy, lack of funds will still be the prominent problem confronting economic development. Therefore, China's commercial bank should speed up the process of internationalization, to build up the international fame, and to strengthen the funds—making ability in international financial market and thus to make full use of the international financial resources to serve the increase of domestic economy.

2.3 The internationalization operation of domestic enterprise demands that state-owned commercial banks should pursue internationalization.

The internationalization operation of enterprise and that of bank is interdependent and develops along with each other: enterprise's internationalization development need the support from the sufficient development of that of bank; and bank's internationalization degree and scale, to some extent, dominate the level of enterprise's overseas expansion; while transnational enterprise is the major customer of the internationalized bank. As to transnational bank, compared with those customers with scrapes of business, transnational enterprise has not only the advantage of quantity, but also brings comparatively less risk. In this way, on one hand, it brings about remarkable economic benefits for transnational bank, and on the other hand will also bring along the development of other bank service.

According to the general law of socialized production and the international experience, enterprises' internationalization process will generally undergo three phases: independent exportation, overseas direct investment and transnational management. At present, in general, domestic enterprises are in the first or the second stage. Although there are some enterprises that have succeed in overseas operation, compared with some large-scale transnational enterprises, they still lack competitive power. And funds-raising is especially a prominent problem that restricts enterprise's development in the process of overseas operation. On one hand, it's difficult for transnationally-operated enterprises to get the funds-aid from the financial organization of host country, so they need the help from the overseas branches of domestic banks. And on the other hand, domestic banks are deficient in overseas customers, failing to give effective support to domestic enterprise's transnational operation. Under this situation, both the development of transnational enterprises and domestic banks are hindered to some extent.

3. The Internal Motivation for the internationalization Operation of China's Commercial Banks

As financial enterprises, commercial banks also aim at capital appreciation and getting the maximum profit. Therefore, the motivation for commercial banks' internationalization is to realize the maximum profit, to pursue the increase of proceeds and decrease in operation cost.

3.1 To Realize the Internalization Advantage and Scale Economy

First of all, the internalization is one of the effective ways for banks to save cost and increase profit and banks can realize the optimization allocation of the internal resources through the easy—to—control internalized trade. Banks' internalization operation is a favorable way to realize the internalization advantage. If commercial banks set up overseas branches, when launching overseas business, they can turn to their own branches to deal with the transaction through pre-formulated procedure, and thus can save the time and reduce the cost for business transaction.

Then, the scale economy can help to realize banks' pursuit of profit enlargement. As the scale advantage of the bank is quite prominent, it can reduce the cost recovery rate and increase the capital reciprocation rate through large scale extension. For example, the findings of the survey on America's 50 big banks reveal that, after consolidation, the banks' average capital reciprocation rate has increased from 1% to 1.29%, and the general capital reciprocation from 13.6% to 15.9%, which gives sufficient evidence to show the advantage of scale economy. And banks' scale advantage is not only reflected by the scale of its network, but also by the rational distribution of the network all over the world. The rational distribution of the network all over the world enables commercial banks to raise funds from the international market in a convenient way, reduce the funds-raising cost, improve the ability for international clearance, gain market information in a more convenient way, and thus reach the aim of saving cost and increasing profit.

3.2 To Stabilize and then Enlarge the Customers Groups

Customer resources are the lifeline for commercial banks' survival and development. Along with the pouring—in of foreign banks, customers have become the competition focus of the banks both at home and abroad. And as the cultural fusion has become more and more prominent, as well as the day-by-day more frequent participation in international activities of domestic enterprises and citizens, foreign banks that can offer international service will occupy the favorable position in competition and many high-quality customers will move to those foreign banks providing international, systematic financial service from domestic commercial banks. According to bank field's "Two-Eight" theory, that is, bank's main profit flows from high-quality customers, so domestic commercial banks should stabilize and enlarge the customer groups through the realization of internationalization operation, thus to

struggle for development in the competition over customers.

3.3 To Improve the Overall Management Level of the banks

To an internationalized bank, the crucial point for its survival and development is to gain the possibly maximum profit through effective management. And at present, most of the international commercial bank are equipped with scientific management and operation mechanism, and, they are built up based on the good business management and in general, they all comply with the principle of “Benefits Dominate”, and aim at “To Gain the Maximum Profit”. While the commonly used mechanism in the world is “Capital Balance Proportion” management, that is, along with the change in the operation environment, banks coordinate various capital and liabilities contradiction in the field of interest deadline and structure, and try to realize the rational allocation and optimized arrangement at the aspects of risk and circulation, thus pursue the combination of security, good circulation and profit-making. If domestic commercial banks set up branches in developed countries, they can learn the advanced experience from their financial market, such as the treatment of unhealthy assets, the management pattern, and business processing flow. And at the same time, they can transplant the experience to domestic and other markets to improve the level of management. In addition, there is sufficient financial products line in their financial market, from which domestic banks will learn a lot. Also, the financial market of these developed countries especially that of America, serves as the test field for new products, where the transnational banks often exercise financial innovation.

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Classroom Discourse and Student Learning

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Abstract

This paper discusses the interrelation between classroom discourse and student learning. The purpose is to reveal that student learning is closely linked to the quality of classroom talk. The author concludes by giving suggestions on how to promote the quality of classroom talk and further facilitate student learning.

Keywords: Authentic questions, Classroom discourse, Non-traditional lessons, Student learning

1. Introduction

In classroom learning and teaching, a large proportion of time is spent in talking and listening. Being one basic medium of classroom interaction, talking should play a crucial part in the process of learner development. But how important is it? Does the quality of talk accord with the quality of classroom learning? On the basis of these questions, Daniels (2001 cited in Alexander, 2004:8) argues that classroom talk not only mediates teaching and learning but the wider culture. Alexander (2004:9) also indicates that talk is necessary for 'the building of the brain itself as a physical organism and thereby expanding its power'. Moreover, the quality of classroom discourse is of great importance because it sets a suitable climate for learning and transmitting teachers' expectations for their pupils' thinking (Nystrand, 1997:28).

However, perhaps because talking is impermanent and evanescent compared with written words, many people tend to be less reflective about spoken discourse than written in classrooms; besides, this lower status of talking is constantly strengthened by teachers as well as parents (Alexander, 2004). For instance, Alexander (2004:6) points out that it is always written work that is regarded as 'real school work and as the most reliable medium for measuring pupil's learning'. Barnes (1992:124) also implies that learning is not simply adding bits of information to the previous knowledge. Rather, most important learning is a matter of 'working on understanding', which can be achieved through talk (ibid).

In an effort to reveal the importance of classroom talk in student learning and their interrelation, this paper aims to discuss whether student learning is closely linked to the quality of classroom talk. First, theories from Vygotsky and Halliday concerning the correlation between language and learning are elaborated. Secondly, varieties of classroom discourse are considered. Afterwards, nature of the discourse varieties is uncovered. Finally, the role of talk in classroom learning is discussed.

2. Language and Learning

During the activity of acquiring new knowledge, many factors may affect the quality of learning, such as: learning styles, learner strategies, different learner variables (motivation, age, and gender) as well as classroom discourse. Being the medium of classroom learning/teaching, language plays a significant role in affecting the kinds of opportunities for knowing and coming to know as well as in encouraging collaborative group work (Wells, 1999:114). Wells (ibid) insists that when talking in groups or whole class, pupils can learn a great deal from each other and present the significance of what they have done and come to understand in front of the teacher. Likewise, Nystrand (1997:29) points out that certain kinds of classroom talk creates more opportunity and flexibility for students to contextualize and assimilate new information.

Many researches have been done to investigate the relationship between language and learning, among which Vygotsky's ZPD and Halliday's language based-theory of learning are the most influential and representative. Being one of the most prominent psychologists, Vygotsky (1978:86) explains the interaction between learning and development, among which the concept of the zone of proximal development (ZPD) is the central idea. He defines ZPD as 'the distance between the actual developmental level as determined by independent problem solving and the level of potential development as determined through problem solving under adult guidance or in collaboration with more capable peers' (Vygotsky, 1978:86). In other words, a zone exists in the process of children development, which concerns the difference between a child's performances with or without other's assistance (Wells, 1999:313). According to Wells (1999:319), learning and teaching in the ZPD obviously depends on social interaction, and this certainly

involves 'face-to-face interaction mediated by speech' in classrooms. Besides, he also believes in Vygotsky's claim, namely, speech plays a critical role in children's learning in the ZPD and in the processes of assistance and instruction (ibid).

Compatible and complementary to Vygotsky's theory, Halliday also argues that discourse plays a central role at all levels of education. As Wells (1999:xiii-36) points out, Vygotsky stresses more in the ways language influences mental functions and how language functions inner speech, while Halliday pays more attention to 'language in its social uses', 'the relationships between spoken and written texts', and 'the situations in which languages are created and interpreted'. His functional approach contributes to establish some general principles about the use of language. First, the ideational function of language serves for the expression of context; second, the interpersonal function works when language is used as a means of intrusion into the speech event; third, textual function enables language to make links with the internal organization of sentences and its meaning (Halliday, 1976:105-7).

3. Varieties of classroom discourse

Having considered the relationship between language and learning, I will begin this next section by discussing two different types of classroom discourse, traditional and non-traditional lessons. Cazden (2001) makes an explicit contrast between the two categories. On one hand, traditional lessons refer to the using of a three-part sequence: teacher initiation, student response, and teacher evaluation or follow-up (IRE or IRF). Lemke describes this format as 'triadic dialogue' (Wells, 1999:167).

Non-traditional lessons, on the other hand, means the sequence of talk in classrooms does not fit an IRE structure on account of a changed educational goal (Cazden, 2001:31). These two prominent alternatives of classroom discourse have earlier been differentiated by Bakhtin (1981 cited in Skidmore, 2000:284) as 'authoritative discourse' and 'internally persuasive discourse'. To be more precise, the former means 'someone who knows and possesses the truth instructs someone who is ignorant of it and in error'; while the later refers to more students' responses, student self-selection and students' topic expansion (Skidmore, 2000). Thus, it is obvious that in traditional lessons teachers generally dominate the class talk; students have fewer opportunities to ask their own questions or generate subtopics (Gutierrez, 1994).

However, according to Wells (1999:167), the IRE structure in teaching takes up about 70 percent of all the classroom discourses in many secondary schools as well as some primary ones. In a research conducted by Nystrand (1997), it was also found that the dominated pattern of classroom interaction was monologically-organised instruction, i.e. traditional IRE sequences rather than dialogically-organized form which can promote 'retention and in-depth processing associated with the cognitive manipulation of information'. This view is also supported by Wood (1992) and Lemke (1990), who advocate teachers to use a less controlling type of discourse to encourage student participation to the largest extent.

4. Nature of the Varieties

Subsequently, it brings us to consider what factors lead to the two different classroom discourses. According to Skidmore (2000:292), it is the inherent nature of the task for the students to complete that results in the differences. That is, what types of questions given by the teachers engender the distinctions. Questions are applied to check learners' attention, evaluate rote learning, and even to stimulate their thinking and discussion. Wood (1992:205) claims that questions may 'motive, sustain and direct the thought processes of the pupil' and promote reflection as well as self-examination. Apparently, questions have significant effects on classroom activities.

But will all questions equally contribute to student learning? Skidmore (2003) analyzes three categories of questioning: questions with one right answer; with a finite set of right answers and with an indeterminate though bounded set of possible answers. The first type, namely, closed or two-choice questions are criticized for not only failing to promote pupils' deep thinking but also inhibiting their intellectual activity (Wood, 1992:205). Wood (ibid) also argues that the use of closed and Wh-type questions can result in pupils' short responses, less participation and misunderstanding. The second type is more open-ended and has more 'cognitively challenging quality' than the first; while the third type, questions with an indeterminate number of possible answers are authentic which the teacher does not know what the pupils will answer (Skidmore, 2003:50). As Nystrand and Gamoran (1997:73) state, only authentic discourse can engage students, and authentic questions must stimulate pupils to think and reflect on the consequences of their ideas, not just recall their past experiences.

Therefore, teachers should identify when frequent questions are needed and what types of questions are appropriate. From my point of view, authentic questions are in no doubt helpful in promoting learners' thinking and accelerating the learning process. Nonetheless, because closed questions can rapidly examine students' understanding and knowledge in classroom interaction, I believe that closed questions are correlated with the efficiency of classroom teaching. If the efficiency is lost, the teacher can not possibly complete the teaching task, then how can students have chances to learn more? So in my opinion, teacher should avoid using closed questions frequently, but apply more open-ended ones at proper occasion. In order to strike a balance, teachers should take into account many factors, such as: the teaching

situation, classroom size, pressure from the centrally prescribed curriculum, culture diversities, etc.

For instance, if there are a large number of students in one classroom, say sixty, then it will be impossible to ask many open-ended questions in a fifty-minute period. In that case, what the teacher could do is trying to afford as many opportunities as possible to enhance students' participation. Another factor is learners' different culture background. From the viewpoint of a teacher and a learner being educated in China, I think that some pupils would prefer closed questions. They seldom express their thoughts in front of other peers or the teacher. Moreover, they are usually not encouraged to have diverse opinions about what they have learned. It seems that what the teacher is saying is the truth and nobody should doubt the authoritative perspective from the teacher, the teachers' books or the syllabus. So open-ended questions are rarely proposed in favor of saving time. This culture factor brings about convergent understanding and progress in Chinese learners, but not divergence. Also, there is this pressure from the centrally prescribed curriculum. Since all teachers have to complete the tasks in the curriculum and handle all kinds of exams, the application of authentic questions becomes harder and less popular.

5. The role of classroom talk in student learning

Being one basic means of teaching, talk is 'arguably the true foundation of learning' (Alexander, 2004:5). It is through talk that children actively engage and teachers constructively intervene (ibid). In Alexander's (2004) classroom research conducted around the world, it is found that most teachers basically use three kinds of classroom talk: 'rote' means mechanically practicing facts, ideas and routines; 'recitation' refers to the accumulation of knowledge and understanding through questions to test the pupils' previous knowledge or to apply them clues in the question to work it out; 'instruction/exposition' concerns 'telling the pupil what to do, imparting information and explaining facts, principles or procedures'.

Still, some teachers apply two additional kinds of classroom talk which have greater cognitive potential: discussion and scaffolded dialogue. The former, existing between teacher-class, teacher-group or pupil-pupil, means the exchange of ideas in sharing information and solving problems (Alexander, 2000:527). While the latter refers to 'achieving common understanding through structured and cumulative questioning and discussion which guide and prompt, reduce choices, minimize risk and error, and expedite 'handover' of concepts and principles' (ibid). Perhaps because scaffolded dialogue is more complicated and requires more teacher skills, it remains less common in classroom teaching. Alexander (ibid) summarized the role of different kinds of talk in scaffolding as follows: rote can not scaffold, basic recitation offers few opportunities, but well-designed instruction or discussion can help to scaffold effectively.

Therefore, we can summarize that various kinds of talk are unlikely to contribute equally to student learning. Barnes (1992:126) distinguishes two functions of talk between presentational and exploratory talk. Presentational talk, on one hand, focuses more on the needs of the teacher than on the student's own ideas. It usually occurs when teacher is trying to seek answers from students to test their understanding of a topic already taught. On the other hand, exploratory talk enables learners to 'try out ideas, to hear how they sound, to see what others make of them, to arrange information and ideas into different patterns' (ibid). Because much of the talk elicited from pupils is essentially presentational, Barnes (1992:126) proposes that teachers consider when and where to employ presentational or exploratory talk and ensure a balance of them.

From my viewpoint, Barnes's classification about functions of talk is explicit. The presentational talk shows the function of speaking in traditional IRE sequence. While in dialogically-organised instruction, talk operates its exploratory function. Similar to questions, the quality of classroom talk consequently depends on various factors, such as: closed or authentic questions, traditional IRE sequence or internally persuasive discourse, classroom organization, the communicative skills of children and teachers, classroom size, centrally prescribed curriculum, culture, etc.

6. Conclusion

From the above discussion, we can conclude that the quality of student learning is closely associated with the quality of classroom discourse. Thus, as teachers, we should attach more importance to spoken discourse during classroom interaction. We should manage to act more often as consultants but not just mere transmitters of information; we should recognize various group-based discussions as real work; and we should encourage students to generate their own questions and to explore alternative answers. Moreover, authentic questions should be structured to encourage thoughtful answers, and further student questions built on previous responses are promoted. In addition, oral tasks should be given greater prominence than it is in the traditional ratio of spoken and written tasks. In order to achieve this, teachers ought to improve self-teaching skills. If we can improve the quality of classroom discourse, we can certainly raise the quality of student learning.

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Today's Relevancy of the Migration Determinants Theory

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Abstract

There are many theories of migration. The human capital, search and the gravity models are among the most widely referred to by researchers. The influence of house prices, job vacancies, wage differentials on the migration decisions have widely been noted and have the expected signs. However, in a study done using the Scottish data the house price variables seem to give an opposite sign that contradicts previous findings. Perhaps comfortable house and available entertainment facilities matters and not just the house price that affects the decision to migrate. Future studies should include the entertainment facilities as one of the determining factor of migration.

Keywords: Migration, House prices, Real wage, Job vacancy

1. Introduction

The importance of the search process in economics was first recognised and highlighted by Stigler (1961, 1962). He relates the importance of search in the market for sellers and buyers, where both sellers and buyers need information regarding maximum and minimum prices that they preferred. The search process does involve costs and it is especially costly if the search is conducted on an individual basis. The early models on search were non-sequential because the number of (job) offers was taken as a constant known by the individual before starting search. Subsequently, and currently, the literature is dominated by sequential models that pose the "optimal stopping" problem. The optimal stopping rule suggests that under certain assumptions the job searcher will need to choose a wage which is known as the reservation wage. The optimal policy for the job searcher is to reject all offers below the reservation wage, and to accept any offer above it.

Much of the literature on this theory is also concerned with relaxing the assumption that searchers have knowledge of the parameters of the wage distribution (Note 1). The implication of the reservation wage is also examined. Thus the job seeker continues searching until the wage offered equals, or is greater than, the reservation wage. The reservation wage gets higher as the cost of searching decreases. When the job search framework is adapted to the analysis of migration a distinction arises between contracted and speculative migration (Molho, 1986; Silvers, 1977). Contracted migration can be seen as the outcome of the search process while speculative migration is an essential component of the search process. Most of the search literature concerns these two types of migration processes.

Interregional movements of capital and labour play a critical role in theories of regional development and growth. The particular factor flow that we are mainly concerned with is the flow of labour. Labour migration is a more complex phenomenon than flows of capital and this may account for the many theories of migration that have been developed. The classical model stresses the importance of wage differentials between regions as the main determinant of migration.

The human capital approach is of great importance since it was first introduced by Sjaastad in 1962 (Sjaastad, 1962). This approach treats the migration decision in a similar manner to the decision to invest in human capital

Meanwhile, the classical approach suggests that migration between the origin and the destination region is mainly determined by wage differentials between the two regions. The classical model can be described by a simple example. Suppose the economy consists of two regions, A and B. The economic capacity of the two regions is identical: they produce the same goods and use the same technology. Both the demand and the supply of labour are also assumed identical thus the wage differential will be zero. Labour migration will occur between the two regions as a response to any change in wages

On the other hand, the human capital approach to migration considers migration as an investment in human capital. In effect it provides another mechanism through which households may increase the productivity of their human resource. This "investment", like any other, involves a sacrifice in terms of initial costs and a benefit in terms of subsequent returns. Since Sjaastad's (1962) classic contribution there have been many variations on the basic approach. The basic concept of the human capital approach in migration is the use of discounted costs and benefits as the bases to undertake a decision.

2. Methodology

In this section we discuss the many economic theories and research findings pertaining to migration. We relate the findings of other researchers pertaining to the migration studies that we are interested in. After which we discuss our own findings using the Scottish and Rest of United Kingdom data.

2.1 Economic theories of migration and search

Human capital theory is one of the most commonly used explanations of how an economically motivated migration agent behaves (Sjaastad, 1962; Borts and Stein, 1964 and Pickles and Rogerson 1984). The process of migration, as we have seen, is viewed as an investment where the returns from migration, partly in the form of higher wages associated with a new job, are greater than the costs involved (both pecuniary and psychic). Hence from a neo-classical perspective, migration should then occur in response to the presence of interregional wage (and amenity) differences. However Miron (1978) stresses the importance of understanding the behaviour of potential migrants as information gatherers and decision makers. Also, it is rather unconvincing to assume that the potential migrant has perfect information about the wages and job availabilities among all the potential locations involved, and is aware of the extent to which these may reflect disequilibria, especially given that such disequilibria must presumably be changing over time. Thus it has been argued that search theory may therefore be viewed as providing the missing link in the human capital approach by providing an explicit treatment of uncertainty. Todaro (1969) was among the first to recognise how a potential migrant would discount wages by the probability of finding a job. Some other studies also offer alternative ways for estimating the probability of securing a job. For example, Fields (1976) argued that the ratio of the new hire to the unemployment rate provides a more intuitive and better measure of the transition probability from the unemployed state to the employed state. Similarly, Gleave and Cordey-Hayes (1977) and Holt (1978), suggested the use of the ratio of vacancies to unemployment as a measure of labour market tightness, which has the advantage of directly including measures of opportunity and competition. However, some of the assumptions used were rather weak. For example the assumptions regarding how people search and compete for new jobs. In the next section, a brief review of search theory is presented.

2.2 Optimal job search policies

Lippman and McCall (1976) begin with the simplest sequential model of job search, where an unemployed individual, referred to as the searcher, is seeking for a job. Every day the individual ventures out to look for a job, and each day he will generate only one job offer. He/she is not allowed to intensify his/her search effort. The cost of producing each offer includes all money costs, such as the cost of transportation and advertising that are incurred each time a job offer is obtained, and is assumed to be a constant, c . There is no limit to the number of offers the searcher can obtain. Lippman and McCall (1976) consider both the cases where offers which are not accepted immediately are lost and the cases in which offers are retained. These two cases are referred to as sampling without recall and sampling with recall, respectively. When an offer is accepted, the searcher transits to the permanent state of employment, so that quits and layoffs (Note 2) are not allowed in this model. The searcher skills are considered homogeneous in all respects, while the prospective employers do not necessarily value them equally hence different employers tender different offers to the searcher. The dispersion of offers is included in the model by assuming that there is a probability distribution F of wages that governs the offers tendered. In addition, the distribution is considered to be invariant over time and the business cycle effect is ignored. So, on any day the probability that the searcher will receive an offer of w or less is $F(w)$, which is independent of all past offers and of the time the offer is made. It is assumed that the searcher knows the parameters of the wage distribution from which his offers are generally generated, that is he knows F . In this simple model the offer can be interpreted as the discounted present value of the life time earnings from a job.

2.3 The search model as applied to migration

Many researchers have extended the basic search model in order to increase its general validity and applicability in a variety of circumstances. An example of special importance here is the search model's application to the study of migration processes. As pointed out by Gordon and Vickerman (1982) the lack of attention given to the constraints on the choices faced by an individual in making the migration decision is an important source of dissatisfaction with the human capital approach. Furthermore, before a migration decision is made, an individual needs to know about the available opportunities. Relying on the human capital model alone is insufficient to explain the process involved in migration. The human capital model also assumes that information is free, thus placing everyone in the population at risk of migration. In contrast, Gordon and Vickerman (1982) claim that an explicit treatment of the search process provides a new definition of the population at risk, which is a subset of the whole population in a region. As a consequence, Gordon and Vickerman (1982) propose the following model. They suggest that the decision to migrate can be broken down into at least two distinct stages. First, the need to decide whether to become a potential migrant (thus accepting the costs involved while searching for opportunities) or to become a stayer (that is to quit from the searching mode). Secondly, there is a need to decide whether to accept or reject a given opportunity.

2.4 The gravity approach

Spatial interaction is a broad term which includes any movement over space that results from a human process. It includes journeys to work, information and commodity flows, student enrolments, the utilisation of public and private utilities, migration and even the transfer of knowledge. Gravity models are the most widely used types of interaction models. They are mathematical formulations that are used to analyse and forecast spatial interactions. The gravity model has been widely used in the geographical context.

