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EDITORIALS

Just play and enjoy it

AUG 8 IS NATIONAL FITNESS DAY IN CHINA. THIS IS the day when the Beijing Olympics was declared open in 2008. Since 2009, this day has been marked to encourage people to play sports, exercise and honor the Olympic spirit.

Chinese hurdler Liu Xiang's perseverance and optimism make him a perfect role model for this year's National Fitness Day.

Liu crashed to the ground at the first hurdle in the 110-meter hurdle heats at the London Olympics on Aug 7. His Achilles tendon became his Achilles heel again at the Olympics. He had taken only a few steps and withdrawn from the Beijing Olympic Games because of injury.

His exit disappointed millions of fans again. Yet most people sympathized with him because he has been a true inspiration for one and all.

Liu broke the 13-year-old world record in 2006 and maintained a high competitive level despite his serious tendon injuries. His coach said that his injuries have been so serious that he has to seek treatment for several months after running just one race.

Despite the difficulties Liu has won 36 races, come second in 6 and third in 3 others in 48 international competitions since 2000. He is the first Chinese hurdler to break a world record, and win gold both at the Olympic Games and the World Championships.

Liu's glorious, and at times painful, career gives him enough reason to hang up his boots. But he has not, for he is racing against himself. Each second he spends on the track is the result of years of rigorous, and often dull, training.

In doing so, Liu has taught us how to enjoy playing sports.

Liu has taught us how to be optimistic, too, by overcoming pressure, enjoying the competition and making friends. That's why even people outside China are worried about his health and fitness. But Liu comforts them with his infectious smile and his words: "Take it easy. It's only a game. Enjoy it."

Liu updated his micro blog before the 110-meter hurdle heats, saying: "I will enjoy my Olympics."

Let us also enjoy the sports we play and keep fit, for that is what National Fitness Day is all about, and hope that Liu is back to blaze another trail on the tracks soon.

Outbound investment risks

CHINA'S OUTBOUND INVESTMENT IS SET TO increase as domestic companies look for overseas opportunities and expand their global presence. But risks still abound, as previous deals have shown.

A report by consulting company Ernst & Young says China's overseas investment will surge to \$160 billion by 2020 and the debt-crisis-ridden Europe has become the top potential destination for Chinese investors.

The forecast is in line with official estimation. According to the Ministry of Commerce, China's outbound direct investment in the first half of this year increased 48.2 percent year-on-year to reach \$35 billion.

The explosive growth in China's overseas investment is not surprising. Records indicate that when a country's per capita GDP reaches \$5,000, there is sharp increase in the number of its enterprises eager to tap business opportunities abroad.

China has crossed that threshold, and as Chinese enterprises get richer their thirst for more overseas mergers and acquisitions will grow.

Since Europe is beset with the debt crisis and its assets are priced relatively low, many Chinese investors have set their eyes on European businesses. The Ernst & Young report, quoting surveys, says Europe would be the most desired investment destination for Chinese investors in the next three years.

Admittedly, the crisis has pushed down the prices of many European assets. But with the crisis still unresolved, it is hard to fathom where exactly the bottom is.

The past has taught harsh lessons to potential Chinese buyers. China's major insurer Ping An Insurance (Group) Company of China Ltd, for example, bought more than 4 percent stake in Dutch-Belgian financial services firm Fortis after the latter's shares had dropped about 40 percent in the previous seven months. Then the deal was hailed as worthy. But the ensuing debt crisis battered Fortis, drove down its share prices still lower and caused serious losses to Ping An.

Cash and ambition alone are not enough to ensure Chinese investors' success on foreign soil. They need to be cautious even if the debt crisis has made many assets in Europe seem attractive, for it is not clear in which direction the crisis will evolve. Investment is a long-term process and the signing of an investment deal does not necessarily mean it will work.

Recent years have seen some successful Chinese trailblazers overseas, but in many cases Chinese investors have failed to achieve what they had sought to because of reckless decisions.

If we fail to learn from such lessons, we may end up paying more in the future.

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CHINA FORUM | SHEN DINGLI

Sea disputes expose US bias

Beijing has been constructive in handling ties with Hanoi and Manila despite their recent maritime claims in South China Sea

The United States has termed the establishment of Sansha city in Hainan province by China to administer Nansha, Xisha and Zhongsha islands an "unhelpful" act. This unfair and unhelpful remark of the US is regrettable.

For ages, China has explored and tapped the entire aforementioned areas in the South China Sea and successive Chinese governments have ruled over various parts of the islands and waters for more than 10 centuries. It is on this basis that the Chinese government officially reiterated its sovereignty over the islands and waters, along with Dongsha Islands, in the 20th century.

This met with no international objection until a couple of decades ago. The Philippines had limited its westernmost territory east of Huangyan Island, the easternmost island of China's Zhongsha Islands. Till the 1970s, Hanoi agreed repeatedly and officially, in various written and verbal forms, with China on Chinese sovereignty over Nansha and Xisha islands.

