

IT'S NOT THE SINGER, BUT THE SONG

It was exactly one week ago that everybody was singing the praises of the success of the negotiators of the Government of the People's Republic of China (PRC), who were able to reach an agreement with the negotiating team, representing the 15-country, European Union (EU), over the PRC's entry into the World Trade Organisation (WTO).

It has taken 14 years for the PRC to bow to the demands of the West in respect of opening up the PRC trade doors to WTO members on an equal-footing basis, thus preparing the ground for the PRC to sit as an equal member of the WTO.

Also, one week ago, exactly, US President Bill Clinton went on record in yet another attempt to persuade the US House of Representatives to grant to the PRC Government what used to be known as Most Favoured Nation (MFN) status, now changed to Normal Trade Relations (NTR), on a permanent basis.

The effects of such a move, now passed by the US House of Representatives, imposes on PRC-manufactured goods, a permanent preferential tariff rate.

The US Government knows that not to grant permanent NTR to the PRC is to promote the cause of inflation since those items, imported into the US from the PRC, are at much lower prices than similar items could be manufactured in the US, or by any country in the near vicinity of the US.

If US House of Representatives proscribed the importation of PRC-manufactured goods, altogether, the US consumer would have to pay more for similar, US-made goods, thus putting an additional strain on industry, which, in turn, would have to increase workers' pay in order to allow them to be able to pay the additional amount of money that would be required to purchase home-grown products.

Annually, the US Government has voted on MFN and, annually, the PRC Government has been granted such status: It was politic so to do.

While last Friday, there were hand shakes all round for the PRC and the EU trade negotiators, prices were drifting lower on The Stock Exchange of Hongkong Ltd, as investors appeared to be oblivious of the 2 independent trade talks, both of which would impact on the economy of the PRC in the fullness of time.

While the PRC Government was, no doubt, delighted that the US House of Representatives saw fit to grant it permanent NTR, if the US House of Representatives had determined not to grant the PRC such trading privileges, then the PRC would have turned its full attention to the EU – whose economy and consumer market is, just about, equal to that of the US.

But the PRC had to offer concessions to the US in order to obtain permanent NTR.

Those concessions included cutting tariffs on the importation of US-manufactured motor vehicles, from the present levels of between 80 percent and 100 percent to 25 percent.

Also, within 2 years from now, US banks must be able to serve the most populous nation on earth.

In addition, the PRC Government must open up its telecommunications industry to foreign investment, permitting US interests to own up to 50 percent of any single telecommunication provider.

Farm produce, imported into the PRC from the US, will also have a free hand to compete in one of the largest countries in the world, and US producers of corn, soybean, cotton, etc will have the opportunity to feed the PRC

with produce which is in abundance in many parts of the US for lack of a marketplace to sell the goods.

The PRC Government's trade concessions, without question, means that the door to the PRC is opening wider and wider, ushering in a new and dynamic era.

The Chinese Fund Manager Syndrome

In an interview with a Chinese fund manager, this analyst was told that the Hongkong Special Administrative Region (HKSAR) was in for a boom year, and that the stock market would reach new highs in very short order.

In fact, the fund manager explained, from now on the stock market will rise.

The fund manager's reasoning was based, strictly, on the psychological effects of the WTO agreement, firstly, and the NTR, secondly.

To the extent that the Hang Seng Index rose, last Friday, is unquestionable because it added 1.09 percent, compared with last Thursday's closing level.

But that was all that she wrote.

Monday, the Hang Seng Index shed 2.31 percent, followed by a marginal gain on Tuesday of 0.82 percent, and then, on Wednesday, the Index was felled by 2.27 percent.

Yesterday, the day following the historic 'Yes' vote by the US House of Representatives on permanent NTR for the PRC, the Hang Seng Index, after flying high in early trading, collapsed by the luncheon break, wiping out three quarters of the earlier 2-percent gain.

At the close of trading, the Index was down to 13,921.06, registering a loss of 0.09 percent, compared with Wednesday's level at 4 p.m.

When this analyst debated with the Chinese fund manager that his logic omitted the very important matter of philosophy with regard to the way in which the PRC Government likes to conduct business, the fund manager quickly retorted: *'I am not interested in philosophy, only managing funds for clients.'*

The fund manager's statement rules out any philosophical consideration and forsakes all other factors, which could affect important determinations.

The Case For Philosophy

On Saturday, May 20, the very popular Taiwanese pop star Sherry Chang Huei Mei – known more popularly as 'Ah-Mei' – was asked to sing the national anthem of Taiwan at the inauguration of the new President, Mr Chen Shui Bian.

Ms Sherry Chang is very popular in the PRC, despite the fact that she is a Taiwanese by birth.

But, by accepting the commission to sing the Taiwanese national anthem at the inauguration of President Chen Shui Bian, it appears that she is seen to be siding with the politics of the new President (which are still unclear, mind you).

The PRC Government maintains that there must be the one-China country principal adhered to by President Chen Shui Bian, and that, if he attempts to declare the independence of Taiwan, there would be war between the 2 territories.

It is unlikely that Ms Sherry Chang appreciated the little nicety that, by accepting the commission to sing Taiwan's national anthem at President Chen Shui Bian's inauguration, she would be seen, in the eyes of Beijing,

as being in the same camp as the President (whatever camp that may be because he appears to be changing his political stance on a daily basis, now).

As a result of being labelled a follower of the '*scoundrel*' President Chen Shui Bian, Ms Sherry Chang has lost what to her must be a small fortune in royalties.