The concept of information flow in migration modelling was adapted by Plane (1981). He uses the minimum information principle (MIP) form of the gravity model to assess migration flows in the U.S. The full MIP model is in the form;

$$m_{ij} = m_{ij}^0 \gamma (\alpha_i / \alpha_j) e^{-\beta d_{ij}} \quad (2.4.1)$$

where m_{ij} is the predicted flows between the two regions; m_{ij}^0 are the current (known) flows; γ is the scaling factor and d_{ij} is the distance relating factor. The parameters to be estimated are α , β and γ . In this model, β can either have positive or negative values. A positive value indicates that the deterrent effect of distance has increased over time, while a negative value indicates that it has decreased. However in recent years, distance has become a less important impediment to migration (Plane 1981). Plane calibrated his model using the U. S 1965-70 migration data. Gravity models also assume spatial parameter stability; for movement out of any one origin, the parameter has been assumed to be stable across the range of destinations towards which flows are directed. It suggests that the effect of distance out of a particular origin is unmodified in spite of the diversity of places within the spatial system. This, according to Eldridge and Jones (1991) is an heroic assumption; in cases where the assumption is not made, the possible existence of place-to-place differences in the relationship between distance and interaction can be examined. Specifically, distance in one area may have one kind of effect on interaction, while the same distance in another area may have a different kind of effect. The gravity model ignores these potential biases and results in the same predicted interaction for all observations with the same distance, *ceteris paribus* (Eldridge and Jones, 1991). To overcome these potential biases and misinterpretation of the estimated parameters, Fotheringham (1978) suggests the use of a new set of interaction models; the "competing destinations" models.

The theories of competing destinations consider many types of interaction to be a result of a two-stage decision making process. The first stage is that individuals choose a broad region with which to interact. The second stage is that individuals then choose a specific destination from the set of destinations contained within the broad region. As an example consider the decision to migrate in search of employment. An individual from a region of high unemployment (say, North East England) will be aware that there are other regions which have better prospects for employment (other parts of United Kingdom such as the Midlands, South East and the South West). Once the individual has decided to move, his first locational decision is to choose one of these broad regions, in which to concentrate his search for work, and then choose a specific location within that region.

2.5 The Todaro (1969) and Harris-Todaro (1970) migration model.

The basic Todaro (1969) model implies migration proceeds in response to urban-rural differences in expected income rather than actual earnings. Migrants compare the various labour market opportunities that are available in the rural and urban sectors and choose the one that maximises their expected gains, should they choose to migrate. These expected gains are measure by the difference in real incomes between rural and urban work and the probability of a new migrant getting an urban job. This is how unemployment rates are introduced into the model. The Todaro (1969) model assumes that each worker has an identical planning horizon and has fixed costs of migration that are identical to all workers. Later the Todaro (1969) model is extended to include a third sector, namely the informal urban sector (Harris-Todaro

1970). The 3 sectors model assumed the following characteristics. The rural sector is branded by low, flexible wages with full employment and job stability. Also there are no fringe benefits available to workers. While the urban informal sector is where the new migrants "reside" while waiting to be "permanently" employed in the formal urban sector. It is characterised by low, flexible wages, with underemployment and job instability. There is also no fringe benefit for workers in this informal sector. The urban formal sector is characterised by high, downwardly rigid wages and by a limit in the number of jobs. These jobs are "stable" and there is opportunity for advancement, with fringe benefits to workers. With the above assumptions, the extended migration model demonstrates that job creation in the urban formal sector could result in an increase in the urban informal sector through rural-urban migration. According to Todaro (1969), the objective of a typical rural-urban migrant is to get a job in the urban formal sector. Since the number of jobs available in the urban formal sector is limited, in-migrants from the rural sector are thus typically employed, upon arrival, in the urban informal sector. Being involved in petty-trading is an example of an urban informal sector job. Earnings in this informal sector may be below earnings in the rural sector, but the migrants are willing to remain in that sector because of the possibility of accessing a formal sector job.

The Todaro (1969) and Harris-Todaro (1970) models have been criticised for several short comings (Eaton, 1992; Willis and Fields, 1980). First, there are no clear details regarding the relationship between the urban formal and informal sectors. Second, the causes of the downwardly rigid wages in the urban formal sector are ignored, and there is no proof that such rigidity exists. Third, the mathematical formulation of the model completely ignores labour earnings in the urban informal sector. Fourth, there is an implicit assumption that the labour of rural-urban migrants is homogeneous, which is unlikely to be the case. Finally, the Todaro (1969) model lacks empirical support for its theoretical bases, and empirical testing of its implications.

2.6 The Jackman and Savouri Model

Jackman and Savouri (1992) model migration as a special case of job-matching, in which a job-finder in region A is matched to a job in region B. Although people can live in one area and work in another (Jackman and Savouri 1992), more often than not, such job match usually involves migration of the household. Thus migration is viewed as the result of successful job search, but not a pre-condition for it; as available information technology makes it easy for a job-finder to look for a job without having to "physically relocate" himself. Their finding suggests there will be a higher rate of out-migration from regions of high unemployment. The unemployed are more likely to move. Their model suggests that the flow of migrants from the origin to destination region is the product of total engagements in the economy, the share of unemployment in the origin region and the share of vacancies in destination region. Their simple model assumes distance is immaterial in job search. However, in practice this is not true, as people prefer to take jobs near to home, and thereby avoid all the costs associated with moving. Later they allow for discouraging effect of a distance on job search and also allow for some effects of differences between regions. People obviously prefer to apply for high paying jobs and hence potential migrants tend to look for work in high wage rather than low wage regions. Hence, a larger number of job-seekers applying for vacancies in high wage regions will be resident outside the region and we might expect that a higher proportion of jobs in high wage regions will be filled by in-migrants rather than by local residents (Jackman and Savouri, 1992).

2.7 The Layard, Nickell and Jackman (LNJ, 1991) Model

The Layard *et al* (1991) model includes real wage, unemployment rate and price differentials between regions as determinants of in-migration. The emphasis is on the importance of the real wage and unemployment rate differentials in influencing migration decisions. Thus their findings suggest that the higher the real wage in Scotland relative to RUK, the fewer people migrate from Scotland to the rest of the UK. Likewise the lower the unemployment rate in Scotland relative to RUK, the less people will out-migrate from Scotland to RUK.

The Layard *et al* (1991) in-migration function is as follows:

$$\frac{M_i}{L_i} = b_1 \log\left(\frac{N_i}{L_i}\right) + b_2 \log\left(\frac{W_i}{W}\right) + b_3 \log\left(\frac{P}{P_i}\right) + b_{4i}$$

and for estimation purposes is given as,

$$\frac{M_i}{L_i} = b_1 (u - u_i) + b_2 (w_i - w) + b_3 (p - p_i) + b_{4i}$$

where p refers to house prices; u and u_i are the unemployment rates in the two regions; w and w_i are the real wages, and lower case indicates natural logarithm of the corresponding variable. Our regression model follows the Layard *et al* (1991) model closely as they claim their model explains much of UK regional migration.

2.8 The Ermisch (1995) Model

The Ermisch (1995) migration model focuses on the relative real wage and relative employment rate, lagged one period, as the main determinants of net migration between Ireland and Great Britain. He tried to explain the degree of responsiveness of migration to real wage differentials by examining the size and pattern of European migration and whether there has been convergence in real wages. He found low responsiveness to real wage differentials, which "could be interpreted as large compensating differentials." (Ermisch, 1995). Similar to many other studies he found that migration is more sensitive to unemployment differentials between regions (and countries) than real wage differentials. The coefficient on the relative employment rate (which is unity minus unemployment rate) is ten times that on relative wages suggesting strong risk aversion. His findings suggest that the unemployment rate in Ireland relative to that in the UK was the most important explanation for the large changes in Irish net migration. The high unemployment rate in Ireland relative to the UK appears to have been mainly responsible for the large out-migration from Ireland during the 1951-1971 period (Ermisch, 1995).

2.9 The Stock Adjustment Model

In the stock adjustment model we make several assumptions. The key point here is that we assume that migrants are heterogeneous and may respond quite differently in response to any given change in the variables relevant to the migration decision. People have different psychic transaction costs or may value amenities differently and so the expected net present value from migration varies, possibly significantly, among individuals.

Suppose individuals expected net present values of migration are distributed in accordance with the solid line as shown in figure 3. The origin, O, coincides with a zero expected net present value (NPV) associated with migration. Hence only those who are in the upper tail of the distribution of expected NPVs - above that value of expected NPV - become movers. Those whose expected NPV is below zero are stayers. When the real wage increases in the destination region relative to the region of origin, there will be a shift in the distribution from D1 to D2, with more people being movers than before, but in general there will be more stayers than movers as illustrated by the distribution.

Since people are different, as wages increase in Scotland their expected net present value associated with migrating to Scotland increases. But due to the nature of the distribution across individuals not many households still wish to stay and there is a limited number of new movers as a consequence of the shift in the distribution of expected NPVs. This raises the possibility that the numbers induced to migrate may well be insufficient to restore wage and unemployment differentials, for example. This contrasts with the implications of Harris-Todaro (1970) and Layard *et al* (1991). Notice that we have not actually identified the variables that enter the computation of the expected value of NPV here. The argument is therefore valid with respect to any set of determining variables. For example, if it is wage and unemployment differentials that "matter", the argument implies that net migration flows occur here in response to the *first differences* of wage and unemployment rates, and not their *levels*. As we shall see, this apparently minor alternative specification of the net migration function may have significant consequences for the behaviour of regional economies.

2.10 The "net-migration" Issue

The net-migration model discussed above is not without problems. The focus of many migration studies has been on net migration flows, perhaps because of their concern for the overall impact of migration flows on labour markets. However, there is the issue of the appropriate specification of such model. In particular the argument that there is "no such thing as a net migrant" in fact can be interpreted as raising an issue of the appropriate specification of net migration functions, rather than necessarily objecting to their "netness" *per se*. For this reason in the study on the Determinants and Consequences of Regional Migration, Baba (2008) try to "correct" for the mis-specification by introducing the population ratio model.

3. Results and discussion

3.1 The stock adjustment models

Here we focus to report on our results using the Stock Adjustment Models of migration. Previous models are all of the flow adjustment variety, which as our analysis in (Baayah, 2008) chapter 3 argues, appear to be based on an implicit assumption of homogeneity among migrants. Allowing for heterogeneity, for example in the form of a distribution of expected psychic migration transactions costs, suggests that a stock-adjustment formulation may be more appropriate. The stock adjustment equation we estimate follow the following form:

$$NMGRATE^{SA} = \beta_0 - \beta_1 \Delta(rw_S - rw_{RUK})_t + \beta_2 \Delta(u_S - u_{RUK})_t + \beta_3 \Delta(p_S - p_{RUK})_t$$

Where Δ is the first difference operator, capturing the stock adjustment specification, and the other variables are defined at the end of this paper.

Data from 1970 to 1994 are used in describing the pattern of migration and the testing of previous net migration models. Although most data are available earlier, the data on wages are only available from 1970. We estimate the stock adjustment models that we think can be used to explain Scottish-RUK migration data. We start by regressing the most

general form of the stock adjustment model as given by equation 1 of table .1. Only the change in the price variable between Scotland and RUK is significant at the 5 per cent level but has the opposite sign to that predicted by theory. The time trend and the lagged dependent variable are both insignificant at the 5 per cent level. The R^2 value implies the model explains 74% of variation in the dependent variable. There is no evidence of serial correlation or functional form problems. The diagnostic test result does not reject the null hypotheses of normality and homoscedasticity in the residuals. Next we drop the lagged dependent variable from our regression. In equation 2 the result shows that the change in price variable remains significant at the 5 per cent level with a larger t-value than before. However it maintains the sign opposite to that predicted by theory. The time trend now becomes significant at the 5 per cent level. The negative sign indicates that the dependent variable tends to decrease over time. The DW statistic is very close to 2, which implies that there is no evidence of serial correlation in the residuals. This result is confirmed by the other diagnostic test of serial correlation. There is also no evidence of serial correlation or functional form problems. The diagnostic test result does not reject the null hypotheses of normality and homoscedasticity in the residuals. Next, based on the t-values we omit the change in vacancy variable from our regression. The result is given in equation 3. The change in real wage is not significant at the 5 per cent level but has the expected sign. The change in the unemployment rate between Scotland and RUK also remains insignificant at the 5 per cent level and maintains the expected sign. The change in price between Scotland and RUK maintains to be a significant variable but still has the sign opposite to that predicted by theory. The time trend remains significant at the 5 per cent level. The R^2 decreases slightly which implies the model is a worse fit. The DW statistics is greater than 2 which indicates negative autocorrelation of the residuals (e.g. Johnston 1984). This is not corroborated by the other diagnostic test for serial correlation, however. There is also no evidence of a functional form problem in the model. The diagnostic test result does not reject the null hypotheses of normality and homoscedasticity in the residuals.

Next we omit the change in unemployment variable from our regression. We also reintroduce the change in vacancy variable into our model to see whether the change in vacancy will have significant effect on net out migration variable when the change in unemployment is excluded from the regression. The result given in equation 4 indicates that the real wage now becomes significant at the 5 per cent level and has the expected sign. This result supports the theory that people move from low wage to high wage regions. Thus the higher the real wage in Scotland relative to RUK fewer people will migrate from Scotland to RUK. The change in vacancy variable remains insignificant at the 5 per cent level. The house price variable remains significant at the 5 per cent level and maintains the negative sign as before. The time trend variable remains significant at the 5 per cent level with a lower standard error. The negative sign implies that the net out migration from Scotland to RUK decreases over time. The R^2 value implies that the model explains 70% of the net out migration flow from Scotland to RUK. The DW statistic of 2 implies there is no autocorrelation in the residuals. The diagnostic test result also implies that there is no evidence of serial correlation and functional form problems. The diagnostic test result does not reject the null hypotheses of normality and homoscedasticity in the residuals.

Finally, we omit the change in the vacancy variable from our regression. The result is shown in equation 5. The change in real wage remains significant at the 5 per cent level and maintains the expected sign. The standard error has also reduced. The change in house price variable also remains significant at the 5 per cent level and maintains the previous sign. Its standard error has also decreased. The time trend variable also remains significant at the 5 per cent level and the standard error has also decreased. The R^2 value remains unchanged and the corrected R^2 does not change very much, indicating the change imposed on the model is acceptable. The DW statistic of 2 means that there is no evidence that the residuals are not auto correlated (Johnston 1984). The standard error of the regression has decreased which means equation 5 can be a better model than equation 4. There is no evidence of serial correlation and functional form problems. The diagnostic test result also indicates that the test for normality and homoscedasticity gives affirmative result. We also conduct the parameter stability test for all our models discussed above using the CUSUM and CUSUM-SQ methods. The results provide evidence of parameter stability in all our stock adjustment models. Given the above findings we conclude that equation 4 and equation 5 are among the best statistical models that could be used to describe the net out migration flows between Scotland and RUK, although the unexpected sign on house price variable limits the genuine explanatory power of the model if we follow the old believe that cheaper house prices will encourage the move from the origin to the destination region. Perhaps the present day scenario is different, cheap housing is not an attraction (to the migrants) but comfortable accommodation is. So the fact that the house price variable has a non conventional sign is acceptable and do show a change in the ways variables affect a migration decision.

4. Conclusions

There are many approaches to the study of why people move. The classical approach suggests wage differentials as the main determinant of migration between regions. Migration is taken to be "costless" and without risk in this approach. The human capital approach introduced by Sjaastad (1961) treats migration as an investment in human capital that involves costs and returns. The costs and benefits include both monetary and non-monetary costs. The many facets of search theories that have emerged from the basic search strategies initiated by Stigler (1961, 1962). Search theory has also been useful in the study of migration; it shows how migration decisions may involve different stages. Gordon and

Vickerman (1982) focus, in effect, on contracted migration. They construct a general decision making framework in which the probability of migration taking place is expressed as the product of the probabilities discussed above. The probability of receiving an offer is simplified in the basic search model by assuming a fixed rate at which offers are generated, for example once a day. As for speculative migration, since it is considered as part of the search process it is quite difficult to differentiate it from the search process *per se*. Once an individual has decided to enter the search process he/she is effectively involved in a speculative form of migration because in the process of searching for opportunities he/she may need to move from one region to another.

Gravity models have been widely used in the study of migration processes. Their early use was highlighted by Ravenstein who argue that in studying migration stream the analyst should consider both the numbers of people in the origin and the destination locations. The basic gravity model of migration emphasises that the migration process between any pair of regions depends on the size of the population in each region and the distance attributes between the two regions. Some researchers focused on the characteristics of gravity model in their study of migration processes (Smith and Clayton, 1978; Goodchild and Smith, 1980) while others included information flows in the gravity model (Smith and Slater, 1981; Plane, 1981). Fotheringham (1978) and Eldridge and Jones (1991) add the accessibility (of a destination to other destinations) variable to the gravity models to form the competing destinations' models. The latter models allow for the existence of competitions among the destinations attracting the potential migrants. The more accessible a destination is, the less likely it will be the last stopping place for the potential migrants.

While the flow model suggests that migration involves the response of homogenous individuals reacting to changes in the determinants of migration in much the same way, the stock adjustment model has rather different implications. In the stock adjustment model individuals are assumed to be heterogeneous, as reflected in a distribution of expected net present values of migration decisions across individuals. This has fairly radical implications for the appropriate specification of the net migration function. Perhaps the different sign on the effect of house prices on the migration decision between Scotland and the Rest of United Kingdom will shed some light on future research on migration decisions. Researches must look at migration decision beyond the normal way of thinking. Increased house price could be a positive factor as people relate to increased price to increase standard of living. That could be the reason why people keeps flocking to New York even though they can never really afford it, but the fact that they can relate to people in the origin that they are part of New York could be the ridiculous factor that attracts people into New York for example. Hence that could explain why the house price variable have the negative sign against the normal findings in previous migration studies.

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Notes

Note 1. There are two alternatives regarding information on wage offers. If the searcher is assumed to search "with information" then he knows the offer distribution. On the other hand if he/she is searching "without information" then the offer distribution is not known (Hey, 1993).

Note 2. In a study by Usategui (1992) when unemployment insurance is brought into the model, affecting reservation wage, layoffs is allowed but quits for higher paying job are not.

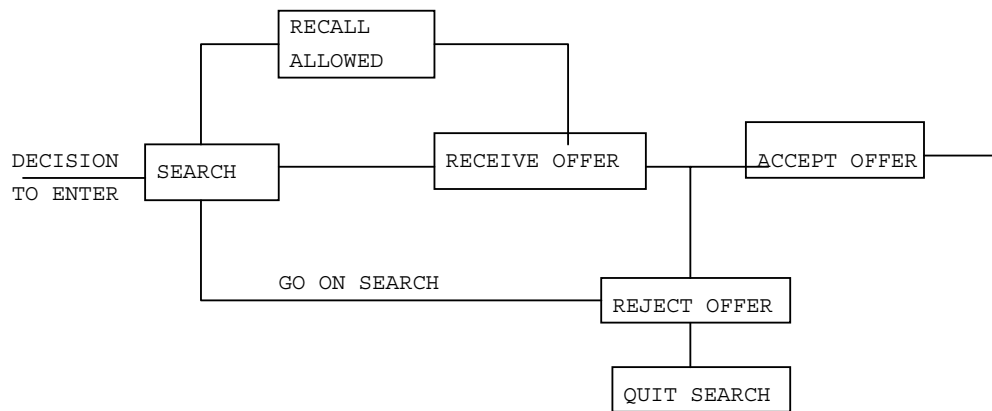


Figure 1. The Migration Decision Making Framework (Adapted from Molho, 1986, p. 404).

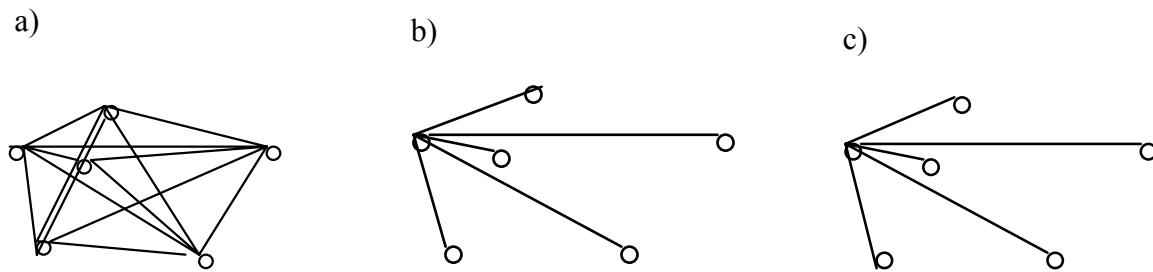


Figure 2. Interaction Systems (Source: Haynes, 1984, p. 42.)

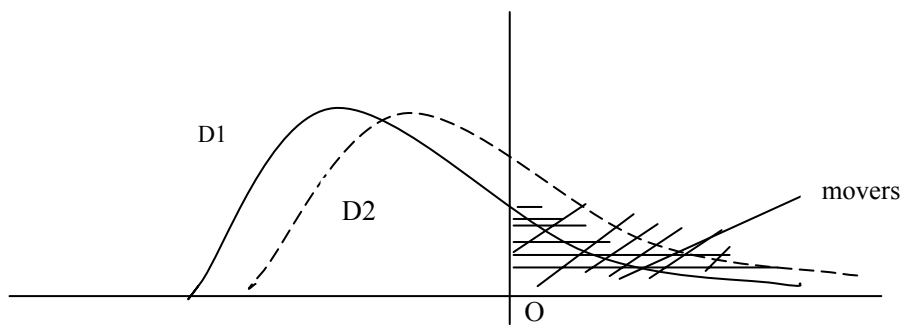


Figure 3. Expected NPV of migration

Variables used in the stock adjustment model

$$(p_S - p_{RUK})_t = \log(HPS/HPUK)_t$$

$$\Delta(p_S - p_{RUK})_t = (p_S - p_{RUK})_t - (p_S - p_{RUK})_{t-1}$$

$$(rw_S - rw_{RUK})_t = \log(ES/EGB)_t$$

$$\Delta(rw_S - rw_{RUK})_t = (rw_S - rw_{RUK})_t - (rw_S - rw_{RUK})_{t-1}$$

$$(u_S - u_{RUK})_t = \log(URATES/URATEUK)_t$$

$$\Delta(u_S - u_{RUK})_t = (u_S - u_{RUK})_t - (u_S - u_{RUK})_{t-1}$$

$$(v_S - v_{RUK})_t = \log(VACU/VACS)_t$$

$$\Delta(v_S - v_{RUK})_t = (v_S - v_{RUK})_t - (v_S - v_{RUK})_{t-1}$$

Lower cases of the alphabet denotes the natural logarithm of the variables.

Table 1. Dependent variable is NMGRATE. Sample period 1970-1994.

Variable	equation1	equation2	equation3	equation4	equation5
Intercept	.0036 (1.88)	.0041 (3.47)	.0040 (3.42)	.0044 (3.60)	.0044 (3.78)
$\Delta(rw_S - rw_{RUK})$	-.0454 (1.05)	-.0561 (1.97)	-.0517 (1.86)	-.0681 (2.37)	-.0676 (2.59)
$\Delta(u_S - u_{RUK})$	.0029 (1.19)	.0033 (1.67)	.0024 (1.43)	-	-
$\Delta(v_S - v_{RUK})$	.0010 (0.42)	.0016 (0.88)	-	.8738E-4 (0.05)	-
$\Delta(p_S - p_{RUK})$	-.0123 (2.92)	-.0132 (3.89)	-.0124 (3.81)	-.0134 (3.79)	-.0134 (4.08)
NMGRATE _(t-1)	.0944 (0.34)	-	-	-	-
T	-.8740E-4 (1.67)	-.9998E-4 (2.79)	.9602E-4 (2.72)	-.1104E-3 (2.99)	-.1099E-3 (3.16)
R-Squared	0.74	0.74	0.73	0.70	0.70
R-Bar-Squared	0.65	0.67	0.67	0.63	0.65
DW Statistic	-	2.03	2.11	2.00	2.00
Durbin's h-stats	None	-	-	-	-
S.E	.9544E-3	.9291E-3	.9235E-3	.9742E-3	.9483E-3
Diagnostic Tests					
Serial Corr. CHI-SQ(1)	.11395[.736]	.023031[.879]	.1581[.691]	.0242[.876]	.0297[.863]
Fn-tional Form CHI-SQ(1)	.86264[.353]	.98070[.322]	.3507[.554]	1.432[.231]	1.323[.250]
Normality CHI-SQ(2)	.13247[.936]	.009284[.995]	.7673[.681]	.1512[.927]	.1587[.924]
H-dasticity CHI-SQ(1)	.65750[.417]	.7922[.373]	.9220[.337]	1.122[.289]	1.128[.288]



An Application and Study of Chinese Traditional Culture in Modern Art

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Abstract

Art design is a kind of culture which is formed and developed on the basis of the material production practice of human beings. It is the combination of the physical and mental culture of a race in a relative period, and can be inherited and shared. The splendid Chinese racial culture and cultural spirit was formed in the longstanding history. The racial cultures haven't disappeared in the modernization and globalization, but have been reapproved and further affirmed. The practice had proved that only learning from the traditional culture and basing on one's own racial culture can make the art designs have high values and status in the world.