It was only after the 1970s and after

Vietnam was united that it started to negate its previous statements. Similarly, it was in the past decade that the Philippines started expanding its territorial claim to the Huangyan Island.

There may be disputes on sovereignty over the overlapping waters off the continental shelf between a country or countries ringing the South China Sea. However, there was no dispute between them and China over the islands and islets in the South China Sea until the 1970s.

If Vietnam and the Philippines are ambitious to expand their sovereign claim over Nansha, Xisha and/or Zhongsha islands, they have to talk with China. Taking unilateral action to make changes without seeking China's consent will simply not work.

China's decision to establish the city of Sansha is a response to the provocative actions of Vietnam and the Philippines, so that it can more effectively administer the areas and enforce China's legal jurisdiction over its sovereign space. This action is within China's sovereign rights and serves to deter predatory actions of some of China's neighbors, though it has come belatedly.

It is in this context that the US remark on Sansha should be seen.

The US has called for regional stability. But it is the change in Vietnam's stance of recognizing China's sovereignty over Nansha and Xisha islands that has altered the status quo. Hanoi's move has destabilized the region and created tension in the South China Sea.

Similarly, the change in the Philippines' long-held position over the Huangyan Island, reinforced recently by its gunship threat to Chinese fishermen, has impaired China's sovereignty and hence destabilized the South China Sea.

One wonders why the US says China is "unhelpful" instead of saying that Vietnam and the Philippines have negated their long-held sovereign policy over parts of or the entire Nansha, Xisha and Zhongsha islands and islets.

It is true that China and the US, as well as all other countries, will benefit from regional stability. But the US' response to the provocative actions and change in positions of Vietnam and the Philippines should be impartial.

China is not demanding that Vietnam and the Philippines yield their legitimate national interests in the South China Sea; it is asking them to

honor their past statements and documents which recognize China's sovereignty over the islands and islets. To unilaterally change a policy that affects two countries and use military means to enforce that change is irresponsible and unacceptable.

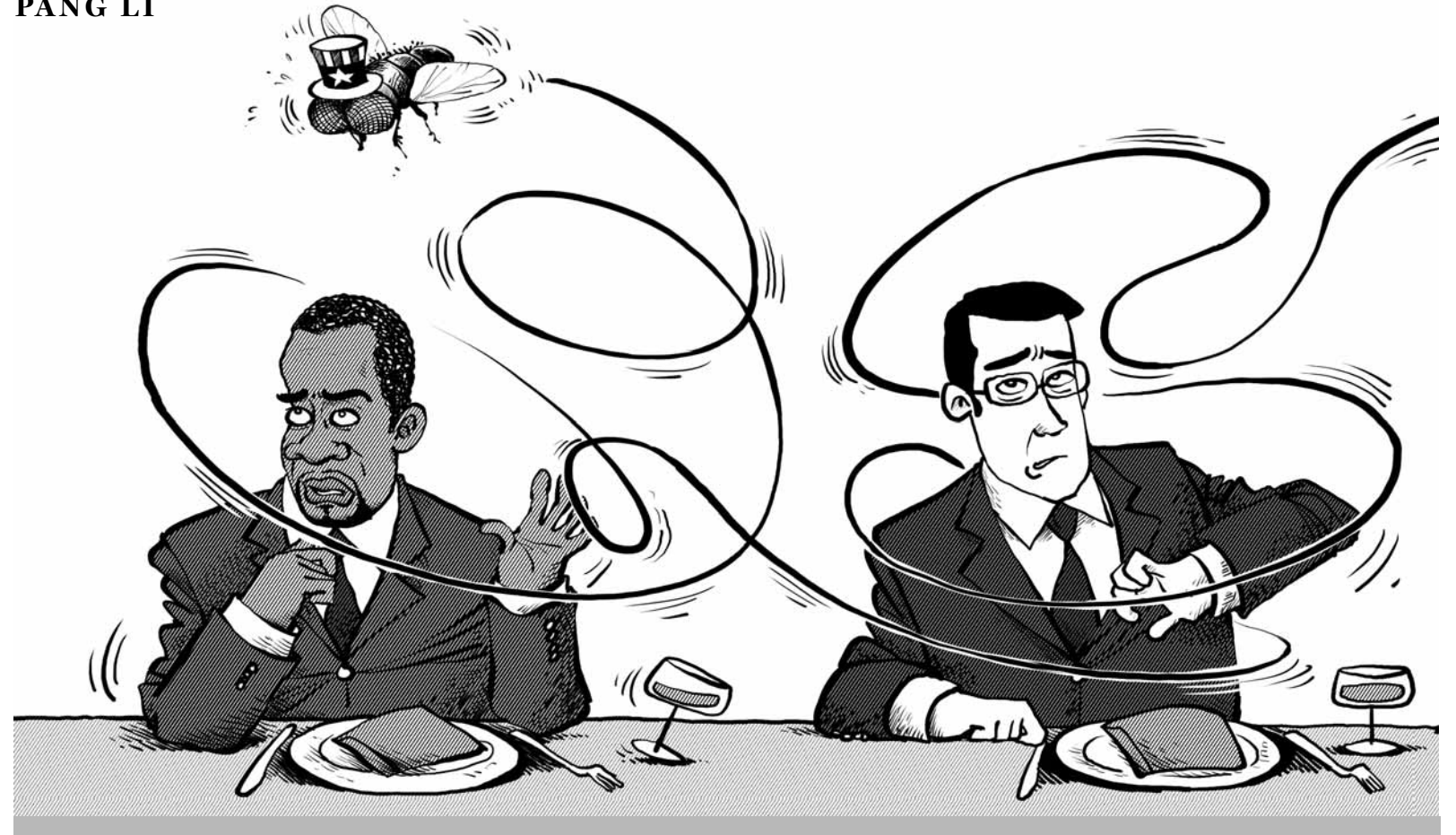
Contrary to the other countries' actions, China has exercised utmost restraint toward its neighbors despite their predatory moves. It is Beijing, not Hanoi and Manila, that has been constructive in handling its relations with neighbors over the disputes.