According to Coca-Cola China, the orders have gone out that anything to do with an image of Ms Sherry Chang, promoting any Coca-Cola product, must be stopped immediately.

Coca-Cola has replaced all of its Sprite advertisements, featuring Ms Sherry Chang, with standardised advertisements, featuring bottles of the soft drink, and nothing more.

Coca-Cola, it seems, knows how to follow the orders of the PRC bigwigs.

A nationwide ban on the image of Ms Sherry Chang is now in place in the populous country in the world.

The next stop will, inevitably, be the ban on selling recordings of the popular Taiwanese singer.

But nobody, to TARGET's knowledge, has ever asked Ms Sherry Chang whether or not she advocates having Taiwan as a separate country from the PRC.

And, in the event that she did say that she favoured independence for Taiwan, for what reason should that influence the direction that a school of fish may choose to swim?

When Ms Teresa Tang, the late but very popular Cantonese singer, also from Taiwan, was at the height of her career in the Hongkong Special Administrative Region (HKSAR), Taiwan and the PRC, she was one of the favourite crooners of the late Paramount Leader of the PRC, Mr Deng Xiao Ping.

It was well known that she was beloved of the Taiwanese Government, the Taiwanese Army, and was a staunch critic of the June 4, 1989 crackdown at Tiananmen Square, Beijing, when, at the stroke of midnight, tanks, belonging to the People's Liberation Army, powered their way into Tiananmen Square, crushing everything and anybody in their paths.

But she was a favourite of the Paramount Leader of the PRC, Mr Deng Xiao Ping, who, it was reported, often listened to her renditions of popular songs.

As such, Ms Teresa Tang was never criticised by the PRC Government or any member of it – at least, not openly.

And this was at a time when the world was criticising the PRC and Mr Deng Xiao Ping for their actions at midnight, June 4, 1989.

The contrast between what has recently happened to Ms Sherry Chang and the non-action against the late Ms Teresa Tang is of some importance in understanding the ways of the PRC because it tends to indicate that the Government of the PRC is ruled, not just by national law, but by the whim of those in power, or those who have access to those in power, since they are able to circumvent the laws, as they see fit so to do.

As this observer has said on many occasions, the PRC is governed by law by rule; the West is governed by the rule of law.

Certain Flowers For Certain Bees

It is said that success in big business dealings in the HKSAR is the ability of the leader of an enterprise to obtain the services of an HKSAR Chinese, to deal with matters in the HKSAR, a Chinese from the PRC, to deal with matters in the PRC, and a European, to deal with matters, relating to Europeans and matters outside of Asia.

Mr Li Ka Shing is a staunch proponent of this rule, and a look at the composition of the people, working for his many companies, is proof of this assertion.

This concept is very important because it would be fruitless, as well as being an affront to the Establishments, to try to promote an abattoir to slaughter pigs in Iraq, or to promote an abattoir to slaughter cows in Bombay, India.

The Chief Executive of the HKSAR, Mr Tung Chee Hwa, for all his failings, is a follower of the teachings of Confucius, a Fifth Century Chinese philosopher who put the nucleus of the Chinese family as the centre of good governance.

The 8 principles of Confucius in this regard are: Loyalty; Filial Piety; Kindness; Love; Trustworthiness; Righteousness, Harmony; and, Peace.

Confucius maintained that a government should be paternalistic – father-like – in which the sovereign is benevolent and honourable and the subjects are respectful and obedient.

Confucius held that a country could be governed easily, and the people would be happy under the country's leader, as long as the centre of government recognised the importance and paid homage to the precepts of the family, which followed his teachings.

In short, the head of the family is the head of the government.

Or, put another way, if one can deal with a Chinese family, following the teachings of Confucius, then one can deal with a country.

And it follows, that being the case, one can deal with the world.

And, not to understand the basic principles of Confucianism is to court disaster when trying to deal with a country, the basic philosophical principles of which are deeply centred in the teachings of one of the most erudite philosophers of China.

The Koran, the Holy Book of the Muslims, is not just another Holy Book: It is the way of life that all Muslims must follow – or be punished for transgressing one of the tenets of one of the suras of the Koran.

If one wants to do business in a Muslim country, one must abide by the Koranic Law.

Similarly, in trying to chart the financial growth of an enterprise, or the lack of it, an enterprise, which is domiciled in the PRC, one must first understand the rationale behind the establishment of that enterprise.

No matter how lucrative and productive a concept may appear to be for the governing council of a province of the PRC, if it is believed by the council members, as a whole, that the person, presenting the proposal, does so not in the interests of the country as well as his own, then that concept will be relegated to the wastepaper basket.

How To Win A War

For the PRC Government to wage war on Taiwan would result in chaos in the Asian-Pacific region, but the PRC Government would not hesitate to send in the PLA to wage war on Taiwan if the PRC's national integrity was threatened.

Not to understand the philosophy of the people with whom one deals is the formula to failure.

The Japanese Navy, under Admiral Heihachiro Tojo of Kagoshima, Japan, crushed the Imperial Russian Fleet in the Tsushima Strait between May 27 and May 29, 1905 in spite of having inferior firepower.

Admiral Tojo's weapon was his knowledge of the Imperial Russian Fleet, the philosophy of its officers, and the weight of the coal that the Russian battleships had to carry in order to steam up the Tsushima Strait at any speed.

Without this knowledge and how to make good use of it, the Imperial Russian Navy would, most likely, have defeated the Japanese Navy in that historic sea battle.

As history is the weapon of the future, so philosophy is the key to success in the establishment of enterprises in foreign fields.

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