Keywords: Art design, Racial style, Traditional Culture, Inherit

In this Information Age, the racial cultures in developing countries are enduring the most furious crashes and challenges. Nowadays, the existence and development of racial cultures in not only the problem developing countries must face, but also a revolution in the field of human's arts and cultures.

A nation, in order to be independent from other nations all over the world, should be equipped with strong comprehensive national power. Besides, it has to preserve and develop its unique racial culture. In the trend of globalization, a racial culture's "root" and "spirit" will be destroyed if losing its own characteristics and features. So it is a very important task to inherit and develop the excellent traditional cultures and aesthetic senses. As we all know, the Chinese traditional culture is longstanding, splendid, unique and publicly admired. Opening to the outside makes our comprehensive national power more stronger, so to develop our racial culture is inevitable.

1. The common sense of traditional Chinese designs.

The traditional design has its own creative concepts creation psychologies, visual modes and molding rules. It puts emphasis on creative concepts, figures and forms independently. The western theories stress on the forms on the basis of forms or the so-called scientific visual rules. The traditional Chinese designs represent the unique Chinese molding rules and artistic conception.

The core theory of "image creation" gives the basic character that the traditional arts put more emphasis on the creation of psychological images. There is a theory in traditional Chinese art design that to form an image to fully express the creative concepts, that is to say, to establish a general connection between symbols and meanings through metaphor, symbolic, association, etc. this method makes people's visual and aesthetic experiences to a rational level but not a conceptual level. This kind of idea puts stress on the creative concepts, makes images the core concepts of the creation, and determines the aesthetic judgment declined to the ethic and social aesthetic standards. Thing such as the bronze wares of Shang and Zhou Dynasty (right: bronze wine glass with four goats), the clothes and ornaments in the ancient history, the colors, designs on utensils and different material represent different social status, and the features of natural materials are also used to present people's morals, sentiments, and styles. In ancient times, the utensils became the representatives of social status and social estate, and had been the symbols of the universe. People made utensils of different forms and colors to express "the different understanding to the nature, earth and universe". They were the symbols and carriers of the world views.

"Human should be harmonious with the surroundings", this is an important idea in ancient Chinese philosophy. Ancient Chinese also believed that time and space was connected and uniform in the universe. These theories had deep influences on ancient designs and creative concepts. The "heaven—human—material" mainly focused on the relationship between human beings and physical changes in the nature. The harmony in this relation was the ultimate pursuit in the traditional culture. This was also the basic way of thinking. The ancient people had realized that the nature had close connections with the activities and ways of existence of human beings.

2. The follow of the traditional culture in modern art designs

Art designs must depend on the concrete cultural environment. The development of it must be based on the follow and sifting of the tradition. If there is no inheritance in the culture, the art designs will be weak and powerless. The traditional culture and aesthetic philosophy of a nation influence deeply the aesthetic features of art design traditions. In Chinese aesthetic sense, symmetry, full and round are admired. So in the designs, strict symmetry and the structure of full and round are often paid more attention to.

The follow of tradition is necessary and inevitable. Now we are in a society which is highly modernized and informationalized, new thoughts, concepts and various ideological trends abroad had brought unprecedented crash to our traditional Chinese culture. In this circumstance, it is not desirable to completely deviate the traditional culture. Simply misappropriate or indiscriminately copy from western cultures will make our designs lose our national features, dispositions and spirits, which are broad, profound and splendid. The vitality of the art must be based on a nation's own culture.

The sign of Bank of China contained the traditional Chinese philosophy—"the heaven is round and the earth is square"—the ancient Chinese world view. The sign was designed as round outside and square inside, and combined perfectly the Chinese character "中" with the ancient Chinese coin, worked in concert with the ancient Chinese world view. This design was succinct and fluent and worked as a whole, the round part and square part were in a proper percentage. And it was easy to be recognized. It was a modern design but also contained abundant traditional Chinese elements.

3. The mergence of traditional culture and modern designs

Every designer should try their best to inherit and develop the traditional designs in order to make their own works have both the advantages of traditional Chinese racial style and modern features. Design is a kind of culture, modern Chinese art designers should get the spirits of Chinese culture, only by that they may get a chance to have a position in the world.

The racial style is the presentation of the cultural tradition, aesthetic psychology, and aesthetic habits of a nation. All the designs have the traces of a certain racial culture or tradition which is unique of that race or nation. If a designer departs from its own traditional culture, his works will just be freaks.

The spirits of racial culture have broad connotations, unique aesthetic senses and abundant forms of presentations. All of these bring new crashes to the art designs. Designers get clues from different cultures, and they seek for inspirations from the styles, patterns, colors, fashions and materials of different countries and races. A kind of art design style often involves psychology, optics, philosophy, etc.. It is the presentation of the designer's character. The style of the design is the unity of generality and personality, it has something unique, but also something universal. In a word, design is the quintessence of different cultural spirits.

The sign of 2008 Olympic Games didn't use traditional Chinese pattern directly. It used the unique Chinese painting technique—freehand brushwork—to express the "Chinese knot" and the "player" in this design. This design not only presented the unique Chinese distinguished feature, but also was approved by other countries.

Besides the argument on design and geographical location, BTG Fragrant Hill Hotel—designed by famous Chinese-American architect I.M. Pei—was a touchstone of racial features. It was said that this design was the experiment of Chinese racial architecture. It simplified the traditional Chinese architectural features of Suzhou Landscaping into precise architectural languages, and merged them into modern architectures, formed the typical Pei's style. And the modern design in Ming Dynasty furniture was another famous example.

Their designs expressed the designers' deep comprehension to our traditional art and culture, and their unique feelings to our painting techniques and materials. Because of their precise understandings of wash painting and calligraphy, the designers formed their own oriental art styles, and combined perfectly the racial culture into modern designs. In costume designs, more and more oriental elements were used by the western designers.

To sum up, the traditional culture of a race must have carried the racial spirits and features of that race, and must have reflected various traits of a relative period of that race, such as political features, art and culture connotations, religions, moral standards, folk customs, etc.. All the needs for the mental requirements have something that passed on from generations to generations, and will also get new contents and forms in the course of development. Then the new culture will come out inevitably.

The art practice had proved that we should never totally deny our tradition while absorbing the quintessence of other countries or races. We should absorb the excellences of other races in an open mind, use them on the basis of our own culture, and merge all of them in modern art designs. By doing so, we can fully present our advantages, inherit and develop our longstanding civilization.

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Figure 1.



Figure 2.



Figure 3.



Figure 4.



Cultural Identity in China English as a Variety of English

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Abstract

The status of English as an International language breaks the situation in which British English or American English is the sole standard. English becomes World Englishes, taking on a plural form, which include many varieties of English with nativized cultural, political and economical characteristics. Researchers in China believe that China English as a variety of English has been objectively in existence. It refers to English used by the speakers with Chinese linguistic and cultural background who consciously or unconsciously transfer the Chinese cultural identities into English, thus endowing China English with distinctive cultural identities. China English consolidates the cultural identity of the Chinese speakers of English, enriches the multiple identities of English and plays an important role in promoting Chinese culture internationally.

Keywords: World Englishes, China English, Cultural identity

1. World Englishes

The widespread of English and its importance in international communication has established its status as an international language or a global language (Crystal, 1997). The Indian linguist Braj Kachru (1985, 1992) views English today in terms of three concentric circles: the Inner Circle, the outer circle and the expanding circle. The inner circle refers to the places where English is a native language (ENL), including the US, UK, Ireland, Canada, Australia and New Zealand. The Outer Circle involves the earlier phases of the spread of English in non-native settings, where English is a second language, including Singapore, India, Malaysia and fifty other territories (ESL). The Expanding Circle involves those nations which recognize the English as a foreign language (EFL), including China, Japan, Greece, Poland, and an increasing number of other countries. A plural word Englishes came into use, which had been admitted by scholars such as Strang (1970), Strevens (1982), and Kachru (1997, 1980). As language expresses, embodies and symbolizes cultural reality (Kramsch, 1998:3), the pluralistic English has taken upon itself double roles: one is manifestation of Westernness, the Judeo-Christian tradition, the other is the representation of the culture of its speaker. As Kachru states, "English has multiple identities... in the international contexts, English represents a repertoire of cultures, not a monolithic culture. (1989: 86). It is in this context that the issue of China English has been brought into discussion.

2. China English

In view of the multiplicity of English and the increasing attention on it, it's justified to regard the English spoken and used by Chinese people as one of its varieties. Here I would like to use the term China English. China English is different from Chinglish since the latter is a term the foreigners use to describe the substandard language phenomenon occurring in the English spoken by the Chinese, due to the influence of the Chinese language. The difference between these two concepts has for long time been the object of attention in the field of linguistics. So far as I am concerned, the major difference lies in their acceptability. China English can be accepted by other English speakers while Chinglish is despised as substandard.

China English means the English spoken or used by speakers with a Chinese linguistic and cultural background. The concept of China English and the discussion of it was brought about by Ge Chuangui (1982) when he talked about some issues of translation from Chinese into English. He said that in translating things typically Chinese it was inevitable to use some Chinese expressions for English, such as "Four Books (si shu), "Five Classics"(wu jing), juren, xiucui, etc, of which the equivalent couldn't be found in English. Many scholars joined the discussion in the wake including Sun Li (1989), Wang Rongpei (1991), Li Wenzhong (1993), Xie Zhijun (1995), Du Ruiqing & Jiang Yajun (2001) and Pan Zhangxian (2002, 2005). *World Englishes* published a special issue on English in China from interdisciplinary perspectives, providing ideas and thought in the issue "how cultural, linguistic and literary contact between China and the West has been mediated by the English language and what the current status, functions and features of English are in China" (2005, Pan) These studies of China English point to a fact that China English has become an objective existence.

3. China English in Use in China's Intercultural Communication

In expressing things typically Chinese that have no counterparts in English, we resort to China English expressions, such as Cultural Revolution, Red Guard, Mahjong, Fengshui, etc. Even in cases that an English semantic equivalent convey with different expression, China English may be purposefully adopted by the user so as to enhance his or her Chinese identity apart from showing the Chineseness of the English expression. In journals of external publicity, there is an increasing tendency to use China English wording. For instance,

(1) There is an old Chinese saying, "How can you catch tiger cubs without entering the tiger's lair?" The saying holds true for man's practice and it also holds true for the theory of knowledge.

This is a translation of a quotation from Mao Zedong's *On Practice*, published by Foreign Language Press in 1964. In English there is one equivalent: Noting ventured, nothing gained. However, it fails to communicate to the readers the cultural implications of that the tiger carries in Chinese culture.

(2) *Three cobblers with their wits combined equal Zhuge Liang the master mind.* In other words, the masses have great creative power. (published by Being Foreign Language Press in 1965)

In Chinese culture, the historical figure Zhuge Liang represents one of the greatest minds, so familiar to the Chinese people that he became a symbol of wisdom. In English, similar meaning is conveyed by "two heads are better than one", which is used less vividly. In English, "Solomon" is a biblical figure used as a metaphor for a wise person, however "three cobblers make one Solomon" would lose the original Chinese color in the works by Mao Zedong.

(3) *Good wine is not afraid of being located at the end of a long lane.* (*China Today*, Vol.49, No.7, 2000)

In English we find its equivalent: Good wine needs no bush. Both idioms are intended for things that are of true value and that don't need advertisements. However, they carry different cultural features, though similar in meaning. The Chinese idiom reflects a production culture typical of traditional Chinese society, in which manual production is an additional mode of economy apart from farming. There is also another Chinese element, lane, emphasizing the folk way of living. Still, the translation of the Chinese idiom allows for improvement in the rendering of *jiu* into wine, as wine is not more Chinese than liquor. In contrast, the English idiom emphasizes the more highly developed commercial civilization.

4. China English in Contact Literature

According to Kachru (1992), English has four functions in the expanding circles of it: instrumental (as a medium in education; regulative (as a regulative instrument in the legal system and administration), interpersonal (as a lingua franca in interpersonal communication), creative (as a language in creative and imaginative writings). Contact literature refers to the non-native writing or non-native English literature, or English-language literature by non-native writers. As an extension of contact language which has both a face of its own and a face of the language with which it has contact, contact literature is a blend of two or more linguistic textures and literary traditions. Contact literature writers such as Lin Yutang, Amy Tan, and Jung Chang, etc. consciously or not, are using China English in writing. They write for westerners or the native speakers of English rather than the Chinese readers while drawing on Chinese stories as their fictional resources, which cater to the needs of the western readers to understand China and the life of Chinese people. Lin Yutang is known for his achievements in introducing Chinese culture to the West. In his works, we find a distinct Chinese cultural identity in his purposeful use of China English.

(1) The *Dog-Meat General* was called a man of *three-don't-knows*. He didn't know how many soldiers he had, how much money he had, and how many wives, Chinese and Russian. (Lin Yutang, *Moment in Peking*, 709)

Lin is referring to Zhang Zongchang. He was derogatively nicknamed as "dog-meat general" because he was gambler and lover of dog meat. Chinese people eat almost everything including dogs. Yet to foreigners, dog-meat is unthinkable because they regard them as Man's Best Friend and keep them as pets. Lin interwove the Chinese image into English, and the meaning is self-evident in the context although the expression is exotic to the English readers.

(2) Heaven has no eyes! (Lin Yutang, *The Importance of Living*, 1998, p.23)

Westerners believe that it's God that controls the world, while the Chinese believe it is the Heaven that cares everything for them. When Westerners cry out "Oh, my God!" "God Bless you!", the Chinese exclaim "Oh, my Heaven!" The exclamation as an example here is typically Chinese, showing the dominating role of Heaven in the life of Chinese.

(3) Killing the landscape appears in *Moment in Peking*, and is literally translated by Lin from *sha feng jing*, although an English idiom "a wet blanket" denotes the same meaning. This purposeful choice of words shows Lin's effort to communicate Chinese culture to the West, and his effort to maintain his Chinese identity.

(4) Does he mean to throw the city editor and break his *rice-bowl*, starving all the people dependent on him? (*My Country and My People*, 170)

Rice-bowl is a literal translation of *fan wan*, the meaning of which is expressed figuratively in English is "bread and

butter”. Both are used metaphorically to mean “the means of livelihood” yet manifest different cultures.

From what’s stated above, we can see that the speakers with Chinese linguistic and cultural identities are consciously or unconsciously transferring Chinese cultural identities into English, thus endowing China English with distinctive cultural identities. Meanwhile, China English functions as a cohesive device in consolidating its speakers’ cultural identity in intercultural communication. As Claire Kramsch declares that “there is a natural connection between the language spoken by members of a social group and that group’s identity. By the accent, their vocabulary, their discourse patterns, speakers identify themselves and are identified as members of this or that speech and discourse community. From this membership, they draw personal strength and pride, as well as a sense of importance and historical continuity from using the same language as the group they belong to”. (Kramsch, 1998: 65-66)

5. China English in the International Community of English

China English is gaining increasing recognition in international community of English and frequently find their way in the circle of English as a Native Language (ENL). Examples are as follows:

(1) These colonies are constant and even increasing drain on France. They are for her *the tiger which she has mounted* (to use the Chinese phrase) *and she can neither manage nor get rid of*. (Time, November 10, 1989)

The Chinese phrase is used metaphorically for a dilemma situation, the equivalent of which in English is “to be on the horns of a dilemma” or “to have a wolf by the ear”. However, the use of the Chinese idiom would produce exotic color to English, which would arouse the interest of the readers and would help them gain a kind of strange, but rewarding reading experience, and learn something about Chinese culture.

(2) So allow me to begin by using a Chinese expression---and you will have to forgive my pronunciation---*pao zhuan yin yu*---to throw a brick to retrieve a jade---and try to explain American perceptions about our hopes and dreams for the future. (Speech by US Vice President Gore at Tsinghua University, March 26, 1997)

The purpose of having the Chinese borrowings in the speeches of political leaders is to shorten the distance between the speakers and the audience by showing their respect to the Chinese language and culture. Of course, this is a diplomatic strategy or tactic to appeal to the audience, nevertheless it suggests the transfer of Chinese culture into English. In the repertoire of loan words in English, we find Chinese loan words showing that China English enriches the language of English. They include food, medicine, plant, traditional arts and sports, political expressions and terms etc. A recent report says that there are altogether 1488 Chinese loan words in English (Wang, 2002: 391). As language changes with society, such number is bound to mount. As language is the embodiment of culture, China English words also makes a great contribution in promoting Chinese culture. A convincing example is seen from former US President Ronald Reagan who quoted from the *Daodejing* in his State of the Union Address: “To govern a great nation requires the same care as to fry a small fish.” With the more frequent cultural exchanges in the globalization era, we’re justified in predicting that China English will be playing an increasingly important role in cross-cultural communication and gain an increasingly recognition in the international community of English.

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Performance Analysis of Government and Public Buildings via Post Occupancy Evaluation

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Abstract

The government has an important obligation to ensure that the public buildings and facilities should be well managed to maintain building sustainability. Evaluation after occupancy in buildings is vitally needed to ensure that building performance is sustained. Post Occupancy Evaluation (POE) of buildings is of utmost importance in building performance evaluation as it comprises the technique that is used to evaluate whether a building meets the user's requirement. By using occupants as benchmark in evaluation, the potential of improving the performance of building is enormous. This paper discusses about a research with the broad aim of developing a general guideline for the POE practice specifically for government and public buildings in Malaysia. The entailing objectives are firstly, to review and analyze the government and public building performance, secondly, to determine the occupants' satisfaction level, and thirdly, to determine the correlation between building performance and occupants' satisfaction level. The study has revealed that 74% of the aspects of building performance are in high correlation with the occupants' satisfaction. The study concludes that the proposed guideline of POE is effective, relevant and beneficial to be used by public sector in evaluating the performance of government and public buildings in Malaysia.

Keywords: Post Occupancy Evaluation, Government and Public Buildings, Building Performance, Occupants' Satisfaction, Performance and Occupants' Correlation

1. Introduction

A completed building should be able to perform its functions in the manner that will ensure satisfaction to its occupants. Generally, regular maintenance programmes are conducted after the building has been occupied to ensure that the building is functioning well at all times. By execution of maintenance programmes, the occupants will be able to use and utilize the facilities as the provision of facilities supports the business operations by the building occupants. In short, the building facilities and services must be fit for the purpose of the users. Post Occupancy Evaluation (POE) is the evaluation of the performance of buildings after they have been occupied. In addition, POE provides a mechanism to understand the mutual interaction process between buildings and the user needs and to recommend ways of improving the environment necessary to accommodate user needs. Zimring and Reizenstein (1980) defined POE as an examination of the effectiveness of occupied design environments for human users. Vischer (2002) finds that POE is used not only to determine client's or user's satisfaction, but it is also used to fulfill other objectives. These objectives include determining building defects, supporting design and construction criteria, supporting performance measures for asset and facility management, lowering facility life cycle costs by identifying design errors that could lead to increased maintenance and operating costs, clarify design objectives and improve building performance. POE research is undergoing a major shift (Zimring, 1988) whereby for greater effectiveness, the POE methodology must consider the entire building procurement life cycle. This approach implies a strong relationship between the development of a brief for a building project and the post occupancy evaluation stage. It serves as a tool to account for building quality which is essential when organizations are required to demonstrate that building programmes are responsibly managed (Watson, 2003).

In relation to the title, the main purpose of this study is to propose guidelines to implement POE for public buildings in Malaysia, with regards to the building performance review and satisfaction level of the building occupants. The analysis of findings is determined based on the POE undertaken, which comprises of approaches and evaluation methodologies that address the POE effectiveness and then within the broader context of the problem of building procurement fragmentation.

2. Problem Identification

The federal government is the largest owner of public buildings and facilities in Malaysia. Despite the realization of the importance of the management and maintenance of the buildings and facilities, it has not been emphasized clearly and systematically, which results in over budget costing for maintenance and remedial works (Zakaria and Hamzah, 2007). Many building defect complaints are reported in public buildings such as ceiling collapse in Parliament building in year 2006, leaking pipes in Mahkamah Jalan Duta (Official Court Jalan Duta, Kuala Lumpur) and fungal appearance at the Sultanah Aminah Hospital Johor in year 2007. The reported cases are described in a chronology of events starting from year 2005 to 2007 (refer to Table 1).

Hence, POE can be seen as a multifaceted tool to be adopted in solving problems of building and facilities management as it evaluates the performance of buildings and facilities systematically. POE can also be seen as a systematic way in data collection and information on a particular building but unfortunately it has not yet been undertaken for government and public buildings in Malaysia (Zakaria and Hamzah, 2007). Among the benefits that can result from POE, is the identification of successful design features which can be scrutinized repeatedly (Watson, 2003), identification of problems to mitigate or reduce building and facilities defects, improvement building performance and environment, identification of redundant or unnecessary building features and empower users to negotiate building issues and reduce maintenance works and cost (Vischer, 2002 and Hewitt et. al, 2005).

According to Preiser et al (1988), hundreds of POE have been conducted on a variety of building types over the last 25 years. Some solutions included increasing involvement of the organisation being studied, better presentation of results, and better targeting of information to appropriate decision makers (Zimring, 1988). Preiser (1995) stated that historically, building performance was evaluated in an informal manner, and the lessons learned were applied in the next building cycle of a similar facility type. Because of relatively slow change in the evolution of building types in the past, knowledge about their performance was passed on from generation to generation of building specialists. Therefore, building performance criteria are an expression and translation of client goals and objectives, functions and activities, and environmental conditions that are required. In relation to evaluation of building performance using POE application, Preiser (1995) illustrates the performance concept in the building delivery process as shown in Figure 1.

The outcome of the research to be discussed in this paper provides information to the building industry about building in use and able to determine how well a new concept of POE works for government and public sector. The process of POE is relative to the integration of people's requirement and its workplace. Hence, POE is described as the best application strategy that needs to be adopted in evaluating performance of government and public buildings in Malaysia.

3. Research Objectives

The introduction and the problem statement above led to the formulation of the research aim and objectives. The broad aim of this research is to propose a POE guideline for government and public buildings in Malaysia. In accordance with the research aim, the objectives of this study are:

- a) To review and analyze the performance of government and public buildings using the proposed POE guideline
- b) To determine the satisfaction level of the building occupants in terms of building elements, services and environment
- c) To obtain the correlation between performance of government and public buildings and occupant's satisfaction level

4. Literature Review

POE as defined by Watson (2003) is a systematic evaluation of opinion about buildings in use, from the perspective of the people who use them. POE are generally intended to convey the parameters of buildings that work well and also focus on the ones that should not be repeated in future designs of buildings. POE describes rather than manipulate settings of building performance. The data collection of POE is usually done in actual settings rather than in laboratory. Based on the relevant parameters, POE can be categorized by its purpose to serve at various stages of a building life cycle.

A POE study conducted by Watson (2003) at a public building i.e. Marlborough School Technology Centre, New Zealand found that the centre successfully supports student learning, and it produced key recommendations for the future. The recommendations are mainly to identify relatively simple design modifications to overcome noise control, to change teaching culture to suit technology curriculum and need input from all building stakeholders at the planning stage. This helps to improve the building performance when similar buildings need to be developed. The result from the

POE helps to identify a measurable link between building quality and educational outcomes, which is notoriously difficult to show. Public Works Canada (1983) adopts POE study for a number of different federal office buildings in Canada to examine the performance of the building systems. The results led to the conclusions that there are major conditions that affect users' perceptions of their level of comfort in office buildings. It relates to the measures of performance of the technical building systems.

The Federal Facilities Council (2002) has compiled results from POE to various types of government and public buildings in the United States (US) into a technical report. The study was conducted by six federal agencies in the US and among the objectives of such implementation is to increase building quality and performance. The summary of the findings provides input to the ongoing performance measures programmes for the offices and public building and enhance design improvement. Based on the above review from various source of literature and precedent research, it shows that POE is relevant to be carried out as it indicates how well building's performance works to satisfy the organization's goal, as well as the needs of the individuals in the organization. At the most fundamental level, the purpose of a building should provide shelter for activities that could not be carried out as effectively in natural environment. Only building performance evaluation has the ability to accomplish this and POE provides the process of the actual evaluation of a building performance once in use by human occupants.

Despite many research that have been undertaken in the context of building performance, aspects of evaluating building performance have not been emphasized widely in Malaysia. The term of POE is still new in Malaysia, and many building practitioners are still unfamiliar with this approach in evaluating building performance. POE provides an extension to other technical evaluations like energy audit, building audit, maintenance and operation review, security inspections and other programmes developed by building and facility management in an organization (Preiser, 2002).

5. Proposed POE Guideline

The suggested guideline is derived from the analytical literature review of the study which consists of the concept, process, phases and also in-depth review of previous study conducted from previous research. The proposed guideline is illustrated in Figure 2. This guideline consists of a systematic sequence of six (6) steps involving identification of building parameters; evaluation of objectives; selection of planning approach; conducting of the POE inspection; application of findings and actions in response to feedbacks. The steps fall within three (3) phases namely, the initial phase; process phase, and recommendation phase. Each phase illustrates issues or activities that need to be addressed in the POE. This guideline provides an initial framework to facilitate the application of POE for government and public building in Malaysia.