The US government has demanded freedom of navigation in international waters, including the South China Sea. In fact, Beijing and Washington have a common interest in ensuring that international waters are easily accessible for peaceful purposes.

However, the US' partial stance on the South China Sea — calling the responsible actor "unhelpful" and ignoring the provocative actions of the other countries — is creating regional instability in this part of the world. And it will be responsible for sowing the seeds of realpolitik.

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PANG LI



ZHU YUAN

The tragedy is wealth polarization

The tragedy of the commons is how Francis Fukuyama describes the infeasibility of Utopia in his new book, *The Origins of Political Order*. When Garrett Hardin used the phrase as a title for his article in 1968, he actually talked about the dilemma: When everybody owns something, nobody owns it.

We Chinese have a similar saying to describe almost the same thing: A monk fetches water in buckets hanging from a bamboo pole on his shoulder; when he is joined by another monk, he shares the burden with him, but when a third monk joins them, they try to shift the responsibility to each other and as a result, they don't have any water to drink. Simply put, when something is everyone's responsibility, it is nobody's responsibility.

This logic has been used to justify private ownership of property or distinction of property rights or individual responsibility since every human being is assumed to be selfish. But when everyone is busy fulfilling his or her own self-interest, the limited common resources will ultimately be depleted.

This reminds me of how self-

interest and common or collective interest were compared in China in the decades before the 1970s. Collective interest was compared to a river and self-interest to a brook.

The brook would die a natural death if there was no water in the river. So every individual was supposed to make contributions to the collective interest to fulfill their self-interest.

People were taught to forget their self-interests and instead concentrate on enhancing their awareness of collectivism. The rationale was that once the majority of people became altruistic, they would join hands to increase the common wealth, which would ultimately meet the needs of all individuals to lead a better life.

Rather than confining selfishness of individuals to a reasonable sphere through reasonable rules and competitions, the idealists of the times pinned hopes on turning all individuals into altruists, who would enthusiastically contribute to the building of a society of common good.

But such a society was too good to become reality.

The reform and opening-up China initiated in the late 1970s and what it has achieved in the

past 30-odd years seem to justify the tragedy of the commons. But that is definitely not the end of the dilemma.

The ever-widening income gap between the haves and have-nots over the past decades, not just in China but also worldwide, reflects the tragedy of polarization of wealth. Privatization seems to have unraveled the dilemma. But selfishness is part of human nature and people's greed increases with their capacity to amass wealth. The tragedy of polarization of wealth is the downside of capitalism.

The Wall Street turmoil and the global financial crisis have proved the trend of such polarization.

In an article, financial expert Chen Zhiwu attributes the widening income gap to the changed mode of economic development. When it comes to Wall Street, Chen says it is baseless to accuse the financial CEOs of being greedy because the financial services they provide are different from what their predecessors offered. If they are paid less, they will lose the incentive for innovation.

I agree with him, but only partly, that information technology and the

development of knowledge-based economy have changed the way we look at development. Innovation is necessary for financial services.

Yet when innovative financial services turn out to be ways that financial companies use to maximize their profits at the cost of their clients or the entire economy, it would be naive to believe they are helping develop the world economy with their innovations.

The tragedy of the commons only points to the necessity and importance of property rights. It does not mean that privatization of the commons will necessarily solve all the problems created by individuals' selfishness.

The question of the greedy 1 percent versus the hard-up 99 percent that the Occupy Wall Street protest has raised is not just a cliché. It is a serious issue that calls for serious consideration on the part of scholars and politicians because the world cannot wait until the dissatisfied 99 percent cannot put up with the greedy 1 percent any more.

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