6. Analysis and Findings

Based on the POE guideline, a POE inspection survey was conducted to eight (8) selected government and public buildings in Putrajaya, the administrative urban centre of the federal government where major government and public buildings are located. The analysis of this research is divided into three (3) sections. The first section features comparative analysis on building performance review in the pursuit of determining the score performance either under poor, medium or good performance. The second section features the presentation of result which consists of analysis on the survey findings pertaining to the satisfaction level of the surveyed building occupants in terms of building elements, services and environment. The findings were derived from 133 replied survey questionnaires out of 160 survey questionnaire sets that have been distributed and the respondents consists of the building occupants of the government and public buildings in Putrajaya. Answers obtained from the questionnaires are used to provide specific findings to the study and to provide recommendations. The final section features the correlation analysis between building performance scores and the building occupants' satisfaction score.

6.1 Section 1 – Building Performance Review Based on the POE Guideline

The building performance based on the POE guideline is measured using a score based on the quality of various building elements, services and environment. It denotes that if the building elements, services and environment in the stipulated building falls into a scale of 10 which constitutes a full score ($S=1.0$). Hence, the building performance score is poor if the scale category is below than 4 ($S \leq 0.4$), medium if scale is 5 ($S=0.5$) and good if the scale category is above 6 ($0.6 \geq S \geq 0.9$). Table 2 presents the summary of results of the building performance score based on the 19 parameters of building elements, services and environment.

The results from Table 2 show that generally the performance of the sample buildings is good (*with $S \geq 0.60$*). However, there are several buildings which attain performance score of 0.5, which is rated as medium performance. Only Building #6 has poor performance in terms of air-conditioning as the score perceived is 0.4. This evaluation is however conducted based on one time study visit and observation. The score needs to be compared with the building occupants' satisfaction score as they had sufficient time to experience the performance of the buildings, and hence able to identify any chronic problems.

6.2 Section 2 – Occupants' Satisfaction Level

The survey under Section B of the questionnaire was designed to determine the satisfaction level of the building occupants on the 19 parameters as stated earlier in Table 2 based on a likert scale from 1 to 5:

- “1” - Very Unsatisfied
- “2” - Unsatisfied
- “3” - Medium Satisfied
- “4” - Satisfied
- “5” - Very Satisfied

The calculation of the scores for occupants' satisfaction is based on the 19 parameters listed in Section B of the questionnaires.

The formula generated to calculate the satisfaction score is illustrated as follows:

$$SS = \frac{RS [N^5 + N^4 + N^3 + N^2 + N^1]}{FS [Total N^5]}$$

where,

SS	-	Satisfaction Score
RS	-	Relative Score
FS	-	Full Score
N	-	No. of respondents
N ⁵ , N ⁴ , N ³ , N ² , N ¹	-	(No. of respondents answered for Likert Scale) x (Likert Scale)

Table 3 presents the summary of the building occupants' satisfaction score for each building.

6.3 Section 3 – Correlation Coefficient of Building Performance and Occupants' Satisfaction

The final section of the analysis involves finding the correlation coefficient of the building occupants' satisfaction in relation to the building performance. The correlation analysis was undertaken using Kendall's tau correlation. The analysis of the correlation was conducted using the statistical software program SPSS (Statistical Packages for the Social Sciences, version 12.00). The hypotheses were statistically tested with a two-tailed alpha level of 0.05. The correlation analysis was undertaken to see whether building performance correlates with the level of building occupants' based on the 19 parameters stipulated in the questionnaires. High correlation between building performance and building occupants' satisfaction indicates that the proposed guideline is effective and relevant to be used to evaluate performance of government and public buildings in Malaysia. The correlation coefficients are presented in Figure 3 and are explained as follows:-

Region A – very high correlations (top):

The correlation between building performance scores and the building occupants' satisfaction scores are positively very high based on parameter window, staircase, lightings and lifts. The very high correlation coefficients show that performance review based on the POE on these parameters has very high positive relationship with the building occupants' satisfaction level.

Region B – high correlations (middle):

The correlation between building performance scores and the building occupants' satisfaction scores are positively high based on parameter floor finishes, ceiling finishes, door, quality of finishes, maintenance, air-conditioning, landscape, quality of M&E fittings, water services and noise control. The high correlation coefficients show that performance review based on the POE on these parameters has high positive relationship with the building occupants' satisfaction level.

Region C – low correlations (bottom):

The correlation between building performance scores and the building occupants are positively low based on parameter wall finishes, roof, quality of structure, safety and cleanliness. Nevertheless, despite having low correlations, they do not constitute negative correlations. The possible explanation for these low correlations is the difference in perception between the building occupants and the assessment made from the POE guideline on the performance levels of these parameters. The occupants have different perception and expectation of the outlined parameters which is influenced by

their background, working experience, body of knowledge and technical skills. The finding highlights the need for further investigations into the details of the parameters included in the POE guideline to ensure that they are in tandem with the building occupants' satisfaction levels. This may involve refining the parameter details in the POE guideline.

Based on figure 3, the correlations show that 74% of the parameters or variables are in the region of very high and high correlations between building performance scores and building occupants' satisfaction scores. Since the majority of the parameters are in very high and high correlations, it can therefore be concluded that the proposed guideline of POE is effective and relevant to be carried out for government and public buildings in Malaysia.

7. Conclusion

POE provides a valuable approach in analyzing the performance of government and public buildings in Malaysia. Analysis of the findings confirms that the application of POE is relevant, effective and able to determine occupants' satisfaction level as well as provide recommendation to improve building performance. The approach has a great potential in analyzing building performance as it uses a strategic approach to achieve the best quality in building services, whereby the assessment integrates the building occupants' behaviour, perception and opinion as the building users.

Inevitably, POE is a useful tool for building asset and facilities management; as long as the approach employed to collect feedback from users is effectively integrated towards sustainability of government and public buildings. POE also seems to have a natural place in strategic planning of building management and can be developed under public sector. The key to this application is by allocating the needs of POE in building design and planning phase. The research also noted that much ideas and solution are developed to achieve buildings' sustainability and this can create an opportunity for wider application of POE, especially to government and public buildings. POE able to mitigate emergence of defective problems as the process is comprise as strategic assessment to building current performance. More importantly, the design of the buildings should also consider parameters that will determine the good respectable performance of the buildings in line with high satisfaction and comfort to the building occupants as the users of the buildings.

The findings of the research have also outlined the important considerations and recommendations towards improving the performance of the government and public buildings. As the findings has shown, the majority of the parameters or aspects in building performance (building elements, services and environment) has high correlation with the building occupants' satisfaction levels, hence the POE guideline is recommended to be used to improve the performance of government and public buildings in Malaysia

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Table 1. Chronology of Defects Occurrence in Government and Public Buildings

DATE/YEAR	CHRONOLOGY OF DEFECTS OCCURENCE
April 2005	Collapsed ceiling at Parliament Building
*Year 2006	Fungus infection on wall at Hospital Sultanah Aminah, Johor Bharu
*Year 2007	Defects at Navy Recruit Training Centre (PULAREK), Johor
*Year 2007	NKVE-Meru highway collapse
*Year 2007	Floods from 7 th floor down to 2 nd floor at Immigration Department Putrajaya
*Year 2007	Plaster ceiling collapse at Entrepreneurial Department Putrajaya
14 May 2007	Collapsed ceiling at the new court complex in Jalan Duta, Kuala Lumpur
17 May 2007	Collapsed ceiling at Parliament Building
21 May 2007	Leaking pipes caused flooding at the new court complex in Jalan Duta, Kuala Lumpur
28 May 2007	Collapsed ceiling at Hospital Sultan Abdul Halim, Sg. Petani, Kedah
November 2007	Fungus infection on wall at Hospital Umum Sarawak (HUS), Kuching
November 2007	Fungus and spores detected on wall at Hospital Temerloh (HoSHAHS) Pahang

*Exact date not available

Table 2. Score for Building Performance Review Based on the POE Guideline

NO	BUILDING ELEMENTS, SERVICES & ENVIRONMENT	PERFORMANCE SCORE (PS)							
		<i>"Poor" if $0.10 \leq PS \leq 0.40$, "Good" if $0.60 \leq PS \leq 0.9$</i>							
		<i>"Medium" if $PS = 0.50$, "Excellent" if $PS = 1.0$</i>							
		BLDG #1	BLDG #2	BLDG #3	BLDG #4	BLDG #5	BLDG #6	BLDG #7	BLDG #8
1.	Floor Finishes	0.60	0.70	0.80	0.80	0.80	0.70	0.80	0.60
2.	Wall Finishes	0.60	0.70	0.80	0.80	0.8	0.90	0.80	0.80
3.	Ceiling Finishes	0.70	0.70	0.70	0.80	0.90	0.70	0.80	0.90
4.	Door	0.70	0.70	0.70	0.90	0.80	0.80	0.70	0.80
5.	Window	0.60	0.70	0.70	0.90	0.90	0.70	0.80	0.70
6.	Staircase	0.60	0.80	0.70	0.90	0.90	0.70	0.80	0.80
7.	Roof	0.70	0.60	0.80	0.70	0.80	0.60	0.80	0.70
8.	Quality of Finishes	0.60	0.60	0.80	0.80	0.80	0.70	0.70	0.70
9.	Quality of Structure	0.80	0.60	0.70	0.90	0.80	0.80	0.70	0.70
10.	Physical Maintenance	0.50	0.60	0.50	0.60	0.60	0.50	0.70	0.60
11.	Safety & Security	0.80	0.80	0.90	0.80	0.90	0.80	0.80	0.90
12.	Level of Cleanliness	0.80	0.70	0.90	0.80	0.80	0.90	0.80	0.80
13.	Quality of Lightings	0.60	0.70	0.60	0.70	0.80	0.50	0.70	0.60
14.	Air-Conditioning	0.80	0.70	0.50	0.90	0.80	0.40	0.80	0.70
15.	Landscaping	0.70	0.80	0.80	0.80	0.80	0.70	0.80	0.80
16.	Lift/Escalators	0.60	0.70	0.60	0.80	0.90	0.60	0.80	0.70
17.	Electrical & Mechanical	0.60	0.70	0.50	0.60	0.80	0.70	0.70	0.60
18.	Water & Plumbing Services	0.60	0.60	0.60	0.70	0.80	0.60	0.70	0.70
19.	Noise Pollution or Vibration	0.60	0.60	0.80	0.80	0.90	0.50	0.80	0.80

Table 3. Result of Occupants' Satisfaction Score

QUESTIONS (SECTION B OF QUESTIONNAIRE)	OCCUPANTS' SATISFACTION SCORE (SS)							
	“Discomfort” if $0.10 \leq SS \leq 0.49$				“Neutral” if $0.50 \leq SS \leq 0.59$			
	“Comfort” if $0.60 \leq SS \leq 1.0$							
	BLD #1	BLD #2	BLD #3	BLD #4	BLD #5	BLD #6	BLD #7	BLD #8
Q1- How satisfied are you with the finishes of the floor (its aesthetics, durability, suitability)?	0.58	0.65	0.73	0.77	0.73	0.66	0.62	0.60
Q2- How satisfied are you with the finishes of the wall (its aesthetics, durability, suitability)?	0.52	0.69	0.71	0.85	0.81	0.63	0.67	0.65
Q3- How satisfied are you with the finishes of the ceiling (its aesthetics, durability, suitability)?	0.57	0.64	0.61	0.77	0.81	0.66	0.65	0.71
Q4- How satisfied are you with the provision of door (its aesthetics, durability, suitability)?	0.55	0.67	0.67	0.84	0.82	0.63	0.63	0.71
Q5- How satisfied are you with the provision of window (its aesthetics, durability, suitability)?	0.40	0.64	0.55	0.87	0.83	0.58	0.71	0.70
Q6- How satisfied are you with the provision of staircase (its aesthetics, suitability)?	0.58	0.64	0.61	0.85	0.82	0.65	0.79	0.72
Q7- How satisfied are you with the finishes of the roof (its aesthetics, suitability)?	0.57	0.68	0.61	0.83	0.81	0.63	0.75	0.67
Q8- How satisfied are you with the overall quality of finishes in this building?	0.57	0.56	0.65	0.81	0.73	0.60	0.69	0.65
Q9- How satisfied are you with the overall quality of structure in this building?	0.57	0.60	0.65	0.80	0.82	0.65	0.71	0.67
Q10- How satisfied are you with the physical maintenance in this building?	0.49	0.52	0.35	0.59	0.54	0.46	0.56	0.53
Q11- How satisfied are you with the safety and security in this building?	0.62	0.71	0.78	0.68	0.78	0.58	0.74	0.65
Q12- How satisfied are you with the level of cleanliness in this building?	0.68	0.64	0.78	0.79	0.80	0.68	0.74	0.71
Q13- How satisfied are you with the quality of lightings (natural & artificial) in this building?	0.58	0.61	0.54	0.75	0.76	0.41	0.66	0.59
Q14- How satisfied are you with the cooling system (air-conditioning) in this building?	0.52	0.68	0.39	0.84	0.78	0.39	0.72	0.56
Q15- How satisfied are you with indoor and outdoor landscape in this building?	0.46	0.51	0.81	0.73	0.80	0.53	0.66	0.66
Q16- How satisfied are you with the lift/escalators system?	0.54	0.68	0.56	0.81	0.84	0.55	0.72	0.65
Q17- How satisfied are you with quality of electrical and mechanical fittings in this building?	0.46	0.61	0.38	0.53	0.84	0.53	0.52	0.59
Q18- How satisfied are you with the water and plumbing services in this building?	0.55	0.59	0.54	0.80	0.72	0.59	0.69	0.66
Q19- How satisfied are you with the noise pollution or vibration? (eg. traffic, mechanical systems)	0.57	0.51	0.68	0.80	0.81	0.54	0.75	0.68

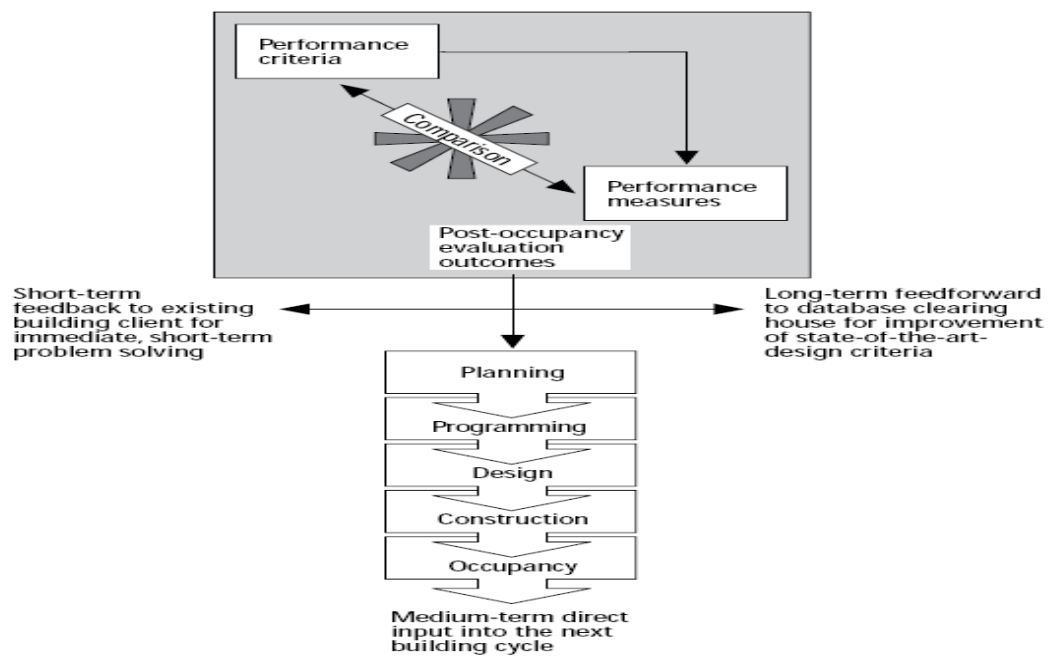


Figure 1. The performance concept in the building delivery process
(Source: Preiser, 1995)

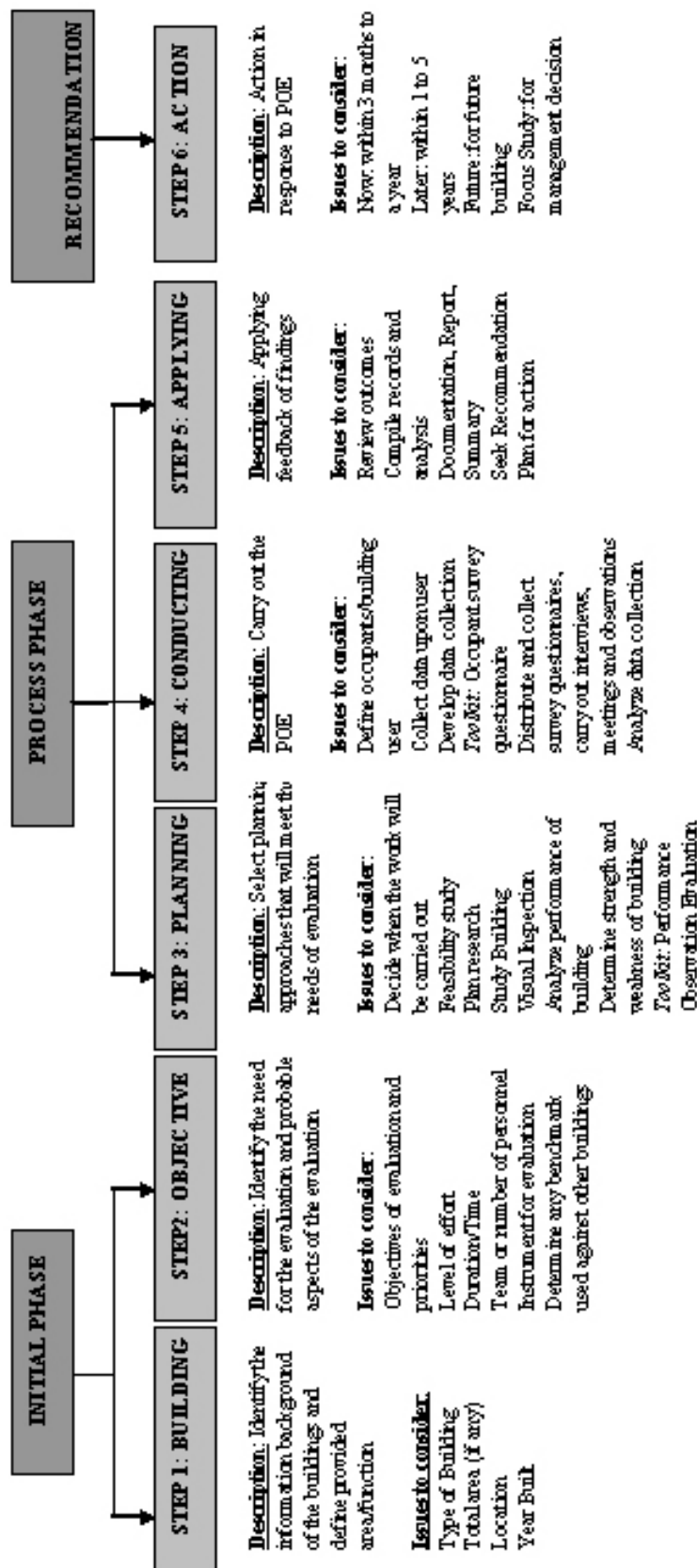


Figure 2. Proposed Guideline of POE for Government and Public Buildings in Malaysia

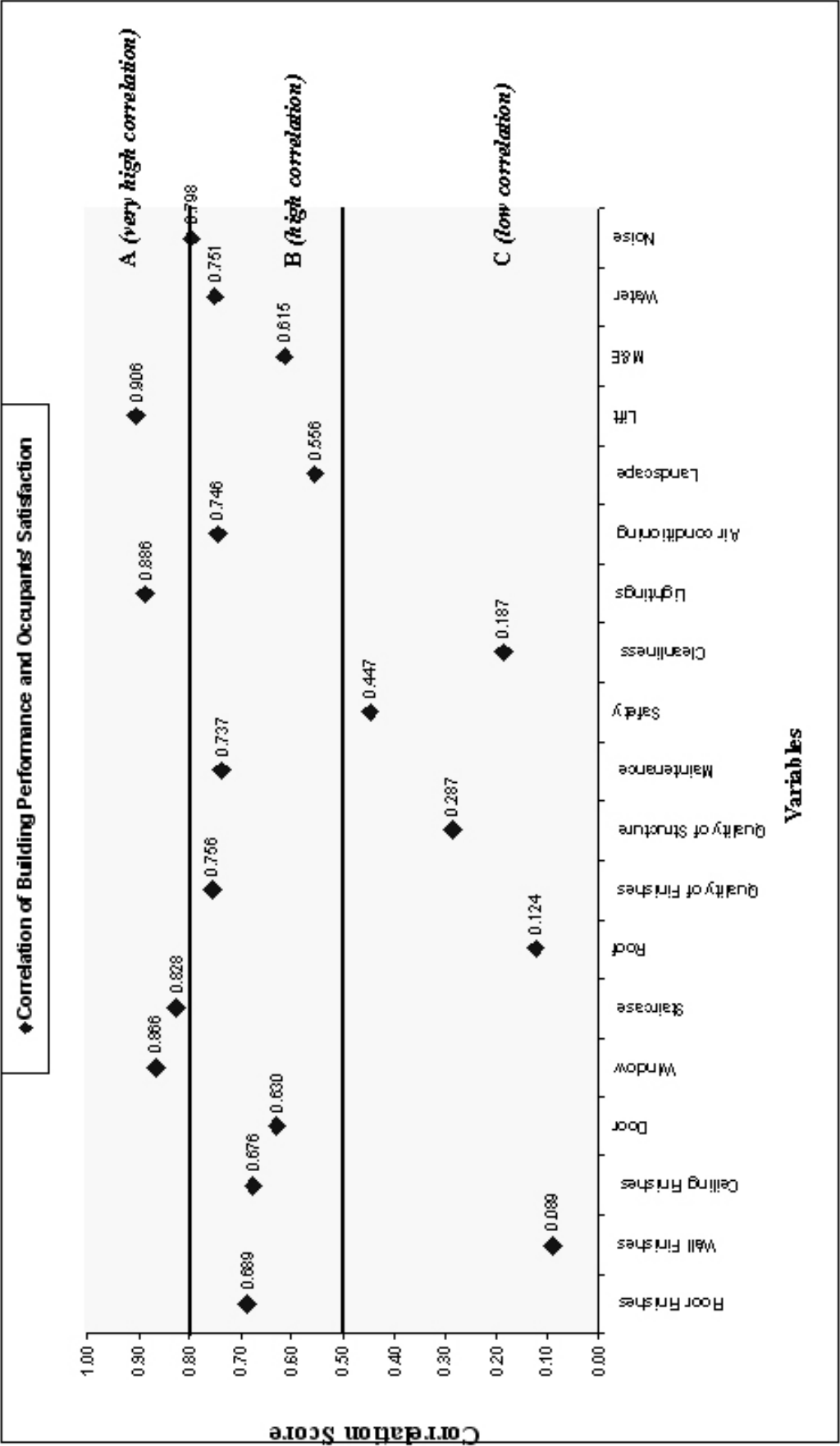


Figure 3. Correlation between building performance and occupants' satisfaction by Kendall's Tau correlation



Study on Policy Adjustments ---Based on Changing Policy from “Ban” to “Limit” Fireworks in Beijing

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Abstract

Any policy adjustment has profound reasons, and policy of “ban” on fireworks and firecracker in Beijing changed to “limits” is also a response to specific issue under the concrete space and time. The discussion on the reasons of policy adjustment is helpful to understanding of the influencing factors of policy execution so as to bring the suitable policy into full display and unsuitable policy an end. Beijing city forbade setting off fireworks and firecrackers during 1993-2005, while now Beijing lays a limit to set off fireworks and firecracker, which is interactional result of policy environment, policy itself as well as policy subject and others.

Keywords: Policy adjustment, Policy environment, Policy issue, Policy subject

1. Introduction

Kindling fireworks to celebrate the Spring Festival and pray for harmony and good fortune has more than 2,000 years of history in China. In recent years, firecrackers are in much large quantity set off to express strong aspirations of a better tomorrow. As for the hazards of firecrackers, it is also very clear, air pollution, unpleasant noise, brain injury, fire disaster and so on. Since the 1990s, more than 300 large and medium-sized cities, in view of environmental protection and safety, prohibited setting off fireworks. Now, “permission” or “ban” is on increasingly fierce debate, and more than 100 cities have lifted the ban. September 9, 2005, the 22nd Session of the 12th Beijing Municipal People's Congress voted to adopt “Beijing Fireworks Safety Regulations” in replace of “Prohibiting Discharge of fireworks Regulations” which had been implemented for 12 years. In the new regulation, “limit” substitutes “ban”, and discharge of fireworks’ time, location and varieties is rigidly restricted. Is this policy adjustment good or bad? Why is this policy adjustment adopted? What are the necessary and sufficient conditions? This article will focus on the reasons for policy adjustment.

2. The Reasons of Policy Adjustment

Lindblum, a US renowned political scientist and economist, in “Policy Alignment procedure” wrote “we regard policy-making as a quite complex analytical and political process, no outset or end, extremely fuzzy border.” In the real life, policy is truly experiencing multiform adjustment. According to dialectical materialism, any development has inside and outside, subjective and objective and other reasons. This article inquires into why Beijing municipal employ “limits” on fireworks and firecracker but not “prohibition” from the subjective and objective aspects.

2.1 Objective Reasons

2.1.1 Policy Environment

2.1.1.1 As for the domestic politics, it can be divided into macro environment and microenvironment. Here so-called macro environment refers to macroscopic social atmosphere; microenvironment refers to concrete law enforcement place, time, and characters and the like.

Concerning the macro environment, law enforcement society atmosphere has changed greatly. With “The Three Represents” further developing and party's ruling ability strengthening, under the summoning of the comprehensive construction affluent society and harmonious society, the human-oriented scientific development concept, the populace sense of participation, democratic awareness, right consciousness enhancement and so on, the entire society's politics, economy, cultural atmosphere and so on are gradually breeding new connotations. All these are affecting each concrete policy and “limit” replacing “prohibition” is the natural result of such environment.

As regard with concrete law enforcement microenvironment, with the progress of the society, the law enforcement environment which prohibits the exploding during 1993-2005 has had the profound vicissitude.

First, law enforcement object has changed. At the beginning of prohibition regulations, the number of persons setting off fireworks, illegally, was small, but it enlarged to now tens of thousands, and more are glad to watch others to set off fireworks. This put the lawman in a dilemma that not-yet-abolished local code and regulation and numerous residents who broke the law to continue to stick to one's own way of doing things caused legal dignity and authority fall into an awkward stage.

Second, enforcement efficiency was worse. It was reported that every year Beijing Municipal party committee, municipal government organized several Functional departments to jointly manage discharge fireworks, in lunar New Year's Eve and other festivals. And even 100 thousand ordinary persons were organized to control discharge of fireworks in streets. So high law enforcement cost and the limited effect have formed an obvious contrast, which seemed to ridicule the government bad service.

Third, along with Beijing urban construction's development, the city expands unceasingly to peripheral and present area is over 16808 square kilometer. If across-the-board ruling is carried on in so ultra big city, the law enforcement difficulty is extremely huge.

2.1.1.2 For the domestic economy, because of some traditional reasons, under the planned economy system's sole management system, illegal and spurious fireworks enter the market.

At present, Beijing fireworks and firecrackers management was still on sole supply and sale under planned economy system. The middle link and the sales network use sole management convenience to increase price and cause the price high by legitimate production, sales channel. So customers are not willing to purchase. It is reported that in 2004 Beijing fireworks and firecrackers sales revenue reach about 12,000,000 Yuan, but the actual sales volume from the market feedback already tops 100,000,000 Yuan. That is to say, in Beijing 90% sales of fireworks and firecrackers are not completed through the excluding channel by the special permission, but through illegal channels. This kind of exclusion permission provides opportunities objectively for illegal, the spurious fireworks and firecrackers to enter the market.

At the same time, partial populace assume by mistake the Public security organ protect some department's benefit by law enforcement. So they not only do not resist illegal, spurious fireworks and firecrackers, but also hinder the law enforcement, so the stricter the public security organ investigation is, the heavier the populace resistance is.

2.1.1.3 On international environment, other nations' regulations on fireworks and firecrackers have also transformed.

When Beijing started to forbid discharge fireworks and firecrackers, many big cities in the world comprehensively forbid setting off the fireworks and firecrackers. But recently, besides many domestic cities lifted the ban, Singapore also lifted a ban after 34 years' prohibition, New York have relieved the related prohibition rule for the first time after the prohibition during 1997-2005. These cities' actions created the very big impulse to Beijing. Especially setting off fireworks in cities that allow it spread the strong festive atmosphere objectively impelled Beijing city populace's historical complex to set off fireworks and firecrackers, and requested their city municipal to learn from them, revised the present laws and regulations as soon as possible, then enabled them to experience again traditional festival lively, happy and auspicious atmosphere.

2.1.2 Policy Issues

Both policy issues and environment undergo complex changes. Ban on discharging fireworks and firecrackers is aimed at insuring public safety. When harm to people's lives and property safety by discharge of fireworks is done to most people who ask the authority to take appropriate measures, and the authority consider it really a public problem, then Ban will be put on government agenda.

However, after all kinds of change during the past 12 years, the original security issues have been gradually reduced to a lower level. Whereas the remembrance of traditional festivals, national customs and culture get the run upon, so respecting this folk, or despising them as vulgar became an issue requires Beijing municipal government's careful consideration.

2.2 Subjective Reasons

People's understanding of policy issues, policy environment and policy options always grow from one-sided to full, imperfect to perfect. When policy subject, that is, individuals, groups or organizations who participate directly or indirectly in policy formulation, implementation, evaluation, monitoring, deepen the understanding of policy issues, objectives, functions, environment and so on, it is necessary to correct, update the original policy. On the composition of the policy subject, it generally can be divided into official subject and unofficial subject, but the composition and function of policy subjects may be different in different countries.

2.2.1 Unofficial subject

2.2.1.1 The masses. Around 2002 Spring Festival, the survey from Beijing Municipal Bureau of Statistics showed that 62 percent of the people (a 22 percentage point decrease compared with that at the beginning of new legislation

enforcement) support the ban, 38 percent of the mass stood for restrict. In 2005 Beijing Center poll survey showed that 86.3 percent of people oppose the ban, and the ban regulations will be asked to revise to limit. This showed that the public opinion from the beginning of the ban had taken on a major turning point, and the public's reservations and regress of traditional practices become one of the important reasons affecting policy adjustments.

2.2.1.2 The media. Some scholars have claimed media is the fourth power, besides legislative, judicial, administrative power. Whether it is correct or not, this reflects media plays an extraordinary role in real life. At the 2004 Spring Festival, China Central Television, Beijing Television, and Central People's Radio Station, etc., invited legal experts, academics to hold a wide range of discuss on this public concerning on the current ban. During the discussion, the majority of public opinion figured that Beijing authorities' plight offer a vivid lesson for other departments, the inspiration to public policy also very deep.

2.2.2 Official subject.

Official subject are the direct participants who exercise public power in the policy-making, which includes the Communist Party of China, the various organs of power and government officials etc.

From October 23 to November 6 in 2005, in "China's Reform International Forums", president of Chinese Economic Reform Research Society, China (Hainan) Reform Development Institute Executive Dean Chi Fulin pointed out those profound changes of public demands would become an important driving force for Government transformation. For restructuring, first change is up to thinking and concepts, so the Government's public policy must incarnate humanity and people's overall development and various needs should become the focus of attention. In recent years, Chinese central government has gradually realized that there were some problems in development in the past, and has made positive changes and improvement. Human-oriented scientific development concept requires full respect for human, social and natural harmony. To govern for the people, to be friendly to people are reflected by transformed "ban" to "limit" regulations.

Through the actual situation in recent years, law enforcement agencies recognized that the ban cost becomes more and more, but the effect is deteriorating. Other public power agencies such as Quality Inspection Bureau, Industry and Commercial Bureau and other departments have gradually recognized that the harm mainly from the "production" of firecrackers, instead of "setting off". Harm can be reduced, by controlling the production, marketing, improving quality of fireworks, reducing shoddy, as is much better than "ban".

3. Conclusion

Setting off firecrackers, similar to keeping pets, drinking alcohol, are related to millions of households, if not well managed, they can give the community a hazard. Management can not simply be equal to prohibition, and a complete ban on such matters in fact is almost useless. Transforming ban on discharge fireworks to limit in Beijing bring government in managing a very profound enlightenment. First, the law is not a panacea, not all the services are suitable for restraint by laws, particularly in relation to culture, tradition matters. If a custom is not apparent violations of human common sense, its historic habit of force can not be inhibited by laws and regulations; second, policy decision-making about the general life of public should hold prohibition as exceptions; third, government is not an omnipotent government, but a finite one. Governments simply to find a matter within the scope of responsibilities, do what they can do well. For example: for discharge fireworks, what Government should do is to develop mandatory standards and eliminate potential safety problems, and not to intervene in survival of traditional customs dispute; fourth, it is of great importance to allow wider public participation before and during lawmaking, without public support without implement. This can avoid events that public does not endorse an enacted decree and use prohibited acts to express their dissatisfactions.

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Aging of the Population and the Government Responsibility

—The Advanced Age Turn of Chinese Population

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Abstract

The advanced age turn of the population will bring deep influence on Chinese politics, economy, society and all aspects. With the population advanced age turn, a core problem that need first to be resolved is the caring guarantee for the old people. Concerning how to caring the old people, different nations have their different ways. Along with the formation of the welfare states and the perfect social guarantee systems, the governments as the representative of a nation undertake more and more responsibilities in caring the old people in the western flourishing nations. China has got into the advanced age turn of the population, but Chinese economy is still not flourishing. China is a typical nation of the "enriched but first old" model, and the family caring for the old people has been a predominant mode. Along with the speed of the population advanced age, the contract of the family scales, the descending of the family caring ability and so on, the problems of the old-age community, especially in the living guarantee for the poor old people, the caring for the old people's daily lives of the "empty nest" families and the spirit comfort for the old people etc. are outstanding day by day, and these directly influence the social harmony. So the government as the social public management organization has to undertake more and more homologous responsibilities, and works effectively out the related problems.

Keywords: Aging of the population, Government responsibility

The advanced age turn of the population will bring deep influence on Chinese politics, economy, society and all aspects. With the population advanced age turn, a core problem that need first to be resolved is the caring guarantee for the old people. Concerning how to caring the old people, different nations have their different ways. Along with the formation of the welfare states and the perfect social guarantee systems, the governments as the representative of a nation undertake more and more responsibilities in caring the old people in the western flourishing nations. China has got into the advanced age turn of the population, but Chinese economy is still not flourishing. China is a typical nation of the "enriched but first old" model, and the family caring for the old people has been a predominant mode. Along with the speed of the population advanced age, the contract of the family scales, the descending of the family caring ability and so on, the problems of the old-age community, especially in the living guarantee for the poor old people, the caring for the old people's daily lives of the "empty nest" families and the spirit comfort for the old people etc. are outstanding day by day, and these directly influence the social harmony. So the government as the social public management organization has to undertake more and more homologous responsibilities, and works effectively out the related problems.

1. The trend of China's population advanced age turn

Since 70's of the last century, because of the influence of factors of being subjected to the family planning policy, the improving conditions of medical treatment, the extending of the life span of the population etc., Chinese population advanced age turn steps extremely fast. In 1990, the comparison of the 60 years old and above population shared 8.6% of the total population and attained 10.1% till 2000, and from then China got into one of the advanced age nations. At the end of 2005, the 60 years old and above population had 143,000,000, shared 11% of the total population, and increases by 3% every year.

Comparing with other having already got into the advanced age nations, China has the characteristics of itself.

1.1 The quick speed of the advanced age turn, the large scale of the old age population

According to the statistics, it usually takes several decades or even more than one hundred years to turn the population from the advanced age to the high advanced age for the advanced age nations in the world, but the turning speed of China's is obviously quicker and it only takes 27 years to turn the 65 years old and above population from 7% to 14% of the total population.

Comparison of turning speed of some nation

Nation	7%	14%	Time need
France	1865	1980	115 years
Sweden	1890	1975	85 years
Canada	1944	2008	64 years
Hungary	1941	1994	53 years
England	1930	1975	45 years
Japan	1970	1996	26 years
China	2000	2027	27 years

Because the growth speed of Chinese old people consumedly exceeds the growth speed of the total population, according to the predicting, till 2050, the comparison of Chinese 65 years old and above population will attain 23.07% -- the peak value, 7.17% higher than the average comparison 15.9% of all nations, 8.77% higher than the average comparison 14.3% of the developing nations, 2.83% lower than the average comparison 25.9% of the flourishing nations, and then China will be one of the most serious developing countries of the advanced age turn.

On the other hand, the scale of Chinese old people extends continuously and the absolute amount of the old people shares around 1/5 of the old-age population in the world.

1.2 Unbalanced distribution in different regions

China has a large territory, the regional economy developing levels are dissimilar, the population growth control degrees are different, and the degrees of the population advanced age turn are unbalanced in different regions. There are very big differences between the coastal and inland regions, the east and west regions, the cities and rural areas in the advanced age turn degrees. The coastal cities such as Shanghai, Tienjin, Jiangsu, Zhejiang etc. have already got into the population advanced age turn, but parts of provinces and cities far from the coastal areas still need 10-20 years to get into the population advanced age turn. According to the 2003 national population sample: The average comparison of the 65 years old and above people in China is 8.51%, but the comparison in Shanghai is 16.38% and takes the head of the whole nation, equal to the levels of the generally flourishing nations; the comparison in Zhejiang is 11.49%; the comparison in Jiangsu is 11.38%; the comparison in Peking is 11.20%; the comparison in Tienjin is 10.93%; but the comparison in Xinjiang is only 5.43%; the comparison in Ningxia is 5.70%; the comparison in Qinghai is 5.88%.

The basic situations of Chinese advanced age turning levels are: the eastern coastal areas higher than the middle and western regions, the Chinese regions higher than the national minority regions, and the rural areas higher than the cities.

1.3 The comparison of the advanced aged population continuously rises

The advanced aged process means that the 80 years old and above population shares the continuously rising process. The Chinese circumstance is that since then the advanced aged population is getting into fast development. Now there is a word of civil fad: 70 "younger brother ", 80 not rare, 90 just ancient sparse. From this we can see a developing trend of population getting advanced age. According to the predicting, in the coming 50 years, 80 years old and above population in China trends to continuously rising, and the absolute amount will be bigger and bigger (see following form). This developing speed is consumedly higher than other advanced aged nations such as England, the United States, Germany, Japan and so on.

Predicting 80 years old and above population in China (from 2000 to 2050)

Age	Amount (thousand)	ratio(%)
2000	11373	0.9
2005	14766	1.1
2010	18582	1.4
2015	23225	1.7
2020	27386	1.9
2025	31560	2.2
2030	40448	2.8
2035	55999	3.9
2040	65167	4.5
2045	80338	5.7
2050	100551	7.2

1.4 The population advanced age turn to run before the social economy developing level

The population advanced age turn is accompanying with the development of industrialization and city turning. The western flourishing nations have already had strong economic foundation while getting into advanced age turn. In the western countries the personal average output value is at least USD 10,000, these countries have lasted several decades even a hundred years to turn the advanced age process, and they have the buffering opportunity of time to work well to handle the problem. But the Chinese personal average output value is only USD 1000 while getting into advanced age to turn, the progress of the advanced age turn is obviously run before the economic development, being typically "enriched first old". Even if the personal average output value of some developing countries, while getting into advanced age to turn, is consumedly higher than of China. For example, the personal average output value of Uruguay attains USD 2000 while getting into advanced age turn.

2. The influence of the advanced age turn of population on Chinese economy, politics and society

The advanced age's turn of population is a kind of unprecedented complicated phenomenon, and it will bring deep influence on Chinese economy, politics, society etc. The government needs more studies in the negative influence that may result in.

2.1 Influence on economy

The advanced age turn of population will cause the labor force structure aging, the labor force being in short supply and the labor production rate becoming lower, and so far affect the economic development. When a person comes into old age, the physical strength, intelligence etc. will be tend in a decline and the labor ability will decrease step by step. When the national total population gets into an old-age type, the old-age labor force will get into difficult orientation to the need of the market development, and the ability of the labor participation will go down because of bad liquidity and accepting of new technique speed etc. In the meantime, because of aging of the population age structure and reducing of the adding labor force, it will cause the labor production rate getting lower.

According to the estimating, from 2000-2050, the comparisons of the 15-24 years old group and the 25-44 years old group will getting significantly down in labor force, and the comparisons of the 15-24 year old group will reduce 50% and the 25-44 years old group will reduce 25%. On the contrary, the comparisons of the 45-59 years old group and the 60 years old and above group will significantly grow in labor force, and especially the comparison of the 60 years old and above group will increase from 6% to 19.08%, almost one 60-above years old worker among 5 employees. Therefore in the future China will turn a "labor force exporting nation" into a "labor force missing nation".

The advanced age turn of population puts forward a new request toward the industrial structure change. Chinese current old-age population is more than 100,000,000. According to the estimating, till the middle period of this century, the old-age population will attain more than 400,000,000, and become the important community in the total population. Their consuming incline and structure will influence the market supply. To produce products to satisfy the demand of thus numerous old age populations will certainly put forward a new adjusting request to Chinese industrial structure.

Foreseeing, the future industry structure will face more to the transferring of the consumption and service for the old people. But, this industry is one of ultimate consumption, and its extending chain of the industry is certainly shorter. As a result, it will repress the economic growth and development.

The advanced age turn with the increment of the old-age population amount, causes the population bringing-up cost ascending and the public finance burden aggravating. According to the estimating, till 2050, when the total bringing-up comparison of the population attains 81.2%, the old age bring-up comparison therein has 54.8%. This shows that the ascension of population bringing-up cost will be pushed by the old people in ultimate degree. The national incomes will be finally divided into two main parts of backlog fund and consume fund, and the backlog fund is the source of increasing national incomes through increasing government investment and pushing economy growth. The advanced age turn of the population makes the nation use more public finance funds for consumption. Thus it directly affects the national capital backlog and investment, and relatively decreases the investment for economic development.

2.2 Influence on society

The essence of the advanced age problems is to satisfy the needs and to carry out the values of the old people, and this includes three aspects of a guarantee to enjoy the retiring life, the medical treatment and nursing need, and the spiritual and cultural need. The most realistic problem with the advanced age turn of the population is that the old people's needs become outstanding day by day, to influence the social development then.

The advanced age turn of the population produces impact to the existing family and life styles.

With the advanced age deep turn, the composing of the existing family types takes place a change. Some traditional consociation families are gradually reduced, and some special family types such as "empty nest" old people's family etc., present to continuously extend trend. According to the fifth national investigating data, the comparison of the "empty nest" old people's families in China is 36% among the total families. Because great many of the village youth go out for

jobs, the comparison of the "empty nest" old people's families in the villages becomes higher in the cities. According to the predicting, till 2010, the comparison of the "empty nest" old people's families in China will attain 60% of the total amount.

When the comparisons of this kind of families increase, the social problems such as the daily life caring, healthy guarantee, spiritual comfort and safety guarantee etc., become more and more. This will challenge the traditional family modes of the old people enjoying retiring life. As the comparison of the old people gets big in the total population, the old people's spiritual and cultural needs contain more markets, and this will influence the structures and ways of the society and culture. Because the old people share more spare time, watching televisions, listening to broadcasts and reading books etc. become their main ways to idle away the "spare time". They need to have the suitable showbiz programs and literature works etc., and this puts forward the new request to the news medium works of broadcasts, televisions, newspapers and magazines etc.

Along with the development and variety of the situation, the old people also need to constantly obtain new knowledge to enrich their aged lives, and in the meantime to contract the margin of themselves and other crowds as far as possible. This needs the society to set up the principle of "the whole life education", and to strongly develop the education business for the old age. In view of Zhejiang province, since 1986 the old staff bureau of the province government established Zhejiang old-age university, and for more than 20 years the scale of the university has become bigger and bigger, from covering 5 acres to 25 acres, from 24 courses to 80 courses, from 16 classes to 119 classes and from more than 400 students to about 6000 students. Even if such, the university can't satisfy the province government retired staffs' demands. On the sake of alleviating the antinomy, from 2005, the university had to adopt the way to control the numbers of entering students according by units.

2.3 Influence on politics

To a nation, the political stability comes from the support and advocacy of political powers of different social strata and age communities. The huge old-age community is the strength that can't be neglected in the political life to the national stability and harmony.

Poverty is a sensitive political problem. The poverty of the old-age population is outstanding day by day, and directly affecting the political stability. The old people sink easily into relative poverty and even absolute poverty. According to the national incomplete statistics, the poor population of the old people occupies a very great amount, currently about 10,100,000 in China, and about 8,600,000 among them in the villages. Different from other poor communities, the old people are "easy to become poor and difficult to escape from the poor" because of the old age and the physical weakness etc., so it is very difficult to be solved and influences profoundly.

The conflicts of generations become another important factor of affecting the political stability. When a person gets into old age, the political position will go naturally down in family along with the descending of economic position. In the rural areas, because of the economic conditions limited and the downplayed moral concepts etc., it is a very familiar phenomenon that sons or daughters don't provide for their old parents and even maltreat them, and some old people don't have the definite residences and some don't have enough food. According to a television news report, a 80-year-old woman rushed about in four sons and a daughter's houses for the three meals a day, and was often maltreated. After the news medium exposing and the intermediation of the village committee, finally her sons and daughter just agreed to pay the alimony. When the old woman got hold of the first alimony, she peeped out a sad smiling.

Along with the propulsion of democratic institutions, the election becomes the important contents of the national political life. The citizens can participate in politics in the way of electing, and the comparison of the different age population structures in the society will directly influence the contrast of the various political powers. Although China isn't the complete direct election, along with the ascension of the comparison of the old-age population, the old people's political will and attitude seem to be more and more important in the national political life, especially in the rural areas' direct election, and its influence has been gradually obvious.

3. The challenge of the population advanced age turn towards the government responsibility

Along with the speed of the population advanced age turn of China, a lot of problems come out at present, and these problems put forward the challenges to the government work under the new situations.

3.1 The problem of the old people's alimony

In the cities, the old people's main incomes come from the pension, but in recent years, along with the factors of price hike etc., the old people's living cost increases day by day, and especially when the family takes charge of a court to meet a big expenditure or a important mishap, the economy difficulty will be getting more and more outstanding. In 2004, the total expenditure of the basic insurance for old people in China attained RMB350,200,000,000, and increased 65.5% compared with 2000, and the subsidy of the central public finance increased to RMB52,200,000,000. The

expenditure of the basic insurance for old people presents fiercely increasing trend in successive years. The governments, enterprises and societies have already felt the more pressures from the old people's alimony.

In the rural areas, along with the decline of physical strength and less and less income be, the old people acquire mainly to depend on their spouses, sons or daughters to enjoy their retiring lives. Once the old people can't get any help, then they will sink into a predicament. There is about 60% of the old-age population in the rural areas. Because most of these rural areas haven't built up the social insurance systems, the old people lack the strong social supports, therefore the pressures in the rural areas, especially in these west less developed areas, will be getting more outstanding compared with in the cities. This circumstance puts forward a challenge for the government to orchestrate the different areas and resolve the problems.

3.2 The problem of the old people's medical treatment

The old people are getting obviously weaker and sicker than other age crowds, and along with the age getting older and older their health conditions would even be getting worse and worse. Although the cities have practiced the medical expense orchestration for the retiring people, it is still more difficult for the old people to go to the hospital to see a doctor because of the activity inconvenience, the tedious procedure of submitting the expense account and not enough perfect hospital services and community medical treatment measures etc. The advanced age turn of the population makes the medical expense expend significantly, according to the calculating, the old people's medical treatment consume of the health resources is 400-500% higher than other crowds.

In 2004, Chinese basic fund expenditure of the medical treatment insurance reached to RMB86,200,000,000, occupying 75.5% of the fund incomes, increasing 31.6% compared with the last year, and the increasing speed was 3.5 percentage points quicker than the fund income increasing. The quick advanced age's turn of the population is one of the important reasons of high increasing speed of the basic fund expenditure of the medical treatment insurance. For example in Zhejiang province, each of the old staff retired from the province government organizations, averagely costs the medical treatment fee up to RMB70,000 every year. The cost is more than the whole year income of an incumbency staff.

In the rural areas, the old people don't enjoy an national expenses medical treatment, and because of the restricted economy conditional a lot of old people dare not go to hospital when they are sick. Because the rural areas lack hospitals or clinics, it is inconvenient for the old people to get good medical treatment. And plus the low level of medical treatment, their health has no guarantee. This puts forward a rigorous challenge to the current medical treatment systems.

3.3 The problem of the old people's spirit health

Along with the increment of the age, the old people's social abilities and opportunities descend, the social intercourse turns for the old people contract gradually, and many old people do nothing all day long, and these are very disadvantageous to the old people's mind and body. Particularly when some mishaps happen in the family, such as oneself or close relatives getting heavy disease, losing spouse or friend etc., the old people are usually unbearable to these mental states and easily produce some mental diseases. Because of lacking cultural amusement and more empty spirit, the old people are easily under the influence of bad moral atmospheres, such as on the gamble and superstition etc. According to a report several years ago, some old people in a village attended a superstition activity, and were collectively buried in the fire accident.

3.4 The problem of the old people's "empty nest"

Because of the increasing of the old people, the flowing speed of the population, the improving of the housing conditions and the altering of thinking ideas etc., the "empty nest" families of the old people increase quickly either in cities or in rural areas, bring a lot of very outstanding problems such as looking after, personal safety, healthy guarantee of the old people etc., and cause many new social antinomies.

Especially in the rural areas, because a great deal of young and strong labor force leave for cities, many families become the "empty nest". The old people can not get the care from sons or daughters, and on the other hand they have to look after the next generation. Some of them live in unbearably heavy burden, and could not enjoy the old life at all.

3.5 Socialized service for the old people

The advanced age turn of the population, the increment of the "empty nest" of the old age families and the increment of the sick and the week within the old people directly bring a quick inflation of the socialized service demanding for the old people.

According to the statistics, the population of the advanced age over 80 years old in China is about 16,000,000 currently, the comparison of the pure old people's families among the old people's families occupies respectively 40.3%(in the cities) and 37.8%(in the rural areas). The amount of the old people who need socialized services is continuously increasing, but the existing socialized service systems fall relatively behind. Taking the caring organizations and the bed

numbers as examples, till the end of 2005, different kinds of the social welfare organizations for the old people attain 39,500 in amount, there are 1,497,000 beds in these organizations and each thousand old people equally occupy 10 beds, but in the flourishing nations each thousand old people occupy about 50-70 beds. According to the investigating, currently 5% of the old people in China hope to go into these kinds of organizations. So China needs more than 7,000,000 beds, the indentation is very big, and the existing conditions can't satisfy the demand of market at all. This puts forward a new challenge to Chinese development of speeding socialized service business for the old people.

4. The government undertakes the basic responsibilities

The nation as it founded had to face the problem of "caring the old people". When the democratic nations rise, especially get into industrialized societies, it is looked as the concrete expressions of the social responsibilities that the governments have to draw up the welfare policies and measures for the old people.

In 19 century, a main designer of British "new law of helping the poor" Nassau Senior said: the government had responsibilities of adopting all measures to increase the welfares for the people. Living a natural long life is everyone's pursues of the last life stage, and also the social responsibility that a nation have to undertake.

In the process of realizing industrialization and modernization, especially in the cross function of market turn, city turn and socialization in China, the old people usually become the weak-power community in the society, and for some old people particularly in the rural areas, their basic rights of the daily life and the medical treatment etc. usually can not get valid support. The government has to give them the protection on the law and the guarantee on the economy. China has experienced three stages of caring the old people, from the traditional family caring mode, the nation-family caring mode to the nation-society-family mode. Along with the fast speed of China's advanced age turn, the problems of caring the old people are outstanding day by day.

The responsibility of caring the old people is misty. It seems that all has the responsibility, but in fact it lacks an explicit definition that who undertakes responsibility exactly. I want to talk some viewpoints on the government's function and responsibility for caring the old people in the following paragraphs.

4.1 The responsibility of drawing up systems and policies

The work of caring the old people concerns the benefits of large people, and it cannot be completely solved by any person or section independently, and it needs the government to draw up the orchestrating programs and build up a set of laws and policies to norm and guarantee the rights and needs for the old people.

The experiences of the flourishing nations have already proven the government's important function in system levels.

For example the United States has very perfect policies and laws concerning the retirement and caring the old people. From the middle of the last century, the U.S. Congress has passed a series of laws involving many realms such as education, medical treatment, housing, anti-poverty and people's rights etc. These laws not only satisfy the basic existence needs of the old people, but also more and more value the development needs of the old people. In 1974, the United States drew up and carried out *ERISA* stipulating the systems of retirement and caring the old people. In 1986, the United States promulgated *the federal employees retirement system*, which built up a sound lay foundation of the guarantee system for caring the old people. The United States afterwards passed the *tax reforming and revising law* strengthening to encourage and lead the enterprise and personal investment plans for the voluntarily retired people. In 1996, the United States passed *the social welfare reforming law*. These policies and laws constitute the solid guarantee for caring the old people in the United States.

The degree of the advanced age turn is very high in Japan, but Japan has the very concrete law systems concerning the advanced age turn. From the 50's of the last century to 2004, Japan successively drew up and modified more than ten laws concerning the old people such as *the old-age citizens pension law*, *the old age welfare law*, *the law on caring the old age*, *the fundamental social counter plan law for the advanced age*, *the insurance law of caring the old age* etc. Among them, *the old-age citizens pension law*, *the old age welfare law* and *the law on caring the old age* are just like three pillars to prop up Japanese guarantee systems for caring the old people. From 1996 to 2004, Japan modified *the old-age citizens pension law* 26 times, so as to make the old-age pension system perfect to gradually adapt a new demand. In order to make the medical treatment insurance system work effectively, since 1982 Japan has modified *the law on caring the old age* 17 times successively, and made the detailed rules of health, medical treatment, function training, instruction, research and development etc., for the old people.

German insurance systems of caring the old people are very perfect. The insurance systems of caring the old people consist of various forms of the legal caring insurance, the enterprise complement caring insurance, the voluntary caring insurance, the particular community caring insurance etc., and make the complete rules of the applying scopes, the funds sources, the expense standards and funds collecting ways etc., and carry basically out "the old has caring, and the old has curing".

Since 1949, China has also continuously drawn up and promulgated some related laws. For example, *the constitution* rules: The citizens of The People's Republic of China have the right to acquire the help from the nation and the society when they are old, have diseases or lose the labor ability. In order to protect the rights of the old people, in 1996 China promulgated *the law of protecting the old people's rights of the People's Republic of China*. The State Department promulgated *the decision on establishing the city officers and workers basic medical treatment insurance systems, the notice on working well to issue the basic caring pensions to the workers retired from the enterprises and the basic living expenses to the unemployed workers retired from the state owned enterprises on time and in foot sum* and the 11th "5 years" plan outline of the Chinese advanced age business development etc. The Domestic Affairs Department released *the basic norm of the social welfare organizations for the old people*. The Labor and Social Guarantee Department sent out *the notice on speeding the socialized execution of issuing the old-age caring pensions*. The Health Department sent out *the opinions on strengthening hygiene work for the old people* etc.

These laws and rules show that the government has taken the responsibilities of caring the old people, but many items of these laws and rules are more general and lack the maneuverability, so that they can't be accurately carried out. In the realistic life, some of the old people can not get the protection of legal rights, and even the situations of being violated are gradually getting more diverse and complicate. Because the government doesn't have the further perfect systems, laws and rules, to make the values mindset indefinitely, the policies disunited and the problems unresolved in some aspects.

4.2 The responsibility of the public finance guarantee

The guarantee of caring the old people must insure the basic life and the basic medical treatment for the old people on the economy. The experiences of the flourishing nations show that building up the sound social guarantee systems is the basic exit to resolve the problems of caring the old people.

The previous social guarantee system of China was based on the planned economic systems. Along with the transformation of economic systems, the social guarantee systems go obviously behind the progress of the advanced age turn of the Chinese population. The most rigorous situation is that the pensions are not enough for caring the old people and it is getting more and more difficult to collect the pensions. According to the statistics, the pension deficits for caring the old people are up to RMB800,000,000,000 in 2005. The reform of the pension systems in the cities pushes forward more quickly. But along with the increment of the retirees, the governments and enterprises of many places can not bear the pensions for caring the old people.

In the rural areas, the social guarantee systems just covered a small part of the old people and only about 10% of the old people attend the social caring insurance currently. There are around 80,000,000 farmers attending the village social caring insurance, but only more than 60,000,000 old people can receive the pension-personal average RMB707. This amount is only 21.7% of the farmers' personal average pure incomes, and even lower than the poor line level of the nation. Even if some of the old people receive the caring pension, the amount is still not enough to satisfy the daily demand. The pension system reforms in the rural areas have not made great progress, and along with the advanced age deepen turn of the population the villages will be getting poorer. This will become a social unsteady factor. Therefore, the pension system reform in the rural areas is more urgent than in the city regions.

If the government pushes the obligations for caring the old people toward the folks, thinking that the Chinese traditional village families have the very strong abilities to care the old people or depending on the compulsive measures of signing "the family caring contract" etc., that is irresponsible. In order to solve well the problem of the population advanced age turn, the government has to build up the more complete guarantee systems covering all the old people, and give the strong supports of the public finance. For example, in Germany, the comparison of the social welfare expenses shares 34.5% of GDP, the total expenses reaching to 1,236,000,000,000 marks, and the caring pensions and nursing insurance expenses for the old people shares 1/3, reaching to 404,000,000,000 marks. Thus a huge expenditure needs a strong national economic foundation to prop up.

Concerning the development of Chinese guarantee systems, since 1949 China has had a set of relatively perfect social guarantee systems for the officers and workers in the cities, but they are only a small part of all population and the great majority of population do not have the social caring guarantee. In regard to the realistic circumstances in the rural areas, it needs a great deal of funds to develop the social caring guarantee business. The government can surely collect some funds from farmers by comparisons through some appropriate policies, but the farmers in some poor areas even do not have the ability to pay that part of fees personally. So it is decisive for the government to take the public finance responsibility of the social caring guarantee. In these years, the public finance funds used for the social caring guarantee present to rise gradually, but they still could not satisfy the realistic demands. Currently, Chinese government puts more central public finance for the old-age welfare and caring service to develop the social caring guarantee construction more quickly, especially in the rural areas.

Actually even the flourishing nations, such as the United States, Germany, Japanese etc., are aware that the pure welfare

is hard to prop up the caring expenditure, and hence start to emphasize that the cooperation of government, society, family together undertake the responsibility for caring the old people. Chinese government can draw lessons from the experience of the flourishing nations, to develop the multilayer ways and all methods of collecting funds, to sound China's guarantee systems for caring the old people.

4.3 The responsibility of leading and inspecting

Caring the old people is a huge system of engineering, and needs the social joint forces to complete. But it is the responsibility of the government to lead all social forces and resources together to form a resultant strength. The government not only has the responsibility to establish the related systems and laws, to provide the homologous public finance foundation, and but also has the responsibility to carry out and inspect the related systems and policies.

For example, the United States has the sounder management organizations for the old people. There are management organizations carrying out the social guarantee plan, inspecting the operation of the laws and policies, studying the concerning problems and serving for the old people. Among them, the social guarantee headquarters belonging to the federal government, directly responsible for the president, is the administration organization in charge of American social guarantee projects; The social trust fund council is in charge of managing "the insurance funds of caring the old people and their families" and "the insurance funds of the disabled alliance"; The social guarantee adviser committee, appoint by the president, responsible for the national legislature, mainly provides consulting serves for the president, the national legislature, and the social guarantee headquarters, concerning the social guarantee and "the additional and safe income" project. The Ministry of Finance, the Labor Department and the national tax bureaus also take some responsibility for caring the old people.

In addition, the federal advanced age bureau, the academic association for the old age, the retiree association and some other social medium organizations, exertive the positive effects in the aspects of supporting the old people's rights and providing the services for the old age etc.

Currently China's economic power isn't very strong, and under the limited circumstance of funds for developing the caring business, it is very important how to use the limited funds on the knife blade and insure the related funds safe and effective. The government has to take the practical responsibilities in the accepts of inspecting how to collect, use and issue the guarantee funds, how to organize other social organizations to provide social services for the old people, and how to guarantee the benefits for the retirees in the deeply turning process of the state owned enterprise reforms etc.

Currently, there are some loopholes in inspecting the social guarantee funds, so that a great deal of funds are illegally transferred or run off. The phenomenon shows that there are some shortages in the Chinese government inspecting strength. In recent years, the government is enlarging the strength in this aspect, for example, Chinese premier Wen Jiabao exclusively emphasized in *the government working lecture* to enhance to take charge of managing the social public funds and strictly forbid the funds to be seized or transferred. In addition, Chinese government actively encourages and pushes the news medium and other public opinion organizations to take part in inspecting, in order to make up the shortages in the work.

4.4 Developing the service business for the old people

The family care is the current Chinese main form for the old people, but this mode is very difficult to guarantee the all old people's basic needs and rights by the root. Along with the variety of economical allotment and income margin, the positions of the old people descend gradually in society and family, the antinomies between generations increase continuously, so that the old people can't acquire the satisfaction of the daily needs and the spirit demands from the family. For example, the old-age "empty nest" families and the advanced old-age families even have no difficulty on the physical life, but they are easily suppressed and despaired on the spiritual life. Again, in recent years, it is often reported in newspapers that no one knows that the old people die of illness or suicide at home for several days. Particularly in the poor rural areas, many old people losing the ability of labor, usually chose to live together with their sons and daughters already married, or live with their different sons and daughters by turn, but neither of choices could avoid being ignored or maltreated by their sons and daughters and they even have no place tell their bitterness, unless the old people have the economic power or possess the certain prestige in the village.

In order to solve these problems, the government not only have the responsibility to rebuild the traditional social vogue of "respecting, loving and caring the old people" in the ethics, but also strongly develop the service business for the old people in all directions and multilayer to strengthen and make up the family caring functions.

Japan is also one of the nations promoting caring the old people at home, but the Japanese government has series of systems and services to satisfy the old people's basic needs. *The law on caring the old age*, modified in 1992, drew up the systems of "visiting and nursing the old people at home", and this symbolized the formation of the Japanese special mode of "living at home and depending on society". There are a great deal of not-earnings service organizations of health consultation, public hygiene and medical treatment etc. in Japan, providing the special services for the old people. Concerning more and more advanced aged people, since 2000, Japanese government enlarge to develop the service

business for the old people, perfect further the service facilities for the old people, create the social communities to help mutually, and promote the mode of caring the old people at home relying on the communities etc. Japan still promotes the eastern traditional family caring mode, such as pushing forward residence constructions for "3 generations living together", and providing initiatively the residence loans to the young people who chose to live together with their old-aged parents etc. Japanese governments still pay more attention to the constructions of the welfare apartments and facilities for the old people, and let the old people with some difficult conditions live in the special apartments.

In order to insure the better lives for the old people, besides building up the more perfect social guarantee systems, the American federal government and the state government adopt various forms to strongly develop the servicing and nursing professions for the old people. For the sake of convenience of the old people who would like to live at home, these servicing and nursing organizations will send the personnel to the homes to help the old people for their daily affairs and some mental healthy service etc.

In addition, some nations insist setting out from the old people's needs, and establish the better consuming markets to satisfy the old people's needs. For example, the German government knows well the influence of the old-age population upon the economic development, and actively encourage the enterprises to design and develop all kinds of products to satisfy the old people's needs according to the old people's consuming needs, and the government gives the concerning enterprises the certain special discounts in tax etc. In Germany, the principles of designing and manufacturing of the old people's products are closely combined with the needs of the old people's daily lives, so the sound consuming markets satisfy the old people's various demands.

Currently, China's servicing business and consuming market for the old people fall very behind, and can't effectively satisfy the old people's various demands. The government still has much to do in this aspect.

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A Brief Probe into the Process that Clothing Structure Take to Tridimensional Structure from Plane Structure

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Abstract

Ground on the change process of clothing structure modeling and the cause of clothing structure changing, this paper analyses the reason of how does Clothing Structure Takes to tridimensional structure from plane structure.

Keywords: Plane mode, Tridimensional mode, Clothing structure

Scanning clothing history, there are different understandings on the relation between clothing and human in the orient and the west. Especially after the 13th century, the clothing structure of the orient and the west had been moving in different directions. It should be said that clothing structure is very similar between the west and the orient early in the human civilization. The technique of clothes making was plane cuts, taking no account of fitness relation between clothing and human. But after the 13th century, the west clothes making tended towards tridimensional structure whereas the orient clothes making still used the old technique of plane cuts. Now, we will focus on how the west clothing tacked to tridimensional structure from plane structure.

Judging by the form, Western clothing had been evolving into modern tight clothing from ancient loose clothing; from the viewpoint of modeling, it had been developing from non-forming period, through half forming period, to human forming period. The evolution and development of Western clothing has long history and deep accumulation. The science, functionality, rationality and variability which it reflected has been became a kind of preponderant culture that recognized and followed by the world. First look at the changes history of clothing structure.

1. Change process of clothing structure modeling

Scanning clothing history, there are several periods that the development of clothing structure modeling has experienced.

1.1 Plane mode period

The main forms of clothing structure in plane mode period are matting clothing and envelope clothing. The kind of matting clothing is mainly divided into three types: Ancient Egypt-waist clothing, ancient Greece-shoulder clothing, and ancient Roma-wrap clothing.

In plane mode period, the clothing structure feature of matting clothing is the dress way of plane wrapping. This kind of structure has not been accurate cutting. It is basically a plane wrapping that cause many redundant folds. The clothing structure feature of envelope clothing is cutting cloth crisscross and holing in the center(neckline), and then sewing up at sleeves lower and body side. In the latter half of the 12th century, making clothes began to shrink waist measurement. Cut front piece and back piece of clothes the shape of human's body on both sides, and make an opening on the midpoint of back piece from neckline to waist, then dart with cord in middle and both side. On the cutting, this is the first step of making clothes fitting and the aura moves that started to stride forward medieval clothing which pursuing cutting techniques. It implied that clothes making had disengaged ancient techniques and entered a new period of development.

1.2 Tridimensional mode period

In tridimensional mode period, the main form of clothing structure is tight clothes. During the 13-14 century AD period, gothic is the beginning of tight clothing culture. The 15-18 century AD is the period of development to tight clothing culture. It also is a crucial period that East-West clothing had been moving in different directions.

From the beginning of the 13th century, a new breakthrough emerged in clothing structure modeling and cutting techniques. Removing redundant capacity of the gap between the chest and waist from clothing front, back and lateral two directions, that is dart. The method solved the problem that unfitting and botchy lateral hold appeared when shrinking waist measurement, so it could naturally represent the beautiful body without any reluctance. It is precisely because that lateral formed, the way of clothes cutting was completely separated from loose clothing structure which

formed by two-dimensional space of ancient plane, thereby it established the basic modeling of tight clothing which formed by three-dimensional space. There form west clothing disengaged ancient plane structure, entered a new era of pursuing three-dimensional form. In the development period of tridimensional mode, the feature of clothing structure modeling is emphasizing the appearance design of chest, waist and hip through various means. Cut cloth to separate it from top to bottom, dart on back and lateral seams for shrinking waist, and make top part and bottom part respectively taking waistline as the border. This way shows the basic conception that whole clothes is composed of several parts and lays the foundation for modern rational One-department style clothing. During this period, the artistic community made an in-depth understanding of human body, thereby clothing structure became more in line with human body.

1.3 Perfecting period of tridimensional mode

There are many features of clothing structure in perfecting period of tridimensional mode: First, the method of clothes modeling tended to perfection and diversification, using fabrics own characteristics, the technique of obliquely cutting was created. It made fabrics fit human body and model more fluent. Second, the emergence of high-class boutiques made clothes cutting more finished, modeling more tridimensional and fit for human body. Third, the emergence and rapid development of the garment industry made cutting more concise and fit for the need of community large-scale production. Last, the emergence of various subcultures became structure modeling freer to meet the need of personalized performance.

2. Reasons for the change of clothing structure

It is not a casual thing that the development of clothing structure changes. It will reflect even more profound meanings: the different way of thinking and different attitude towards human body between the orient and the west.

2.1 West clothing structure establishes on the basis of a rational understanding of human

Human is the carrier of clothing, clothing should be people-oriented. Increasing the importance attached to human factors and the objective understanding of the human body will undoubtedly have an enormous impact on clothing modeling and structure. Westerners' aesthetic consciousness of body doesn't take the beauty of God to deny the beauty of human. It is just because the envisagement and appreciation to human body, people concerned their own true color directly and vividly, constantly pursued the regularity which takes body as an objective existence, proposed beauty rules about form such as order, rhythm, integrity, proportion, harmony and so on, precisely analyzed human body directly using numeral and proportion.

Clothing is an integral part of body art. Rational understanding of human body takes clothing as the carrier to show the beauty of body. The obedience and shaping of human body at clothing structure meanwhile stress the gender differences. It was just because of this, during medieval Gothic period, west clothing tended towards tridimensional space from ancient two-dimensional space and the three-dimensional structure came into being.

During this period, the common structure characteristics of cotardir, lady's larde, men's pourpoint and hose was fit for human body. Especially lady's larde, it darted at the front and back of cloth, cut respectively. The emergence of lateral cloth brought the design of clothing structure into tridimensional structure. On the other hand, west clothing also showed strong shaping. During most times of west clothing history, lady's clothing stressed the nicety at upper body and the bulge at lower body to show erogenous image of slim waist and plump hip which was very different from man's, however men's clothing showed the manliness of muscularity by shaping the expanse at upper body and tightness at lower body.

2.2 Science and Technology promote the development of structure design

Clothing structure design is a practical discipline which is closely linked with life practice. It emphasizes on rigorous science and high degree functionality. Progress in science and technology play a direct role in promoting the design of western structure.

From the cultural concept, it is also showing the scientific influence on western clothing structure. From the view of the basic spirit of western culture, the westerners emphasized ens not nothing, entity not virtual, when pursuing the ontology of universe, and therefore formed antinomy between subject and object, man and nature. During the process of culture creating, separated entities from empty, constantly went deep into object recognition. Form is further reification of entities, is the clear performance of the objective laws, is the grasp to the objective laws. Clarity is the westerners' pursuance of understanding the world, recognizing their own, pursuing the truth. The westerners used to establish the truth when they reflect, debate and experiment. This kind of traditional customs bound to make them study objective things with rational and scientific attitude.

From the perspective of clothing structure, western clothing relied mainly on the tridimensional cutting, emphasized on the effect of tri-dimension, attach importance to seam and repair for exactness and fitness in the vast majority period of western clothing history. For example, man's doublet on the Middle Ages and lady's corsage was cut according to human body, so the ready-made clothes was very fit for body, showing the mathematical and technologic accuracy. It is

undoubtedly an embodiment that scientific thinking acts on clothing culture.

Scientific concept made western clothing to realize the transition from beeline structure to curve structure as early as the 13th century; an unattached design form that sleeves and collar separate from main body came into being. After the Renaissance, western clothing structure entered the stage of standardization by mathematical reasoning. In 1589, Spain published the world's first book recoding cartography of clothing structure and nesting chart; In 1798, Hashemite Morgan, a French mathematician, published Drawing Geometry to provide a mathematic basis for plane mapping, established the conception of standardization and basic paper model.

3. Concluding remarks

By analyzing the developments of clothing structure modeling and the reasons of the development, we have known the westerners' attitude towards human body which is different from easterners and the difference of the east-west clothing structure caused by scientific attitude. Thus the different clothing civilization between east and west formed, which created the colorful clothing culture.

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The Divergent Corporate Governance Standards and the Need for Universally Acceptable Governance Practices

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Abstract

Corporate governance mechanisms differ from organization to organization and from countries to countries. The governance mechanism in each organization is shaped by its own objective (vision, mission) & political, economic, legal and social history of a country. The governance practices adopted in any organization reflect mindset of top management and value systems adopted in that organization over a long period of time. For most of the organization the corporate governance standards did not evolve and emerge through a natural business process. It has been a forced adoption because of the requirement of legal compliance within a particular country or to confirm industry standard. Hence different organizations have set the code of corporate governance in their own way. In view of this, a pertinent question arises as to whether it is possible to have a set of universally acceptable corporate governance standards. Whether a standard corporate norms can be established at global level. As today, companies are not confined to one country only. They have crossed the borders and have presence in many countries. In such scenario, there is definitely a need of universally acceptable governance standard to be followed by each organization or firm. Since the mid-1990s, there has been much talk of the convergence of corporate governance systems to Anglo-American standards, and several trends have pointed in this direction. Comparative research in the field of Corporate governance has emphasized that Anglo-American corporate governance is characterized by low ownership concentration, one-tier boards and shareholder value norms, whereas high levels of insider ownership, two-tier boards and stakeholder concerns are more characteristic of continental Europe.

The objective of the paper is to discuss the issues like - whether companies should follow an Anglo-American model or European model and why the convergence of corporate governance standards is required in the globalized world. This paper also discusses that in such a divergent world, is it actually possible to have universal corporate governance norms, which would be uniformly followed by all the countries of the world.

Keywords: Corporate Governance, Globalization, Governance Models, Convergence, Shareholders right etc.

1. Introduction

“In a more globalized, interconnected and competitive world, the way that environmental, social and corporate governance issues are managed is part of companies’ overall management quality needed to compete successfully. Companies that perform better with regard to these issues can increase shareholder value by, for example, properly managing risks, anticipating regulatory action or accessing new markets while at the same time contributing to the sustainable development of the societies in which they operate. Moreover these issues can have a strong impact on reputation and brands, an increasingly important part of company value.” (Note 1)

Corporate governance can be defined as the system by which business entities are monitored, managed, and controlled. At one end of the spectrum are the shareholders as owners of the business entity since they provide the ultimate risk

capital. At the other end are the 'managers' or the executive directors of the company who are in control of its day-to-day affairs. As the elected representatives of the shareholders it is the responsibility of the entire board of directors to direct operations of the company. As the owners of business the shareholders are expected to monitor and evaluate operations of the company as well as the performance of the entire board of directors and in particular the effectiveness of the full time or executive directors. A good structure of corporate governance is one that encourages symbiotic relationship among shareholders, executive directors and the board of directors so that the company is managed efficiently and the rewards are equitably shared among shareholders and stakeholders.

Convergence is indeed taking place for reasons related to the globalisation of financial and product markets, an increasing proximity of legal and institutional norms and a more open circulation of and attitude towards foreign ideas. Having said this, one should not expect uniform corporate governance institutions and arrangements in the world, just as one cannot expect the end of nation states in the foreseeable future. Ownership and control arrangements are still a part of a society's core characteristics and will remain to a considerable degree idiosyncratic.

More cross-border equity investment and the growth of domestic and international market institutions should be expected to result in a better mutual understanding between overseas investors and companies and consequently in an increased capacity for companies to access international sources of finance. Investors need to understand and assess their investments. Convergence in transparency and useful disclosure norms is therefore a key area where a lot needs to be done. A growing consideration of stakeholder interests is viewed increasingly as a key growth factor in the long-term value of companies. In multinational companies, stakeholders come from many different countries. The emergence of unified strategies to deal with these issues across national boundaries is in itself another driver of convergence.

The countries are now more concerned with what should be the best corporate governance practices. In last two to three decades, number of committees has been formed by different countries for recommending the corporate governance standards that should be followed by companies. The recommendations of few of the committees are listed in Table 1.

2. Literature Review

The increasing economic globalisation has fuelled vivid debates on the similarities of and differences between national corporate governance systems and the barriers to the development of a single system of corporate governance (see e.g. McCahery et al. 2002). It is now widely accepted that corporate governance systems vary across nations. Ownership and board structure, managerial incentives, the role of banks and large financial institutions, the size and development of stock markets, company law, securities regulation, government involvement and other important aspects of corporate governance have been found to differ across nations (e.g. Baums 1994; Roe 1994; Prowse 1995; Gugler 2001; Vives 2000; Barca and Becht 2001). A classic distinction has been made between the market-based models of the United States and the United Kingdom and the alternative ('bank-based' or 'control-based') models of Continental Europe and Japan. *Market-based systems* are thought to be characterized by large and liquid stock markets, dispersed ownership, relatively high levels of minority investor protection (La Porta et al. 1998) and the predominant role of institutional investors and other portfolio investors in share ownership, in addition to other characteristics like high product-market competition (Roe 2000), one-tier boards (e.g. Allan and Gale 2000) and performance-sensitive executive pay (Murphy 1999). In comparison, the *control-based systems* of Continental Europe are thought to be characterized by lower levels of investor protection, smaller and less liquid share markets, more concentrated ownership and a larger share of stock held by (founding) families, corporate investors (cross holdings) and governments (Barca and Becht 2000), in addition to greater attention to employee representation on boards in many countries (Blair and Roe 1999) and more government intervention.

There have been several attempts to explain these differences, which have been attributed to the legal system (La Porta et al. 1999, 2000), political intervention (Roe 1991, 1994) or even cultural differences (Licht 2001). In addition, economic theory would suggest that such differences exist because of international variations in market size, firm size, uncertainty and industry structure (Hansmann 1996; Thomsen and Pedersen 1999). Despite the widely-held view on the superiority of the Anglo-American system, there are also supporters of the alternative systems such as the labour-oriented, state-oriented, and other stakeholder-oriented systems, prevailing in countries of German, French, Scandinavian, and Asian legal origin. The supporters of these alternative systems argue that the chief advantage of these systems lies in the way they address the misalignment of interests between managers and shareholders. Whereas in common law countries this problem is resolved via the monitoring by the market for corporate control and regulation forcing managers to follow the interests of the shareholders, civil law countries mainly rely on large shareholder, creditor or employee monitoring.

Not too long ago, a consensus seemed to be emerging between academics and executives alike to the effect that the Anglo-American corporate governance model had triumphed and European systems were converging to US/UK standards (e.g. Hansmann and Kraakman 2000, 2002; Coffee 1999, 2002; Denis and McConnell 2002). Proponents of the convergence hypothesis tend to highlight the role of global capital flows in eliminating inefficient forms of governance. They aver that convergence is hastened by a realization that alternatives to U.S.-style shareholder-centric governance

have generally not succeeded. Several multilateral bodies are spurring on this process by urging the adoption of common standards (OECD [2000], World Bank [2001]). However, Khanna, Kogen & Palepu find robust evidence of *de jure* convergence at the country level. Interestingly, this is not driven by convergence to U.S. standards. Rather pairs of economically interdependent countries appear to adopt common corporate governance standards, especially if the pair of countries in question are in the same geographic region and are relatively developed economies.

3. Globalisation & Corporate governance standards

Global economic integration has been a key factor in the salience of corporate governance questions. Once confined to local economies, differently governed firms now compete with one another, as a multilateral trade agreements & regional economic blocks such as the European union have internationalised the product markets, capital markets, managerial markets, and, to lesser extent labour market.

Globalisation affects the corporate governance reform agenda in two ways. First, it heightens anxiety over whether particular corporate governance systems confer competitive economic advantage. As trade barriers erode, the locally protected product market place disappears. A country's firm's performance is more easily measured against global standards. Poor performance shows up more quickly when competitor takes away market share, or innovates quickly.

Globalisations second effect comes from capital markets pressure on corporate governance. First, firms have new reasons to turn to public capital markets. High tech firms following the US model want the ready availability of an initial public offering for venture capitalist to exit & for the firm to raise funds. Firms expanding into global markets often prefer to use stock, rather than cash, as acquisition currency. If they want American investors to buy and hold that stock, they are pressed to adopt corporate governance measures that those investors feel comfortable with. Despite a continuing bias in favour of home country investing, the internationalisation of capital market has led to more cross border investing. New stockholders enter, and they aren't always part of any local corporate governance consensus. They prefer a corporate governance scheme they understand and often believe that reform will increase the value of their stock. Similarly, even local investors may make demands that upset a prior local consensus. The internationalisation of capital market means that investment flow may move against firms perceived to have sub optimal governance and thus to the disadvantage of countries in which those firms are based.

Despite different starting points, a trend towards convergence (Note 2) of corporate governance regimes has been developing in recent years. Pressures have been rising on firms to adapt and adjust as a result of globalization. Their products are having to compete directly on price and quality with those produced internationally, which mandates a certain *de facto* convergence of cost structures and firm organization that, in its turn, might spill-over on firm behaviour and decision making. But most important, convergence might be the result of globalization in the capital markets: new financial instruments (such as ADRs and GDRs), deeper integration of markets, stronger, international competition and the emergence and growth of new financial intermediaries have radically changed the corporate finance landscape in a global way, at least for the larger enterprises. The latter, along with the governments of their countries, are increasingly conscious that, in order to tap this large pool of global financial resources, they need to meet certain governance conditions.

4. Different Governance Models

There are broadly three models of corporate governance observed in the developed and the newly industrializing countries.

4.1 Outsider Model

4.2 Insider Model

4.2.1 European Model

4.2.2 East Asian Model

4.1 Outsider Model

At one end of the spectrum we have the widely discussed "outsider model" of the US and UK. The main feature of this model is the separation of control from ownership arising from widely dispersed equity ownership among large number of institutional and innumerable small shareholders. Consequently, the control of corporate units vests with professional managers. This is also referred to as the principal-agent model where the shareholders (the agents) entrust the task of running the company to managers (the principals) who are in effective control of the company. Growing importance of the economies of scale and scope has necessitated the birth of large firm with its distant shareholders and professional management. This has given rise to the agency problem viz., how to ensure that the managers function in the interests of the shareholders and the stakeholders.

Both the UK and the US have a long tradition of equity ownership by individuals. During the last five to six decades these countries have witnessed emergence of a large number institutional shareholders like mutual funds, pension funds

and insurance companies that have come to hold ever increasing proportion of equity. Since there is a clear separation of control from ownership in these countries the primary objective of their regulatory and legal frameworks is to encourage and facilitate corporate governance systems that protect interests of the widely dispersed shareholders.

4.2 Insider Model

In contrast to this outsider model we have two types of “insider models”, the European model and the East Asian model. The European continent represents one type of insider model, although there are several versions of it in different European countries as also in different sectors of a given country.

4.2.1 The European model

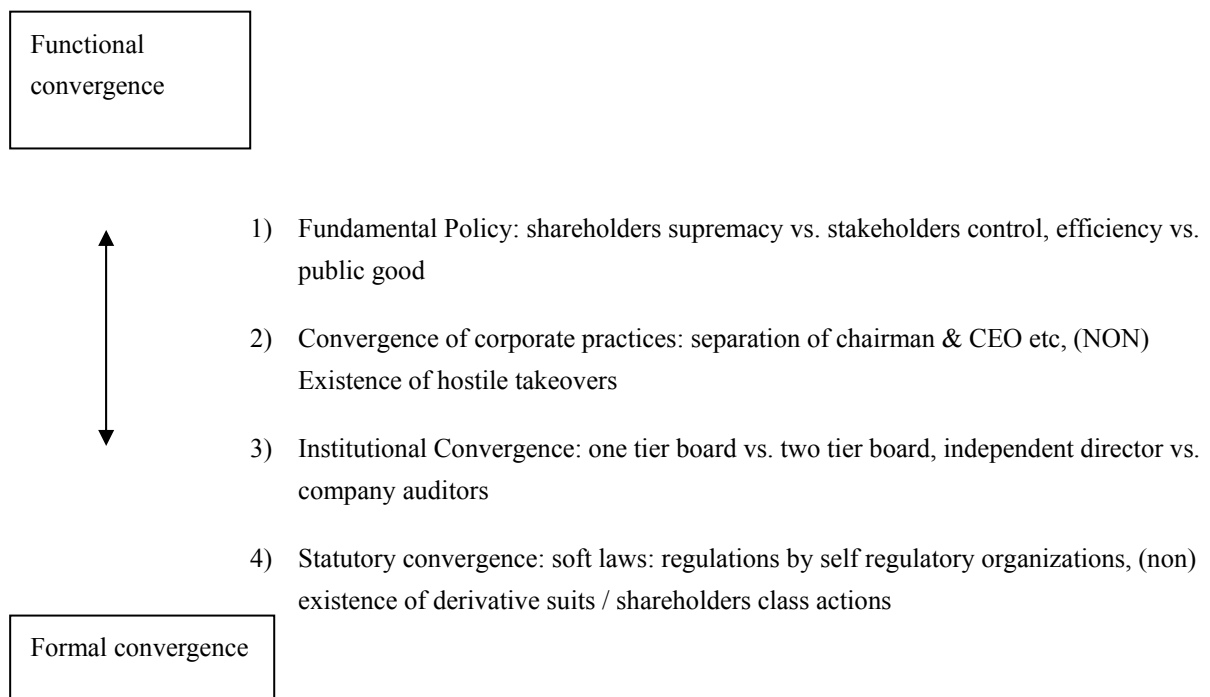
The main feature of the European insider model is that a small relatively compact group of shareholders (who maintain relatively longer term and stable relationship among themselves) are able to exercise control over corporate entities. The countries in which such an insider model is common are the ones that have witnessed less institutionalization of equity holdings than the Anglo-American outsider model. These countries also reflect much higher dependence of the corporate sector on banks as a source of finance. Generally, the corporate entities also have much higher levels of debt-equity ratios.

4.2.2 The East Asian Model

The typical East Asian form of corporate governance model embodies a purer version of the insider model where “the founding family” generally holds majority of the controlling shares, directly or through other holding companies, most of which in turn may be controlled by the founding families. The main difference between the European and the pure East Asian version is that, in the East Asian case, close knit families are generally the controlling entities. The East Asian insider model is therefore far simpler version of the European insider model. The European insider model, on the other hand, is characterised by a variety of controlling forms including one interesting form where the controlling shareholders are backed by complex shareholder agreements. Countries with predominantly insider form of organisations are more tolerant of their activities even when such activities are not fully in the interests of the common shareholders.

Corresponding to these corporate Governance models one can notice the following three government industry models to see the impact of government-industry relationships on corporate governance. These models can be summarized as shown in the table 2:

5. What is Convergence?



Source: Kenichi Osugi: *What is Converging?* *ASIAN-PACIFIC LAW & POLICY JOURNAL*; Vol. 9, Issue 1 (Winter 2007)

The driving forces and barriers to convergence are subject to a heated debate (O'Sullivan, 2003). The view rooted in neo-classical economics starts with the premise that enhanced global product and labour market competition combined with financial integration leads firms to converge on a set of 'best practices' in corporate governance.

The 'best practice' is defined as perfected Anglo-American corporate governance, with its primary objective of maximizing the shareholder value, improving access of savers to investment opportunities and firms' access to external funds (Jensen, 2000; Hansmann and Kraakman, 2004). In contrast, the 'varieties of capitalism' perspective claims there is no best way to organize an economy. The forces of competition and financial integration do operate, but before they make an impact on corporate governance in a specific place, they are 'filtered' through existing, mostly nationally based institutions. As specific configurations of institutions are likely to respond differently, even if exposed to similar pressures, corporate governance will continue to differ depending on the institutional context in which it is embedded (Hollingsworth and

Boyer, 1997; Hall and Soskice, 2001). Hansmann and Kraakman (2000) have identified three incentives for governance convergence: logic (persuasive arguments for the superiority of a particular model), example (competitive success of a particular model) and demonstrated competitive advantages. These forces work in the same direction when influential shareholders or company managers adopt international governance structures that are perceived to work better, for example, when European managers adopt US/UK governance principles because comparable companies in the United States and the United Kingdom have a higher market value, lower capital costs or other advantages.

Clearly, these forces must be weighed against other powerful forces that block convergence or even promote divergence, that is to say, the same factors that created differences in corporate governance in the first place. Bebchuck (1999) and Bebchuck and Roe (1999) explain why ownership concentration does not automatically adjust to efficient levels and why a controlling shareholder structure with a high ownership concentration (a *control-based* structure) does not automatically develop into a non-control-based structure (a *market-based* structure), even when the market-based structure maximizes the financial value of the firm.

One important reason for this is the existence of private benefits for controlling shareholders that are not shared with minority investors (Bebchuck 1999; Bebchuck and Roe 1999). When firms have already adopted a mixed ownership structure with some minority investors, the gains of selling more shares to the public must be shared by these investors, and this reduces the incentive to give up private control benefits (Bebchuck and Roe 1999). Bebchuck (1999) therefore predicts that control-based governance systems will emerge when the private benefits of control are large. In market-based systems, managerial control benefits may encourage the persistence of market-based governance structures (dispersed ownership). Because of vested interests in maintaining the status quo, incumbent managers may resist the formation of controlling blocks (Bebchuck and Roe 1999) and fight hostile takeovers. Gains from the formation of large blocks of control will again be shared with the market, reducing the incentive to form such blocks in market-based systems (Shleifer and Vishny 1986).

Other factors at the systemic level also create barriers to changes in ownership structure (Bebchuck and Roe 1999). Ceilings and other limitations on ownership by financial institutions, as practiced in the United States, place a limit on their ownership shares in individual firms (Roe 1991). The existence of complementary institutions in a given system, e.g. a large and well-functioning stock market, as in the United States and the United Kingdom, or an active banking sector, as in Germany, may influence the ownership and capital structures of firms based in that system (Roe 1994). Legal systems may provide varying degrees of protection to minority investors (La Porta et al. 1998). The incumbent organizations/institutions, finally, will always lobby for continuation of their own existence (North 1991).

6. International comparison between common law and civil law countries

Based on the work of La Porta et al, Table 3 summarises shareholders rights and the mechanisms to protect them in common law versus civil law countries. Shareholder rights are classified into three categories: the voting powers attached to shares, the rights that supports the voting mechanism against interference by insiders and possible remedial rights.

No common law country in the sample has a commercial code that requires shareholders to deposit their shares prior to a general shareholders meeting. In addition these countries company codes strongly favours mechanism to protect the rights of the minority shareholders (high percentage of oppressed minority rights and low barriers to call an extraordinary shareholders meeting). However, in only 44 % of the cases, shareholders have the first opportunity to buy newly issued stocks. Moreover, the principle of one share one vote' seems less reality than often stated. No mandatory dividend rules exist in these countries.

In civil law countries the picture is far more heterogeneous. French civil law countries offer the worst legal protection to shareholders. Only 5 % in this group allow voting by mail and on an average 15% share capital is needed to call an extraordinary shareholders meeting, which is the highest among all legal families.

Compared to other civil law countries, French civil law companies performed better than German civil law countries on share blocking for shareholders meeting and for preferential position of existing shareholders to newly issued stock.

They did even better than Scandinavian civil law countries with respect to oppressed minority protection and the cumulative voting / proportional representation criteria.

While corporate governance mechanisms differ from country to country, there are two broad categories of financial systems, which differ, in their very basic structure. These are the market-based system exemplified by the British and American systems and the bank based system typified by Japan and Germany. Varying paths of financial evolution situate countries at different points in this market-institution spectrum with their positions determined by the nature of their economic endowments and the historical and political forces that shape their societies. The Indian situation may be thought of as a combination of these two conflicting models.

Though the basic corporate legal structure is Anglo-Saxon, share ownership is far less dispersed and financial institutions play a much bigger role in financing corporate activity. Share ownership and board representation of financial institutions give these bodies the abilities to serve as important monitors of management activities though the relationship. The powers, however, are considerably limited as compared to those in typical bank-based systems and universal banking is not widespread. Nevertheless, financial institutions, have, in general, failed to fulfill even their limited role in corporate governance.

7. Conclusion

Although the debate has generated an extensive body of theoretical and empirical work, the conclusions remain opaque. There is yet no consensus as to what system of corporate law is the best one and whether legal convergence should be encouraged on a global level. A number of theoretical studies argue that regulatory and institutional convergence of corporate governance practice worldwide is likely, but the studies are in disagreement as to the direction of the convergence. In particular, will the Anglo-American model dominate or will a new hybrid model emerge?

Corporate governance must adapt to fit its ever-changing environment. Certain combinations of governance mechanism may work for certain periods of time. Change, however, will inevitably occur. When it does, how well a country's corporate governance system adapts to its changed environment, not how well it adheres to any particular model, will determine its success. The convergence debate overlooks this point. In fact, it assumes the opposite. For over a decade, the debate has largely been premised on the false assumption that the American model finished evolving and had reached the end in the evolution of corporate governance. Academics built elaborate theories to explain whether the rest of the world would adopt the endpoint American model. The Japanese government based its reforms on the endpoint American model. International organizations conditioned financial aid on recessionary countries adopting the endpoint American model. Ironically, during this time the American model did not exist even in America.

While academics and policy makers sold the American model, America was busy changing it. It used shareholder primacy, driven by hostile takeovers, to carry out much needed restructuring in the 1980s. It insulated directors from hostile takeovers allowing them to use their valuable discretion to build on their newly restructured companies during the 1990s. It increasingly utilized bank monitoring to create another efficient tool to reduce agency costs throughout this era.

This analysis shows that the convergence debate observes little and obscures much. The convergence approach should be abandoned. Little utility exists in measuring the distance between broadly defined governance models that are constantly evolving in unpredictable ways.

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Notes

Note 1. Source: Who Cares Wins: Connecting Financial Markets to a Changing World, p. i, UN Global Compact, 2004.

Note 2. Gilson (1998) looks at convergence in terms of function (when existing governance institutions are responsive to change without a change in the rules), formality (when the legislative framework is adapted) and contractual (when companies have to adapt contractually as domestic institutions are not flexible enough to accommodate change and political obstacles will not allow formal convergence).

Table 1. Corporate Governance Reports of different countries

Report	Country	Description
Tradeway commission, 1987	USA	Importance of audit committee mentioned. Designing best practices for audit committees. Emphasized that audit committees are primarily meant to check corporate frauds
Cadbury committee, 1992	UK	Role of board in governance system emphasized. Best practices for board composition & functioning developed. Audit committee, remuneration committee and nomination committee to be formed by corporations.
Hilmer Report, 1993	Australia	Best practice code for the composition and functioning of boards prepared.
Dey Report, 1994	Canada	Board responsibility and board composition were the primary thrust, a total of 14 principles prepared by the Toronto Stock Exchange Committee on corporate governance
Vienot Report, 1995	France	Focus on board responsibility, formation of audit, nomination and compensation committee
Greenbury Report, 1995	UK	Directors compensation standard set and disclosure of remuneration emphasized
Peters Report, 1997	Netherlands	Code prepared by Amsterdam Stock Exchange on the composition and functioning of two-tier board
Hampel Report, 1998	UK	Disclosure & quality of board governance stressed upon
Bajaj committee Report, 1999	India	Prepared by committee set up by confederation of Indian Industries. Board structure addressed and accountability to investors emphasized
Birla committee Report	India	Prepared by committee set up by SEBI. Clearly influenced by Cadbury report and is a rehash of all the above reports.

Source: Norburn D (2000), "international Corporate Governance Norms" *European Business Journal*, Vol 12 No 3, pp 116-133

Table 2. Government Industry Models

Model	Countries	Salient features
Government as Referee	USA, UK, Hong Kong, Australia, New Zealand	<ul style="list-style-type: none"> • Government totally impartial with respect to the market; • Government stands on the sidelines; Government intrudes if or when abuses need to be prevented or perpetrators of illegal acts have to be punished; • Government's emphasis on fairness and unregulated market forces; Minimize regulations; Open transparent, accountable forms of corporate governance; • Auditors and lawyers have an important role to play; • Corruption tends to be low.
Government as Manager	France, Italy, Spain, China, Vietnam, Singapore, Indonesia, Malaysia, Thailand, India	<ul style="list-style-type: none"> • Govt. neither recognizes nor respects the market and does not trust it; • Economic nationalism & protectionism; intervention and control; • Promotion of national corporate champions; • Corporate Governance is opaque, secretive and closed, with little public accountability; • Bureaucracy is powerful.
Government as coach	Germany, Austria, Switzerland, Netherlands, Sweden, Norway, Denmark, Finland, Japan, Korea, Chinese Taipei, Thailand, Malaysia, Indonesia	<ul style="list-style-type: none"> • Sidelines partiality; • Administrative guidance Support system, subsidies etc.; • Organized competition; • Semi-transparent/ semi-opaque corporate governance with limited public accountability; • Considerable scope for corruption.

Source: Lehmann, (1997).

Table 3. Shareholder rights and protections across countries

	1	2						3
	One share one vote	Proxy by mail allowed	Shares not blocked before meeting	Cumulative voting / proportional representation	Oppressed minority	Pre-emptive rights to new issues	% of share capital to call an extraordinary general meeting	Mandatory dividend
Common law countries								
English origin average	0,17	0,39	1,00	0,28	0,94	0,44	0,09	0,00
Civil Law Countries								
French Origin Average	0,29	0,05	0,57	0,29	0,29	0,62	0,15	0,11
German Origin Average	0,33	0,00	0,17	0,33	0,50	0,33	0,05	0,00
Scandinavian Origin Average	0,00	0,25	1,00	0,00	0,00	0,75	0,10	0,00

Source La Porta et al 1997

Note: common law countries are characterized by legislation based on precedents from judicial decisions. Common law includes the law of England and those laws modeled on English law. Civil law is based on statutes and comprehensive codes as primary means of ordering legal materials, and relies heavily on legal scholars to ascertain and formulate its rules. The distinction is made between the French commercial code, German Commercial code and Scandinavians civil law.



The Naissance of Chinese Artistic Conception

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Abstract

Artistic conception is the original creation of artists. It comes into birth in the sudden conception and sensation of the artists when their deepest hearts contact with the creature. Artistic conception does not just describe simply like the photograph of cameras. Therefore, artists shall use their special “order meshwork” to capture the flash of truth. The order structure of music and architectures, in particular, could directly reveal the inner harmony and rhythm of the universe body.

Keywords: Artistic conception, Chinese paintings, Artists

The world is endless, life is inexhaustible and the artistic conception is endless too. “What complies with my taste is the new” is the feeling of artists towards the world. “The spectacle is always new” is the brand of all great works. “To acquire new knowledge by reviewing the old one” is the attitude that should be adopted in artistic creation and artistic criticism. All historical further developments were usually accompanied by reviewing the original ones. The Renaissance in the 16th century goes after the Greece, the Romanticism in the 19th century yearns towards the middle age, and the new school in the 20th century goes back to the plain and naïve style of the original art.

Modern China stands at the turning point of the history and a new scene will come. However, it is also important for us to analyze the old culture and to give new appraisal to the old culture with sympathy understanding. We should explore the special structure of the old culture that is of the center and attributes the most to the world in China’s cultural history so as to find out the deep and remote feelings of Chinese souls. This is also an introspection of national culture. Modern philosophers told us that, “we shall reform this world”. In order to reform this world, we should first understand the following contents:

1. The meanings of artistic conception

“Travel to where the heart lies” is the special territory and creational image of artists. As the center of the center of artistic creation, artists take the specific objects of universal life as the objects and appreciate their color, looks, order, rhythm and harmony so as to peep into the reflection of their own deepest hearts. To change real spectacle into invented spectacle, to create image for symbolization, and to concrete and take incarnation of the human beings’ hearts is the “artistic conception”. Therefore, all beautiful light is the origin from the hearts. Without the reflection of the hearts, there will be no “beauty”.

Artists use their hearts to reflect every phenomenon. What they want to express is the combination of subjective life sentiment with the objective natural spectacles. Hence, there forms the lively, vivid, exquisite and remote image. This image is the artistic conception that makes art artistic. In a artistic works, spectacle is combined with feelings. Therefore, the deepest feelings come. The feelings go deeper and deeper and penetrate into the deepest spectacles. The spectacles go more and more glittering, full of feelings and sentiments. Imbued with images, the feelings become spectacle. Therefore, a unique universe appears. Brand new images help human beings to increase rich imagination and find new images for the worlds, just as the saying “The place created by imagination is not owned by the world”, which is the said “artistic conception” of the artists.

2. Artistic conception and mountains and rivers

In our minds, the sentiments and feelings go up and down with various styles, which could be not expressed by a fixed outlines. Only the mountaineers, grass and trees in the nature could express the endless feelings of our mind. Mountains and rivers become the media for the artists to express their feelings. Therefore, in Chinese painting, mountains and rivers are taken as the center. Chinese paintings are the reflection of universe poems are the creation of the universe. The expression of Chinese paintings is like clouds, hollow and natural.

3. Artistic conception creation and personality self-restraint

The realization of this subtle conception depends on the spiritual self-restraint of the artists and the cultivation of the heaven. It is achieved suddenly in vivid heart bounding and silent experience. Mi Youren, painter in the Song Dynasty said, “the conception of a picture is away from the world objects. In quiet rooms, the painter discards all his worries and

flies in his mind.” Artistic works completed under such mind will certainly be hollow, deep and vague. We, depending on our deep and quiet mind, find the deep territory of the universe. We, when meeting in the nature the rocks, poor rivers and trees, could see them with deep emotions and find their meaning. The representation of artistic conception is not realized by objectively and mechanically imitating the nature, but by our mind. When describing mountains and rivers, especially, we could not just imitate but have to construct with our mind in order to master the entire spectacle.

4. The expression of Zen

“Feeling” is the heart’s direct reflection of impression. “Qi” is the life. “Personality” is the noble pattern of a person. The words are the conception. Hollow pond reflects the moon. Knowing is through your knowledge. Clear and fragrant they are. The singing of the birds and the falling of flowers are that sense. In the paintings, this conception could be felt. There are three levels in a painting. The first is what you stand. It refers to the rivers, forests that are around you. The second is what you see. It is either rare or vast. Where the spring runs, the cloud comes. If the sail goes away, the birds too. The third is where your mind travels to. Although your sight is limited, your feelings are not. For example, when drawing a tree and a rock, the grass must be painted too. When composing a deep scene, the feeling is expressed by it is not painted. It must be neglected for those reasons. Therefore, the rich color of the paintings reaches the higher soul level. The expression of Zen and its various levels see this as the end. Therefore, the formation of the artistic conception of Chinese paintings must have the feeling of Qu Yuan, exceedingly sentimental and Zhuangzi, vast. Exceedingly sentimental feeling is the key for coming to the core of the creatures, which is called obtained in the circle. Vast feelings could be like flowers in the mirror, moon in the water, horns put on to a antelope which could not found, which is called exceeding the objects. Sex is zero and zero is sex. Sex is not different from zero and zero is not from sex. Such is not only the conception of poets in Tang Dynasty but also the painting conception of Song and Yuan Dynasties.

5. Doctrine, dance and blank

The life of “doctrine” and the life of “art” is visional. They are combined with each other at the dance of the trees. In the works, the artists control the heaven-earth conception. Through realistic painting and spirit expression, the artists finally come to the “conception”. Due to the conception, their works remain unique in the following eras. The expression of artistic conception in works is to glitter the truth through the orderly meshwork. This orderly meshwork is created by the lines, dots, light, color, shapes or words organized by artists and becomes harmonious artistic forms so as to express the artistic conception. The artistic conception is a special creation of artists and comes into birth suddenly from the deepest minds of the artists when they contact the creatures.

However, especially dance, it is the rhythm, cadence, order and rationality of the highest degree. At the same time, it is the life, movement, power and enthusiasm of the highest degree. The artists, at this time, lose themselves in the core of the creatures and ponder. They acquire the feelings from the abysmal experiences. Their spirits are like the heavy and their minds are like the rainbow. At this time, only the dance, the closest rhythm and the most enthusiastic movement could incarnate the abysmal and deep conception just like the painting of Chinese paintings, falling from the heavy and dancing with the ink.

The heaven and the earth are dancing, on which the characters of Chinese painting conception is based. The painters draw the music and poem conception on a piece of blank paper. After the snow, the outlines and branches could represent their glittering personality. Just like a piece of blank paper is a matting, the lines of the objects could reveal their painting status. At the same time, the skills from the calligraphy are adopted to express the rhythm in their minds. What is painted is the feelings that their hearts concept and the combination of the creatures and the hearts. The free paintings, rhythm, and color cadence move freely in the air and form this real scene.

The light of Chinese paintings is a superorganic and nonobjective universe nimbus fashion that vibrates the entire painting. It goes although the middle part and the edge. In Chinese paintings, painters express their minds at where is not painted. Where is not painted is dimly discernible conception. Chinese special art, calligraphy, in particular, could express such hollow and vibrating conception.

Artistic conception purifies and deepens souls and the universe and enables human beings to feel the depth of the universe in transcendental minds.

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Planning Principles and Control Mechanisms of New Town Development in Malaysia

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Abstract

There is no clear-cut definition of constitutes new towns. The notion of self-containment is rightly seen as central to many new towns and often been one of the underlying objectives. References on planning principles and control mechanisms regarding new town development in Malaysia are very limited. Therefore, the perception survey is to identify the planning principles and control mechanisms of new town development in Malaysia from the perspective of two different groups of professional town planners. The findings showed that there is an urgent need to properly define new town and to clearly spell out the planning principles and control mechanisms as to the requirements of new town development. There is a strong need for an integrated national policy, strong need for special development control mechanisms, moderately strong need for a separate format for preparing the Development Proposal Report, a moderate need for special planning standards and some support for revising the present Town and Country Planning Act so as to satisfy the new town development.

Keywords: New towns, Perception survey, Town planners, Planning principles, Control mechanisms

1. Introduction

The new model of urban residential development in Britain known as new town was brought into the English Planning and Development concept by the 1946 and 1965 New Towns Acts. Under this Act, New Town Development Corporations were appointed and financed by the central government to plan and create new towns (Morris:1997). The population size of the new towns varies. In Britain for example, the Reith Committee's optimum population was 30,000-50,000 (Cullingworth and Nadin: 1994). Howard suggested 32,000 people (Hall: 1990). Building new towns is one way of coping with population growth and migration.

Malaysia has had more than three decades of experience in developing new towns. The first new town was Petaling Jaya which begun developing in 1954 to cater for the spill over of Kuala Lumpur's population. Since the implementation of New Economic Policy in the early 1970's more than 100 urban fringe new towns were developed. In 1980's the government implemented the concept of new towns in regional planning development schemes to balance up the rural economic potential and to reduce the rural-urban migration. In Malaysia the planning functions are defined in the Town and Country Planning Act (Act 172) and its subsequent amendments. However, there is no comprehensive act specifically governing the new town development. There is a need to develop planning principles and control mechanisms to be used by the federal, state and local government to regulate the activities related to new town development.

2. Aim and Objectives

The aim of this research is to identify the planning principles and control mechanisms of new town development in Malaysia.

The objectives are as follows:

- (a) To identify the current planning principles and control mechanism of new town development from the perspective of planners from the public sector
- (b) To identify the current planning principles and control mechanism of new town development from the perspective of planners from the private sector
- (c) To propose new planning principles and control mechanism of new town development in Malaysia

3. Methodology

Questionnaire survey was sent out to 120 town planners, 60 each to public and private town planners. These 60 public town planners were listed based on the list from the Federal Department of Town and Country Planning. While the names and addresses of 60 private practice town planners were based on the record of registered planning firms with the Malaysian Institute of Planners. Since it was intended to cover the perceptions of town planners from various parts of this country, the postal service was decided to be used in sending out and receiving of the questionnaires. The questionnaire consist of ten open-ended questions with an option of yes/no answers used, which needed further elaboration from respondents. The questions focused on the present development control measures in new town development, laws, principles and guidelines and how they defined a new town. Thirty nine per cent (39%) of the total were returned. Out of those the respondents from the private sector totaled up to fifty one per cent (51%) while from the public sector Forty nine per cent (49%) questionnaires per cent were received from planners attached to the private sector. There were town planners who gave only option answers without elaborating the specific questions.

4. Analysis

The open-ended questions answered were analysed using segmentation factors where the perceptions were grouped into various segments based on the criteria set by the study.

4.1 *The understanding of a new town in the Malaysian context*

The first question was 'How do you perceive today's understanding of a new town in the Malaysian context?' This question was aimed at identifying the planners' interpretation of a new town as understood locally. In the Malaysian context there seem to be conflicting interpretations of a new town. The public were more exposed to the common statement of a new town in the press, as a relatively large new mixed development, close to or abutting the existing town boundary. The developers of these big scale developments used the word new town to establish an identity. On the other hand, the local authority seemed to accept and adapt it to the situation. So when this question was answered by professionals the interpretation of a new town in the Malaysian context can be defined more clearly.

In the survey form six statements relating to the understanding about a new town in the local context had been listed for the respondents to select and they were also given space to write down their opinion if none of those statements met with their perception. The selection could be more than one statement from the list. The six statements listed were as follows:

- (a) a self-contained new development
- (b) a large scale new development
- (c) a large scale mixed new development with targeted population of about 30,000 or more
- (d) any new shop house or shopping complex development
- (e) any new house and business centre development
- (f) any new industrial development

From the survey it shows that the new towns seem to have many interpretations. The analysis was that 53 per cent or 25 of the respondents had chosen (b) that is a large scale mixed new development as the main understanding of new towns in the local context. This opinion came from twelve public sector planners and thirteen private consultants. Another 15 or 32 per cent referred to (a) that is a self-contained new development as the understanding of the new concept. Both the public and the private sector planners of ten each had the same understanding. As for statement (c) four planners marked it as the answer with equal opinion of two each from the public and the private sector planners.

These are the three interpretations that are considered the overall understanding of a new town in Malaysian context. The common feature of a new town as raised by these planners appears to be a large scale mixed development which must be self-contained new development with a targeted population of about 30,000 population. However, for statement (e) two respondents, one each from the two sectors had chosen it while for statement (d) only one planner from the private practice accepted it as the answer. The new industrial development or (f) does not fit to be qualified as a new town and none had chosen it.

4.2 *The overall new town development in the Malaysia*

This was intended to record the impression of those town planners with regards to new towns which had been developed throughout the Peninsular Malaysia. The planners identified for this survey were those holding the highest positions in the organizations they were attached to, be it in the government or the private consultant offices. With the experiences they had, this question had been answered by 34 per cent of them who were not satisfied with the development of new towns. Of this 34 per cent, 19 per cent of them were the public sector planners while another 15 per cent were the private sector planners. The percentage of this dissatisfaction is high among the public sector planners than the private sector planners.

In addition to that, another 10.4 per cent of them were very dissatisfied with the situation. It was found that three respondents or 6.4 per cent from the public sector and two or 4.3 per cent from the private sector were very dissatisfied with the development. Thirteen of those planners or 27.7 per cents of them were satisfied with the new town development. Out of 27.7 per cent, 17 per cent were the private sector planners while the other 10.6 per cent were the public sector planners. However, none of respondents were very satisfied with it. The percentage of those with satisfied answer was higher in the private sector group.

Another 25.5 per cent of the respondents answered that the situation is just right in their opinion. The percentage of the private sector planners with this opinion was double that percentage of the public sector planners.

4.3 The need for integrated national policy on new town development

The development of new towns in this country had been treated as other land development and it has been clearly stated in the National Land Code that any decisions pertaining to land matters are taken by the State Governments. The Town and Country Planning Act 1976 is intended to ensure uniformity relating to planning in local authorities. The National Urban Policy and National Physical Plan serve as the framework outline for future urban growth in Malaysia. The National Urban Policy provides the strategic policies while the National Physical Plan provides strategic guidance on the spatial trends and patterns of development (GOM:2007). The amendment of the Town and Country Planning Act 2001 (Act A1129) provides for the setting up of the National Physical Planning Council. The main functions of this council are to include the co-ordination of development planning activities between Federal and State Authorities. This therefore can ensure sustainable use of resources to minimise impacts on the environment. The National Physical Planning Council is chaired by the Prime Minister and the Director General of Town and Country Planning is the Secretary to the council (GOM: 2007).

Consequently, this particular question was addressed in the research questionnaire to the town planners so as to have their collective suggestions about the requirements of the National Urban Policy for the regulations of the new towns. The research found that all the respondents from the public sector answered 'yes' reflecting that they agreed to the idea of the National Urban Policy on new town development while only one of the private practice planners replied negatively to this question.

4.4 The need for a special development control mechanism

The necessity for having control over the use of land to be in order is to ensure that land, a non renewable resource, is utilised efficiently and effectively. Development control is the daily routine job by planners especially in the local planning authority because prior to all development there is a requirement for a planning approval. Under sub-section 22(3) of the Town and Country Planning Act of 1976 (Act 172), the Local Planning Authority is the approving authority of the area for which the proposed development is intended. As for development control practice, the authority is required to grant planning permission either absolutely or subject to such condition as it thinks fit to impose, or refuse to grant planning permission for a particular submission.

The question raised to the planners was pertaining to the requirement for a special development control mechanism for new town development. Given the nature of a new town development, the development control mechanism must be designed to ensure the course of actions are considered from the early stages. The current development control mechanism does not ensure adequate integration and co-ordination at the federal, state and local government levels. Co-ordination is thus required both within the state government and with the federal government. The special development control mechanism for new town development should be able to monitor the socio economic processes and their spatial impact and to ensure national policies are fulfilled. The special development control mechanism should incorporate infrastructure, housing, facilities, industry, transportation, commerce and environment which should be linked together in an overall national planning system of a new town. The planning of a new town must be viewed as an integral part of the process of economic growth and change.

The survey found that 83 per cent or 39 respondents agreed to the need for a special development control mechanism. From this 83 per cent, 42.6 per cent were public sector planners while the other 40.4 per cent were private sector planners. The public planners were in the position of being involved directly with the development control mechanism as the administration of land and the uses permitted on that land form crucial determinants of the extent and pattern of urban development.

4.5 The need to revise the Town and Country Planning Act of 1976 so as to satisfy the new town development

In Peninsular Malaysia, land use planning is undertaken wholly within the provision of the Town and Country Planning Act of 1976 (Act 172) and its amendments in 1995 (Act A933), in 2001 (Act A1129) and in 2007 (Act A1313). This Act contains three basic elements towards an effective planning system which are (a) the planning administrative system, (b) the development plan system and (c) the development control system. The Act was enacted to specifically ensure more integrated and co-ordinated planning, zoning and land use management. However, there is lack of specific

provision in the act which is related to new town development and this question was intended to gather responses regarding the need for the revision.

The analysis shows that 57.4 per cent or 27 respondents did agree to the need to revise the present act so as to satisfy the new town development. Out of these 27 planners, 17 were private practice planners while another 12 were from public agencies. Among the reasons for the revision stated by the respondents was that lack of specific provision on new town development which to them requires a separate act or sections and special approach. Another reason suggested by them was that the revision of the present act is required as the basis to regulate new centres for a more balanced and equitable growth and some proposed for a special new town act to be drafted. The planners also stated that the revision is needed to improve the present enforcement system.

However, 17 or 36.2 per cent of the total sample of planners disagreed to the revision. As for those who disagree to the proposition, 16 per cent of them stated that the present act was sufficient. Another 6 per cent of the respondents mentioned that besides the Town and Country Planning Act, there was other legislation at federal or state levels pertaining to land development which can be referred to by the State Authority upon the decision for land development approval. There were two respondents who did not answer the question and one was unsure to the requirement and wrote down the answer as unsure.

4.6 The need for special planning standards for new town development

Planning standards are important aids to town planners and decision makers for effective implementation and development control. Controls are normally exercised over the character and distribution of land uses, a corollary of these is effective control over intensity such as density and plot ration. 'Certain standards are set to control the physical setting of the urban land area and to contribute in ensuring safety, health, amenity welfare, convenience, efficiency and public interest' (Ratcliffe:1974:396). These planning standards are intended for open space, playgrounds, community facilities such as schools, religious centre, community hall, roads, car park, commercial areas and housing areas. Upon granting the planning permission the local planning authority would normally check on the provision of related facilities. The current practice applies population density control standards which measure the allocation of land use requirements in terms of people. The application of the common planning standards to all development of different scale and sizes will have the impact especially on the community facilities provision and other services. There is a need for special planning standards for new town development.

The study found that 61.7 per cent or 29 planners stated that there is a need for special planning standards for new town development while 36 per cent or 17 did not agree and one planner did not answer the question. Of the 61.7 per cent who agreed to the proposition, 31.9 per cent were planners from the public sector while the other 29.8 per cent were from the private sector. A total of 36 respondents cited their reasons for responding to this particular question and this comprised of 76.5 per cent of the total 47 respondents. Majority of them stated that the special planning standards were meant for new town development as to meet the current and future planned society. More so be able to adapt to the future requirements especially with regards to the information technology and globalisation era which requires special attention for infrastructure planning and development. Other reasons included were, that the existing planning standards are rigid and non-flexible, new town planning requires special innovative concepts and the different scales of the new town development need separate planning standards.

However, for those 17 respondents or 36.2 per cent who disagreed, planners from the private sector had a higher percentage as compared to those from the public sector. The main reason to disagree as stated by the planners is that the present planning standard is considered sufficient for all kinds of development. Meanwhile one planner from the private sector declined to answer the question. The analysis shows that there is a need for a special planning standards for new town development.

In the United States of America they use planning standards known as land use intensity rating which takes into account wider planning field factors providing a more reliable and less variable standards (Ratcliffe:1974). In Malaysia the best example is the development of Putrajaya which was based on its special planning standards and design guidelines. The need for special planning standards for new town development is meant to create a well-integrated socially balanced community. New town development, timing, programming, magnitude and location, layout and design policy must be controlled and they should be made on a more rational basis. The special planning standards for a new town must incorporate elements of urban design and location criteria for the whole planned area. Based on the special planning standards the infrastructure and other services can be provided more efficiently and effectively and the resultant performance more accurately assesses. New town development involves design process from the earliest stages to control density, plot ratio, environment, infrastructure, public facilities and transportation networks thus providing a better and more sustainable place for living.

4.7 The need for a separate format of Development Proposal Report for new town development

The Town and Country Planning Act (Act 172) states in the new section 21, that the requirement for the submission of a development proposal report must be added to the documents and plans to be submitted for planning permission. The

report should describe the present condition of the site as well as the proposed development according to a standard format applied to all types of land development (Zainuddin: 1999). The Development Proposal Report should include:

- (a) a location map and a site plan
- (b) particulars of land ownership and restriction
- (c) a description of the land and buildings, including geology, topography, drainage and water bodies and catchment area, a survey of all trees and all forms of vegetation which may be affected by the development
- (d) a land use analysis and its effect on the neighbourhood land
- (e) a development proposal and layout plan stating the development concept and justification, in particular matters relating to measures for the protection and improvement of the physical environment
- (f) layout plans, the details of which are specifies
- (g) other matters prescribed by the local authority

The objectives of the development proposal report are to supply sufficient information about the proposed development and to ensure that all relevant matters are made available to all local planning authority, and to help the local planning authority in ensuring that its decision were based on relevant material consideration.

The study found that 66 per cent of the respondents agreed to the need for a separate format of development proposal report for new town development while the other 34 per cent disagreed to it. Out of 66 per cent who agreed to the need to have a separate format of the report, the percentage of those from the public sector was 36.2 per cent, slightly higher than those from the private sector planners group of 29.8 per cent. However, for those respondents who disagreed with the proposition, the higher percentage was the private sector planners comprising 21.1 per cent as compared to public sector planners of 12.8 per cent.

There were four main reasons as suggested by the respondents who agreed with the need for a separate development proposal report for new town development. Among those four reasons, the main one stated by them was due to the complexity and scope of the development coverage on new towns which requires a special format of the new development proposal report. Other reasons listed were to include issues on environmental impact assessment, social impact assessment and resource management so as to have more comprehensive report compared to the existing report format.

As for those who disagreed with the need for a separate development proposal report, they stated that the present format of preparing the report can be applied to all types of development and additional details can be imposed when necessary. The existing format was said to be flexible and could be adapted to all kinds of developments.

5. Findings

From the survey on the perception of the planners, the research found that all the related planning principles and development control mechanisms currently in practice are not fully sufficient for new town development. There is no provision on new town development in the Town and Country Planning Act (Act 172). New towns were developed based on the planning standards and guidelines applied to all other property developments. The application for planning permission and the content of the development proposal report for new town development follow similar requirement used for other developments.

For all the proposition listed in Table 1 below, the percentages of respondents supporting for the change of the planning principles and development control mechanisms as to meet the requirements of new town development ranged between 58 per cent to 98 per cent, while percentages of those disagreed to the change ranged between 2 per cent to 36 per cent.

Referring to the table, the results of the perception survey by the planners indicate that there is a need for an integrated national policy which had been suggested by 98 per cent of the respondents. The issue was supported by all respondents from the public sector while only one respondent from the private sector disagreed with it. The next issue was the need for special development control mechanism for new town development where the proposition was supported by 83 per cent of the respondents. This particular requirement was agreed upon by 87 per cent of the public planners and 79 per cent of the private sector planners.

The third important requirement suggested was the need for the separate development proposal report format for new town development as compared to a common one used for any size of development where 66 per cent of the respondents agreed for different format. The need for special planning standards for new town development was supported by 62 per cent of the respondents.

Table 1 shows that the percentage of the respondents from the public sector who supported the propositions ranged between 52 per cent to 100 per cent. The percentage of respondents from the public sector group seemed to be higher than the private sector group in all propositions except upon the issues of the need to revise the Town and Country

Planning Act where the percentage response was lower. Their working environment may have influenced them in their decisions concerning the reasons for the requirements for each statement.

6. Conclusion

This research identified the planning principles and control mechanisms of new town development from the perspectives of town planners. Based on the analysis, a new town in the Peninsular Malaysian context could be defined as a large scale mixed development which is self contained with a targeted population of about 30,000 or more. The findings indicate the perceptions of town planners with regard to the new town development in this country. The majority of them were not satisfied with the current situation.

Therefore the research findings on this perception survey indicate the following:

- (a) There is a strong need for an integrated national policy for new town development
- (b) There is a strong need for a special development control mechanism
- (c) There is a moderately strong need for a separate format for preparing the Development Proposal Report for a new town development
- (d) There is a moderate need for special planning standards for new town development
- (e) There is some support for revising the present Town and Country Planning Act so as to satisfy the new town development

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Table 1. Summary of responses from perception survey of town planners

Planning principles and Control Mechanism	% of Public Sector Planners		% of Private Sector Planners		Average %	
	Yes	No	Yes	No	Yes	No
The need for integrated national policy	100	0	96	4	98	2
The need for a special development control mechanism	87	13	79	11	83	17
The need for a separate Development Proposal Report format for the new town development	78	22	58	42	68	32
The need for special planning standards for new town development	65	35	58	38	62	36
The need to revise the present TCP Act so as to satisfy the new town development	52	39	63	33	58	36

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